

Amended Filing
BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF THE APPLICATION)
OF EL PASO ELECTRIC COMPANY FOR)
REVISION OF ITS RETAIL ELECTRIC)
RATES PURSUANT TO ADVICE NOTICE)
NO. 317)
_____)**

Case No. 25-00082-UT

SUPPLEMENTAL DIRECT TESTIMONY

OF

MANUEL CARRASCO

ON BEHALF OF

EL PASO ELECTRIC COMPANY

MAY 7, 2026

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I. INTRODUCTION AND QUALIFICATIONS

Q1. PLEASE STATE YOUR NAME, BUSINESS ADDRESS.

A. My name is Manuel Carrasco. My business address is 100 North Stanton Street,
El Paso, Texas, 79901.

Q2. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY

A. I am filing this testimony on behalf of El Paso Electric Company (“EPE” or “the
Company”).

**Q3. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS
PROCEEDING?**

A. Yes. I submitted Direct Testimony in this proceeding on March 27, 2026.

II. PURPOSE OF SUPPLEMENTAL DIRECT TESTIMONY

**Q4. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL DIRECT
TESTIMONY?**

A. The purpose of my Supplemental Direct Testimony is to respond to Pre-Hearing
Bench Request Paragraphs 9.b.i, 9.b.ii, 9.f, 9.g, 9.h, and 9.n.

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**III. SUPPLEMENTAL INFORMATION RESPONSIVE TO THE PRE-
HEARING BENCH REQUEST**

**Q5. WHAT HAS THE COMMISSION REQUESTED IN PARAGRAPHS 9.b.i
AND 9.b.ii OF THE PRE-HEARING BENCH REQUEST?**

A. Paragraphs 9.b.i and 9.b.ii of the Pre-Hearing Bench Request request that EPE provide for (a) each class of service, (b) separately for the summer and non-summer months, and (c) for various levels of use, the following:

- Paragraph 9.b.i “The monthly bill under current rates stating separately the customer charge, usage charge, any demand charge, the Fuel and Purchased Power Cost Adjustment Clause (FPPCAC) charge, any other separate charges (such as the renewable energy and energy efficiency rider charges) but excluding taxes and surcharges and the total bill.”
- Paragraph 9.b.ii “The monthly bill under proposed rates separately stating the customer charge, usage charge, any demand charge, the FPPCAC charge, any other separate charges (such as the renewable energy and energy efficiency rider charges) but excluding taxes and surcharges and the total bill.”

Q6. IN RESPONSE TO PARAGRAPH 9.b.i, WHAT IS THE MONTHLY BILL

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1 **UNDER CURRENT RATES (SEPARATELY STATING THE CUSTOMER**
2 **CHARGE, USAGE CHARGE, ANY DEMAND CHARGE, THE FPPCAC**
3 **CHARGE, ANY OTHER SEPARATE CHARGES BUT EXCLUDING**
4 **TAXES AND SURCHARGES AND THE TOTAL BILL) FOR (a) EACH**
5 **CLASS OF SERVICE, (b) SEPARATELY FOR THE SUMMER AND NON-**
6 **SUMMER MONTHS, AND (c) FOR VARIOUS LEVELS OF USE.**

7 **A.** The requested monthly bill information under current rates is provided in Exhibit
8 MC-02 (Bill Impacts), which was filed with my Direct Testimony. Exhibit MC-02
9 includes detailed bill calculation tables for each rate class (Tabs A through F) as
10 follows:

- 11 • Tab A. Bills Default Ph 1 includes the bill impact analysis comparing the
12 current and proposed rates for the proposed Phase 1 of the default or
13 “standard” rates;
- 14 • Tab B. Bills Optional Ph 1 includes the bill impact analysis comparing the
15 current and proposed rates for the proposed Phase 1 of the optional Time-
16 of-Day rates;
- 17 • Tab C. Bills Default Ph 2 includes the bill impact analysis comparing the
18 current and proposed rates for the proposed Phase 2 of the default or
19 “standard” rates;

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- 1 • Tab D. Bills Optional Ph 2 includes the bill impact analysis comparing the
2 current and proposed rates for the proposed Phase 2 of the optional Time-
3 of-Day rates;
- 4 • Tab E. Bills Default Ph 1 to 2 reflects the bill impact analysis comparing
5 the proposed rates for the proposed Phase 1 and Phase 2 of the default or
6 “standard” rates; and
- 7 • Tab F. Bills Optional Ph 1 to 2 reflects the bill impact analysis comparing
8 the proposed rates for the proposed Phase 1 and Phase 2 of the optional
9 Time-of-Day rates.

