

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

IN THE MATTER OF EL PASO ELECTRIC )  
COMPANY'S APPLICATION FOR A )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY FOR A TWO-MW SOLAR )  
POWER GENERATION FACILITY AND )  
APPROVAL OF A VOLUNTARY COMMUNITY )  
SOLAR PROGRAM )  
EL PASO ELECTRIC COMPANY, )  
Applicant. )  
\_\_\_\_\_ )

Case No. 18-00091-UT

**DIRECT TESTIMONY OF**  
**ADRIAN HERNANDEZ**  
**ON BEHALF OF**  
**EL PASO ELECTRIC COMPANY**

**APRIL 24, 2018**

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## EXHIBITS

Exhibit AH-1	Community Solar Capacity Charge Calculation
Exhibit AH-2	Discount Rate Calculation
Exhibit AH-3	Low Income Discount
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**I. INTRODUCTION AND QUALIFICATIONS**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

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

**Q. HOW ARE YOU EMPLOYED?**

A. I am employed by El Paso Electric Company ("EPE" or the "Company") as a Senior Rate Analyst.

**Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND AND EXPERIENCE.**

A. In May 2007, I graduated from the University of Texas at Austin with a Bachelor of Business Administration in Accounting and a minor in Finance. In August 2011, I earned a Master of Accountancy degree from the University of Texas at El Paso. In 2014, I received a graduate certificate from New Mexico State University ("NMSU") in Public Utility Regulation & Economics. I continued at NMSU where I enrolled in a Master in Business Administration ("MBA") program, and graduated in December 2017. I am also a Certified Public Accountant in the State of Texas.

After earning my Bachelor's degree, I was employed by BearingPoint Inc., in the Washington, D.C., metro area, where I worked as a business analyst in that company's public services division. In June 2008, I moved to El Paso, Texas, and was employed as a Cost Accountant for Helen of Troy Limited. Thereafter, in August 2009, I accepted a job as a regulatory accountant with EPE. My duties as a

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1 regulatory accountant consisted of preparing and reviewing jurisdictional regulatory  
2 accounting, fuel and operational reports, schedules, and supporting work papers. In  
3 2014, I accepted an Associate Analyst position with the Economic and Rate Research  
4 Department and was later promoted to a Staff Analyst. My duties as an analyst  
5 consisted of preparing schedules and workpapers for rate case filings, performing  
6 various *ad hoc* analyses, and assisting in the preparation of other regulatory filings  
7 related to fuel, energy efficiency, etc. In October 2016, I was promoted to Senior  
8 Rate Analyst.

9  
10 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH EPE?**

11 A. As a Senior Rate Analyst in the Rates and Regulatory Affairs Department, my  
12 responsibilities are to perform or assist in the preparation of economic, statistical,  
13 cost, and rate design studies; to develop models and methodologies for cost of  
14 service, profitability, and pricing studies; and to perform annualization and cost of  
15 service studies, rate design, and revenue forecasts.

16  
17 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE UTILITY  
18 REGULATORY BODIES?**

19 A. Yes, I have filed testimony and testified before the New Mexico Public Regulation  
20 Commission ("NMPRC" or "Commission"). I have also filed testimony with the  
21 Public Utility Commission of Texas.

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**II. PURPOSE OF TESTIMONY**

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

A. The purpose of my testimony is to present the calculations for the Community Solar Capacity Charges, System Generation Credits, and the discount rate in support of EPE's request for approval of a New Mexico Community Solar program ("Program") and a Certificate of Convenience and Necessity ("CCN") for a New Mexico Community Solar Facility ("NMCSF") that will be used to supply renewable energy for the Program. I also address the cost savings of the federal investment tax credit ("ITC") on the NMCSF.

**Q. ARE YOU SPONSORING ANY EXHIBITS IN SUPPORT OF YOUR TESTIMONY?**

A. Yes. I am sponsoring the following exhibits:

- Exhibit AH-1 Community Solar Capacity Charge Calculation;
- Exhibit AH-2 Discount Rate Calculation;
- Exhibit AH-3 Low Income Discount; and
- Exhibit AH-4 System Generation Credits.

**III. ITC ASSOCIATED WITH THE PROJECT**

**Q. WHAT IS THE ITC?**

A. In simple terms, an investment tax credit allows for a reduction in a company's tax bill for a proportion of new capital investment. Specifically, EPE plans to utilize the

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1 federal Business Energy Investment Tax Credit<sup>1</sup> to reduce the costs of the NMCSF  
2 recovered from subscribing customers through EPE's proposed Community Solar  
3 Capacity Charge. Expenditures for solar photovoltaic panels and other equipment  
4 used in this NMCSF are eligible for ITC if certain criteria are met.

5  
6 **Q. WHAT CRITERIA MUST BE MET FOR THE NMCSF TO QUALIFY FOR**  
7 **THE ITC?**

8 A. Construction must begin before December 31, 2019 for the NMCSF to be eligible for  
9 the 30% ITC<sup>2</sup>. If the project begins construction on or after December 31, 2019, it  
10 will be eligible for a reduced ITC of only 26%. It is also important to note that  
11 construction must be completed before December 31, 2023, to receive the full credit  
12 of 30%.

