

DOCKET NO. \_\_\_\_\_

APPLICATION OF EL PASO	§	
ELECTRIC COMPANY FOR	§	
APPROVAL TO REVISE ITS	§	PUBLIC UTILITY COMMISSION
ENERGY EFFICIENCY COST	§	OF TEXAS
RECOVERY FACTOR AND	§	
REQUEST TO ESTABLISH REVISED	§	
COST CAP	§	

**APPLICATION OF EL PASO ELECTRIC COMPANY FOR APPROVAL TO REVISE  
ITS ENERGY EFFICIENCY COST RECOVERY FACTOR AND REQUEST TO  
ESTABLISH REVISED COST CAP**

El Paso Electric Company (EPE or Company) submits this Application for Approval to Revise its Energy Efficiency Cost Recovery Factor (EECRF) and Request to Establish Revised Cost Cap (Application). In support thereof, EPE respectfully shows the following:

**I. BUSINESS ADDRESS AND AUTHORIZED REPRESENTATIVES**

EPE's business address is 100 N. Stanton, El Paso, Texas 79901. EPE's authorized representative for the purpose of receiving service of documents is:

Curtis Hutcheson  
El Paso Electric Company  
100 N. Stanton Street  
El Paso, Texas 79901  
(915) 543-4354  
(915) 521-4450 (fax)  
curtis.hutcheson@epelectric.com

EPE's authorized legal representatives and designated recipients for service of pleadings and other documents are:

Leslie M. Padilla  
Duggins Wren Mann & Romero, LLP  
P.O. Box 1149  
Austin, Texas 78767  
(512) 744-9300  
(512) 744-9399 (fax)  
lpadilla@dwmrlaw.com

Adrian Rodriguez  
El Paso Electric Company  
100 N. Stanton Street  
El Paso, Texas 79901  
(915) 543-5735  
(915) 521-4747 (fax)  
adrian.rodriguez@epelectric.com

## **II. JURISDICTION**

The Public Utility Commission of Texas (Commission or PUCT) has jurisdiction over EPE and the subject matter of this Application pursuant to Section 39.905 of the Public Utility Regulatory Act (PURA)<sup>1</sup> and Title 16 of the TEXAS ADMINISTRATIVE CODE (16 TAC) § 25.181.

## **III. AFFECTED PERSONS**

EPE provides service to approximately 313,000 retail electric customers in Texas. EPE proposes to apply the EECRF requested herein to all of its retail electric customers in its Texas service area that fall within the classes subject to the EECRF. Those classes are listed in the proposed tariff, which is Attachment A to this Application.

## **IV. EPE'S PROPOSED EECRF FOR 2017 AND REQUEST TO ESTABLISH REVISED COST CAP**

By this Application, EPE requests the authority to revise its EECRF for 2018 to reflect the following five components:

- 1) \$4,394,650 in projected energy efficiency program costs for 2018;
- 2) a \$999,169 performance bonus based on the Company's 2016 energy efficiency program performance;
- 3) EPE's prior year (2016) EECRF proceeding expenses of \$90,432;
- 4) a true-up adjustment, by rate class, of EPE's net over-recovery for 2016 of \$843,936; and

---

<sup>1</sup> TEX.UTIL.CODE §§ 11.001-66.017 (Vernon 2007 & Supp. 2014) (PURA).

- 5) projected cost of evaluation, measurement, and verification (EM&V) that is allocated to EPE by the Commission of \$56,348.

The total amount that EPE requests be included in its 2018 EECRF is therefore \$4,696,663. EPE's request is based on continuing all of its energy efficiency programs (with the exception of one program that will no longer be offered and two new programs that will be offered), and with the same megawatt goal (11.16 MW) and at the same level they have been at since 2011. With the programs that EPE proposes to offer in 2018, EPE calculates that it will be able to achieve the equivalent of an energy efficiency savings of greater than both the 30% energy efficiency goal and the four-tenths of 1% of its summer weather-adjusted peak demand goal that are prescribed by 16 TAC § 25.181(e).

In order to operate its energy efficiency programs to accomplish its energy and demand goals, the rates for the commercial customers will continue to exceed the cost cap set by 16 TAC § 25.181(f)(7). Accordingly, pursuant to 16 TAC § 25.181(e)(2), in order to proceed with this approach, EPE requests that the Commission establish a revised cost cap for the commercial classes.

There is good cause to establish a revised cost cap. First, EPE's proposal to continue with the same megawatt goal as it has had in previous years is consistent with the requirement of 16 TAC § 25.181(e)(1)(E) that "a utility's demand reduction goal in any year shall not be lower than its goal for the prior year, unless the commission establishes a goal for a utility pursuant to paragraph (2) of this subsection." It is not reasonably possible for EPE to comply with the requirement that its demand reduction goal not be lower than the previous year's goal without continuing to exceed the Commission's cost cap for commercial customers. EPE's commercial customers already have an EECRF that exceeds the cost cap. The Company has attempted to reduce the commercial cost cap by significantly adjusting its 2018 budget for commercial

programs. Funding for some of the commercial programs that have been particularly successful and have had a lower cost per kW of savings have not been adjusted; however, funding for commercial programs that have not been as successful or have had a higher cost per kW of savings have been adjusted in the 2018 budget. EPE does not believe it is in the best interest of its energy efficiency programs or the affected customer classes to make any further changes.