10 For each class, the exhibit presents monthly bills under current rates with a separate
11 identification of all bill components, including:

- 12 • Customer charge
- 13 • Advanced Metering System (“AMS”) Rider
- 14 • Demand charge, where applicable
- 15 • Energy (usage) charge
- 16 • Transportation Electrification Plan (“TEP”) Cost Rider
- 17 • Fuel
- 18 • Renewable Portfolio Standard (“RPS”) Cost Rider
- 19 • Efficient Use of Energy Recovery Factor (“EUERF”)

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- 1 • Total bill

2 The bill information in Exhibit MC-02 is provided:

3 (a) For each class of service,

4 (b) Separately for annual average, summer, and non-summer billing periods, and

5 (c) Across multiple representative usage levels, as shown in the bill calculation
6 tables.

7
8 **Q7. IN RESPONSE TO PARAGRAPH 9.b.ii, WHAT IS THE MONTHLY BILL**
9 **UNDER PROPOSED RATES (SEPARATELY STATING THE CUSTOMER**
10 **CHARGE, USAGE CHARGE, ANY DEMAND CHARGE, THE FPPCAC**
11 **CHARGE, ANY OTHER SEPARATE CHARGES BUT EXCLUDING**
12 **TAXES AND SURCHARGES AND THE TOTAL BILL) FOR (a) EACH**
13 **CLASS OF SERVICE, (b) SEPARATELY FOR THE SUMMER AND NON-**
14 **SUMMER MONTHS, AND (c) FOR VARIOUS LEVELS OF USE.**

15 **A.** The requested monthly bill information under proposed rates is also provided in
16 Exhibit MC-02 (Bill Impacts), which was filed with my Direct Testimony. For each
17 class, the exhibit presents monthly bills under proposed rates with a separate
18 identification of all bill components, including:

- 19 • Customer charge

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- 1 • AMS Rider
- 2 • Demand charge, where applicable
- 3 • Energy (usage) charge
- 4 • TEP Rider
- 5 • Fuel
- 6 • RPS Rider
- 7 • EUERF
- 8 • Total bill

9 The bill information in Exhibit MC-02 is provided:

- 10 (a) For each class of service,
- 11 (b) Separately for annual average, summer, and non-summer billing periods, and
- 12 (c) Across multiple representative usage levels, as shown in the bill calculation
- 13 tables.

14

15 **Q8. WHAT HAS THE COMMISSION REQUESTED IN PARAGRAPH 9.f OF**

16 **THE PRE-HEARING BENCH REQUEST?**

17 **A.** Paragraph 9.f of the Pre-Hearing Bench Request requests "...the base cost of fuel

18 (per kWh) incorporated into EPE's existing rates."

19

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1 **Q9. IN RESPONSE TO PARAGRAPH 9.f, WHAT IS THE BASE COST OF**
2 **FUEL (PER kWh) INCORPORATED INTO EPE’S EXISTING RATES?**

3 **A.** None. Pursuant to the Commission’s Final Order in Case No. 15-00127-UT, the
4 Company was required to remove all fuel and purchased power costs from base
5 rates and bill such costs through the Fuel and Purchased Power Cost Adjustment
6 Clause (“FPPCAC”).

7 **Q10. WHAT HAS THE COMMISSION REQUESTED IN PARAGRAPH 9.g OF**
8 **THE PRE-HEARING BENCH REQUEST?**

9 **A.** Paragraph 9.g of the Pre-Hearing Bench Request requests “...the base cost of fuel
10 incorporated into EPE’s proposed rates? Provide the dollar cost of fuel for the test
11 year and the billing units expressed in kWh used to determine the base cost of fuel.”

12

13 **Q11. IN RESPONSE TO PARAGRAPH 9.g, WHAT IS THE BASE COST OF**
14 **FUEL INCORPORATED INTO EPE’S PROPOSED RATES? PROVIDE**
15 **THE DOLLAR COST OF FUEL FOR THE TEST YEAR AND THE**
16 **BILLING UNITS EXPRESSED IN kWh USED TO DETERMINE BASE**
17 **COST OF FUEL.**

18 **A.** None. Please see EPE’s response to paragraph 9.f above.

19

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1 **Q12. WHAT HAS THE COMMISSION REQUESTED IN PARAGRAPH 9.h OF**
2 **THE PRE-HEARING BENCH REQUEST?**

3 **A.** Paragraph 9.h of the Pre-Hearing Bench Request requests “If EPE were to collect
4 all of its fuel costs through base rates, what would be the base cost of fuel
5 incorporated into the new rates proposed to take effect on January 1, 2027, and
6 subsequently on October 1, 2027 (or whenever the proposed rates become
7 effective)?”