13  
14 **Q. DOES THE COMPANY EXPECT TO BE ABLE TO FULLY UTILIZE ALL**  
15 **OF THE ITC CREDIT EARNED FOR THIS PROJECT?**

16 A. Yes. As long as the Company has a federal tax liability, the ITC will be used to off-  
17 set that liability. EPE expects that all of the ITC earned by the NMCSF will be  
18 utilized within the carry-forward period.

19  
20  
21  

---

<sup>1</sup> IRC § 48.

<sup>2</sup>The Consolidated Appropriations Act, signed in December 2015, included several amendments to this credit. Notably, the expiration date for these technologies was extended, with a gradual step down of the credits between 2019 and 2022.

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1 **Q. ARE THERE OTHER FACTORS THAT MAY IMPACT THE**  
2 **REALIZATION OF THE ITC BY THE COMPANY?**

3 A. Yes. The actual utilization of the ITC by the Company will depend on factors that  
4 cannot be known in advance, including other credits for which the Company may  
5 qualify, credit carry-forward amounts, taxable income levels, and alternative  
6 minimum tax ("AMT") and AMT credit carry-forwards.

7  
8 **Q. WHAT IMPACT WILL THE ITC FROM THE NMCSF HAVE ON THE**  
9 **PROGRAM COST AND EPE'S CUSTOMERS?**

10 A. The reduction in income tax expense related to the ITC will reduce the total  
11 Program costs incurred by the Company and lower the Community Solar Capacity  
12 Charge to the benefit of customers who choose to participate in the Program.

13  
14 **Q. WAS THE ITC AFFECTED BY THE RECENTLY ENACTED TAX CUTS**  
15 **AND JOBS ACT OF 2017?**

16 A. No. The Tax Cuts and Jobs Act of 2017 ("TCJA") did not affect the ITC. EPE is, as  
17 explained further below, utilizing the new corporate tax rate of 21% to calculate the  
18 proposed Community Solar Capacity Charge.

19  
20 **IV. CALCULATION OF THE COMMUNITY SOLAR CAPACITY CHARGE**

21 **Q. HOW IS THE COMMUNITY SOLAR CAPACITY CHARGE ESTABLISHED**  
22 **FOR PURPOSES OF THE PROGRAM?**

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1 A. The Community Solar Capacity Charge calculation is based on the revenue  
2 requirements of the proposed Program. The revenue requirements calculation  
3 presented in Exhibit AH-1 includes capital costs of \$4.52 million, or \$2,261 per kW  
4 (financed with a blend of debt and equity over 30 years), and operating expenses of  
5 \$2.6 million, which includes customer outreach costs for the first year. These costs  
6 are addressed by EPE witness Richard E. Turner in his testimony.

7

8 **Q. WHAT ASSUMPTIONS DID EPE MAKE IN CALCULATING THE**  
9 **SUBSCRIBED COMMUNITY SOLAR CAPACITY CHARGE?**

10 A. As shown in Exhibit AH-2, EPE calculated a discount rate of 6.98% based on its  
11 Commission-approved weighted average cost of capital in NMPRC Case  
12 No. 15-00127-UT, and used a 22.87% marginal tax rate. For the depreciation, EPE  
13 assumed a 30-year life for book purposes and a 5-year life for tax purposes. The  
14 operations and maintenance and property insurance expenses are projected to escalate  
15 by 3% each year while the property tax rate escalates by 1% each year. Finally, EPE  
16 assumed that the full ITC of 30% would be taken.

17

18 **Q. WHAT IS THE CALCULATED COMMUNITY SOLAR CAPACITY**  
19 **CHARGE?**

20 A. Based on the assumptions detailed above, EPE developed an initial Community Solar  
21 Capacity Charge of \$18.35 per kW. Development of the Community Solar Capacity  
22 Charge is detailed in Exhibit AH-1. This rate reflects the total Program revenue



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1 requirement over the 30-year life of the planned facility. This unadjusted charge,  
2 however, does not include EPE's proposed low income discount described below.

3

4 **Q. PLEASE EXPLAIN EPE'S PROPOSED DISCOUNT FOR LOW INCOME**  
5 **CUSTOMERS.**

6 A. As discussed in the testimony of EPE witness James A. Schichtl, ten percent (or  
7 200 kW) of the 2 MW capacity will be reserved for low income customers. These  
8 low income customers will receive a ten percent discount on their Community Solar  
9 Capacity Charge. The cost of the low income discount will be included within the  
10 Community Solar Capacity Charge for all other Program customers. Therefore, as  
11 shown in Exhibit AH-3, a total of 200 kW are set aside for low income customers  
12 resulting in a capacity charge for low income customers of \$16.52 per kW and a  
13 capacity charge for non-low income customers of \$18.55 per kW.