Therefore, rather than undertake a complete restructuring of its energy efficiency programs, EPE respectfully requests to continue with a revised cost cap for EPE's commercial customers. Although EPE will still exceed the cost cap with this request for commercial customers, the Company believes this request achieves the most benefits for its customers by continuing valuable energy-saving programs while limiting any rate increases.

In support of this application, EPE submits the Direct Testimonies of Araceli Perea and Rene F. Gonzalez and an affidavit by Leslie Padilla concerning last year's EECRF proceeding expenses. In her Direct Testimony, Ms. Perea addresses EPE's energy efficiency program and its associated costs, as well as the bidding and engagement process for contracting with energy efficiency service providers. In his Direct Testimony, Mr. Gonzalez provides a summary of the relief sought by EPE and describes the specific costs to be included in EPE's revised EECRF pursuant to the requirements of 16 TAC § 25.181(f). Mr. Gonzalez's testimony also supports the calculation of EPE's revised EECRF rates for the billing period January 2018 through December 2018. Lastly, Mr. Gonzalez explains that there is good cause for the Company's requests for continuation of a revised cost cap for commercial customers.

#### **V. ADJUSTED ENERGY EFFICIENCY COST RECOVERY FACTOR**

EPE's revised EECRF tariff containing the EECRF rates for 2018 is provided as Exhibit RFG-02 to Mr. Gonzalez's Direct Testimony and is attached to this Application as Attachment A. Under EPE's EECRF request, based on EPE's current base rates and fixed fuel

factor, a residential customer using 625 kWh of electricity per month would be charged \$0.58 per month, which is an increase of \$0.14 cents per month.

EPE requests the Commission to approve the adjusted EECRF effective as of the first billing cycle of the January 2018 billing month, which is January 2, 2018.

## **VI. NOTICE**

Consistent with the notice provisions of 16 TAC § 25.181,<sup>2</sup> EPE proposes to provide notice to all parties that participated in the Company's last EECRF proceeding, Docket No. 45885, and its last completed base rate proceeding, Docket No. 44941. EPE will also provide notice to Texas Department of Housing and Community Affairs, which is the state agency that administers the federal weatherization program. Because EPE's service territory is not open to retail competition, no Retail Electric Provider is eligible to provide service in EPE's service area, so no notice to them is required. The form of the notice to be provided is set forth in Attachment B to this Application. The Company requests that the Commission find that the Company's notice is sufficient.

## **VII. DOCUMENTS FILED UNDER SEAL AND REQUEST FOR PROTECTIVE ORDER**

Portions of this filing constitute confidential or highly sensitive confidential materials and have been filed under seal. These materials will be made available to the Staff of the PUCT and any intervenors upon entry of an appropriate protective order ensuring the confidential nature of

---

<sup>2</sup> 16 TAC § 25.181(f)(13) states:

Notice of a utility's filing of an EECRF application is reasonable if the utility provides in writing a general description of the application and the docket number assigned to the application within 7 days of the application filing date to:

- (A) All parties in the utility's most recent completed EECRF docket;
- (B) All retail electric providers that are authorized by the registration agent to provide service in the utility's service area at the time the EECRF application is filed;
- (C) All parties in the utility's most recent completed base-rate proceeding; and
- (D) The state agency that administers the federal weatherization program.

these materials. EPE proposes that the Commission adopt the protective order in Attachment C, which is the Protective Order approved in EPE's last EECRF proceeding, Docket No. 45885.


**VIII. PRAYER**

EPE requests that its Application be deemed complete and sufficient and in compliance with PURA § 39.905(b) and 16 TAC § 25.181; that EPE's suggested notice of this filing as described above and attached to this Application be considered sufficient and authorized; that EPE's Application for Approval to Revise its EECRF be approved with implementation for use beginning with the first billing cycle of its January 2018 billing month; and for such other relief to which it may be entitled.

Respectfully submitted,

Adrian Rodriguez  
State Bar No. 24065989  
El Paso Electric Company  
100 N. Stanton  
El Paso, Texas 79901  
(915) 543-5897  
(915) 521-4747 (fax)

Leslie M. Padilla  
State Bar No. 24084628  
Duggins Wren Mann & Romero, LLP  
P.O. Box 1149  
Austin, Texas 78767  
(512) 744-9300  
(512) 744-9399 (fax)

  
\_\_\_\_\_  
Leslie M. Padilla

**ATTORNEYS FOR EL PASO  
ELECTRIC COMPANY**