8 **Q13. IN RESPONSE TO PARAGRAPH 9.h, PROVIDE THE BASE COST OF**
9 **FUEL INCORPORATED INTO THE NEW RATES PROPOSED TO TAKE**
10 **EFFECT ON JANUARY 1, 2027, AND SUBSEQUENTLY ON OCTOBER 1,**
11 **2027, IF EPE WERE TO COLLECT ALL ITS FUEL COSTS THROUGH**
12 **BASE RATES.**

13 **A.** EPE is not proposing to incorporate fuel costs into any of the rates proposed in this
14 proceeding. For illustrative purposes only, Exhibit MC-1S at lines 19 through 23
15 column (d) provides the “base cost of fuel” that could be incorporated into base
16 rates, which is about one cent per kWh. Because the Final Order in Case No. 15-
17 00127-UT required EPE to remove all fuel and purchased power costs from base
18 rates, the calculations may not include all the details would have been necessary to
19 develop an accurate base cost of fuel rate.

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1

2 **Q14. WHAT HAS THE COMMISSION REQUESTED IN PARAGRAPH 9.n OF**
3 **THE PRE-HEARING BENCH REQUEST?**

4 **A.** Paragraph 9.n of the Pre-Hearing Bench Request requests “A list of EPE regulatory
5 assets or other items currently being recovered through rate riders. An explanation
6 of whether those existing rate riders should be modified, terminated, or rolled into
7 the rate base.”

8

9 **Q15. IN RESPONSE TO PARAGRAPH 9.n, PROVIDE A LIST OF EPE**
10 **REGULATORY ASSETS OR OTHER ITEMS CURRENTLY BEING**
11 **RECOVERED THROUGH RATE RIDERS.**

12 **A.** EPE’s existing applicable riders/ rate adjustments include:

- 13 • FPPCAC Rate No. 18,
- 14 • EUERF Rate No. 17,
- 15 • RPS Rider Rate No. 38,
- 16 • AMS Rider Rate No. 46,
- 17 • TEP Rider Rate No. 44, and
- 18 • New Mexico Community Solar Administrative Cost Rider Rate No. 47.1.

19

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1 **Q16. IN FURTHER RESPONSE TO PARAGRAPH 9.n, PROVIDE AN**
2 **EXPLANATION OF WHETHER THOSE EXISTING RATE RIDERS**
3 **SHOULD BE MODIFIED, TERMINATED, OR ROLLED INTO THE RATE**
4 **BASE.**

5 **A.** EPE proposes to roll AMS Rider Rate No. 46 costs into base rates in this
6 proceeding, while maintaining that rate rider for costs incurred after the September
7 2025 Test Year Period. This is explained in the Direct Testimony of EPE witness
8 George Novela at pages 27-29.

9 EPE proposes that the remaining riders should be maintained. Specifically,

- 10 • The FPPCAC Rate No. 18 will continue to function as a flow-through
11 mechanism to recover variable fuel and purchased power costs, which are
12 not appropriate for recovery through base rates due to their volatility.
- 13 • The EUERF Rate No. 17 will remain in place to recover approved energy
14 efficiency program costs to support ongoing programs consistent with
15 Commission directives.
- 16 • The RPS Rider Rate No. 38 will continue to facilitate recovery of the
17 approved costs associated with compliance with Renewable Portfolio
18 Standard requirements. However, in this proceeding, EPE proposes to move
19 into base rates the Commission approved annual capacity costs related to

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1 the Santa Teresa Project Energy Storage Agreement (“ESA”) and the
2 capacity costs related to the Carne ESA. The Direct Testimony of EPE
3 witness Novela at pages 23-24 provides additional discussion including
4 EPE’s intent to also move energy costs incurred under Commission
5 approved PPAs out of the RPS Cost Rider and into its Fuel and Purchase
6 Power Cost Adjustment Clause, pending Commission approval in EPE’s
7 2026 REA Plan Case.

- 8 • The TEP Rider Rate No. 44 will continue to provide recovery of costs
9 associated with EPE’s Transportation Electrification Plan, including
10 approved investments and program-related expenditures.
- 11 • The New Mexico Community Solar Administrative Cost Rider Rate No.
12 47.1 will remain in place to recover administrative costs associated with
13 implementation and operation of the community solar program.

14 Accordingly, no additional modifications or terminations to EPE’s riders are
15 proposed at this time.

16
17 **Q17. DOES THIS CONCLUDE YOUR SUPPLEMENTAL DIRECT**
18 **TESTIMONY?**

19 **A.** Yes.

EL PASO ELECTRIC COMPANY
 CALCULATION OF ANNUALIZED BASE FUEL COST
 BASED ON FORECASTED PERIOD FUEL COST
 ANNUAL FUEL-IN-BASE RATE CALCULATION

EXHIBIT MC-1S
 PAGE 1 OF 1

FOR ILLUSTRATIVE PURPOSES ONLY

		Forecasted Total
Line	Description	12 Month Period
<u>FORECASTED PERIOD JANUARY 2027 AND DECEMBER 2027</u>		
1	Total Forecasted Fuel	\$149,079,897
2	Total Allocable Forecasted Purchased Power	\$20,814,899
3	Total Forecasted Off-System Sales	(\$66,407,026)
4	Forecasted NOx Allowance Shortage	<u>\$304,319</u>
5	Total Forecasted Eligible Fuel & PP (L1:L4)	<u>\$103,792,088</u>
6	Forecasted kWh Sales @ Generation	10,721,653,746
7	Total Company Fuel & PP Rate per kWh (L5÷L6)	<u>\$0.009681</u>
	<u>Other Eligible Fuel & PP Costs</u>	
8	Coal Reclamation - New Mexico	\$156,108
9	Coal Reclamation - Other	0
10	Total Coal Reclamation (L8:L9)	<u>\$156,108</u>
11	Directly Assigned to New Mexico	\$0
	<u>Annualized Test-Year</u>	
12	Annualized kWh Sales @ Generation	5,272,535,555
13	Total Company Annualized Fuel & PP Expense ((L7xL12)+L10+L11)	\$51,197,439
14	NM Annualized kWh Sales @ Generation	1,214,421,348
15	NM Energy Responsibility (L12÷L10)	0.2303296650
16	NM Annualized Fuel & PP Expenses (((L13-L10-L11)xL15)+L8+L11)	\$11,912,441
17	NM Annualized kWh Sales @ Meter	<u>1,092,735,319</u>
18	NM Jurisdictional System Fixed Fuel Factor	<u>\$0.010901</u>

	(a) Fixed Fuel Factor By Voltage Level	(b) Line Losses	(c) Fuel Factor	(d) Voltage Factor	(d) Fuel Factor d = b x c
19	New Mexico System	6.8682%	\$0.010901	100.0000%	\$0.010901
20	Secondary	7.4030%	\$0.010901	100.5004%	\$0.010956
21	Primary	4.6700%	\$0.010901	97.9431%	\$0.010677
22	Transmission - 69kV	2.8500%	\$0.010901	96.2400%	\$0.010491
23	Transmission - 115kV	2.5650%	\$0.010901	95.9734%	\$0.010462

	New Mexico Voltage Loss Multipliers	(a) Line Loss By Class	(b) NM Average Line Loss	(c) Voltage Factor c=(a+1)÷(b+1)
24	Secondary:	7.4030%	6.8682%	1.005004
25	Primary:	4.6700%	6.8682%	0.979431
25	Transmission - 69kV	2.8500%	6.8682%	0.9624
26	Transmission - 115kV	2.5650%	6.8682%	0.959734

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**IN THE MATTER OF THE APPLICATION)
OF EL PASO ELECTRIC COMPANY FOR)
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RATES PURSUANT TO ADVICE NOTICE)
NO. 317)**

Case No. 25-00082-UT

**DECLARATION OF MANUEL CARRASCO IN SUPPORT OF THE FOREGOING
AMENDED FILING DIRECT TESTIMONY**

I, *Manuel Carrasco*, pursuant to Rule 1-011 NMRA, state as follows:

1. I affirm in writing under penalty of perjury under the laws of the State of New Mexico that the following statements are true and correct.

2. I am over 18 years of age and have personal knowledge of the facts stated herein. I am employed by El Paso Electric Company ("EPE" or "the Company") as the *Manager of Rate Research*.

3. I have reviewed the foregoing Amended Filing Supplemental Testimony of Manuel Carrasco, and the exhibits, schedules, and workpapers sponsored by me and I confirm, to the best of my knowledge, that those materials are complete, accurate, internally consistent, and consistent with the Amended Application.

4. The foregoing Amended Filing Supplemental Testimony of Manuel Carrasco, together with all exhibits sponsored therein and attached thereto, is true and accurate based on my knowledge and belief.

5. I submit this Declaration, based upon my personal knowledge and upon information and belief, in support of EPE's *Amended Application for Revisions of Its Retail Electric Rates Pursuant to Advice Notice No. 317*.

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FURTHER, DECLARANT SAYETH NAUGHT.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 6, 2026.

/s/ Manuel Carrasco
MANUEL CARRASCO