14

15 **V. CALCULATION OF SYSTEM GENERATION CREDIT**

16 **Q. WHAT IS THE SYSTEM GENERATION CREDIT?**

17 A. Customers subscribed in the Program will have a share of energy supplied from the  
18 NMCSF. This energy supplied from the NMCSF essentially replaces energy the  
19 customer would have otherwise purchased from EPE's system generation resources  
20 and the customer will receive a credit for the solar output at their generation rate.  
21 EPE witness Schichtl discusses the proposed monthly billing of the System  
22 Generation Credits in more detail.

23

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1 **Q. PLEASE IDENTIFY THE RATE COMPONENTS USED TO CALCULATE**  
2 **THE SYSTEM GENERATION CREDIT AS SHOWN ON THE PROPOSED**  
3 **ORIGINAL RATE NO. 40.**

4 A. The System Generation Credit consists of two components: a base rate component  
5 and a fuel rate component.

6

7 **Q. HAVE THOSE RATE COMPONENTS BEEN DETERMINED BY THE**  
8 **COMMISSION?**

9 A. Yes. The base rate component was determined by the Commission's Final Order in  
10 Case No. 15-00127-UT and will be revised by the Commission in EPE's succeeding  
11 general rate case proceedings. The base rate component reflects the cost of supplying  
12 system generation resources to particular classes of customers, included in EPE's  
13 approved cost of service, and varies between classes. The fuel rate component is  
14 equal to the applicable Fuel and Purchased Power Cost Adjustment Clause  
15 ("FPPCAC") factor provided in Commission approved Rate No. 18 and the  
16 Renewable Portfolio Standard ("RPS") Cost Rider Rate No. 38. The base generation  
17 credits by rate class will be shown in the New Mexico Community Solar tariff,  
18 Original Rate No. 40.

19

20 **Q. PLEASE IDENTIFY HOW THE BASE RATE COMPONENTS WERE**  
21 **DETERMINED BY THE COMMISSION.**

22 A. EPE's Cost of Service ("COS") model supplies functionalized demand production and  
23 energy components, expressed as a \$/kWh unit rate by rate class. EPE proposes to

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1 utilize these unit rate components as the basis for the base generation credit.  
2 Exhibit AH-4 contains Workpaper K-C, page 7 of 10, from EPE's COS model in  
3 NMPRC Case No. 15-00127-UT, EPE's most recent base rate case, showing the  
4 generation base rate by rate class.<sup>3</sup> The base generation rates for each eligible rate  
5 class are summarized in Table 1 below.

**Table 1**

<b>Component</b>	<b>Rate 01- Residential</b>	<b>Rate 03- Small General Service</b>	<b>Rate 04- General Service</b>	<b>Rate 07- City and County</b>
<b>Demand Production</b>	\$0.033403	\$0.041902	\$0.033170	\$0.029230
<b>Energy - Other</b>	\$0.007616	\$0.007504	\$0.007498	\$0.007400
<b>Generation Rate \$/kWh</b>	<b>\$0.041019</b>	<b>\$0.049406</b>	<b>\$0.040668</b>	<b>\$0.036630</b>

12  
13 The System Generation Credits included in the New Mexico Community Solar tariff,  
14 Original Rate No. 40, shown in Exhibit JS-1, consists of these rates.

15  
16 **Q. WILL THE SYSTEM GENERATION CREDIT CHANGE OVER TIME?**

17 A. Yes. The generation rate reflects the cost of EPE's generation system and will be  
18 revised whenever EPE changes rates in a general rate case proceeding, updates fuel  
19 factors, or updates the RPS rider. EPE's FPPCAC factor changes every month. Any  
20 changes in these rates or factors will cause a change in the Community Solar  
21 Generation Credit.

22  
<sup>3</sup> Workpaper K-C: Unbundled Class Cost of Service Study. The proposed generation base rate is the sum of the Demand Production component (page 7, line 9) and the Energy component (page 7, line 42).

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1 **Q. WILL THE BASE RATE COMPONENT OF THE COMMUNITY SOLAR**  
2 **GENERATION CREDITS BE ADJUSTED FOR THE REDUCTION IN THE**  
3 **CORPORATE TAX RATE?**

4 A. Yes. EPE will reduce the Base Generation rate component of the System Generation  
5 Credits by 3.8756%, consistent with the reduction of its annual federal income tax  
6 expense as a percentage of base revenues<sup>4</sup>. Table 2 below shows the tax-adjusted  
7 Base Generation rates.

8 Table 2

9 Rate	10 Rate Group	11 Case No. 12 15-00127- 13 UT 14 Base 15 Generation 16 Credit 17 (per kWh)	18 Case No. 19 18-00016- 20 UT 21 Tax 22 Adjustment 23 Percentage 24 (3.8756%)	25 Tax- 26 Adjusted 27 Base 28 Generation 29 Credit 30 (per kWh)
01	Residential Service	\$0.041019	(\$0.001590)	\$0.039429
03	Small General Service	\$0.049406	(\$0.001915)	\$0.047491
04	General Service	\$0.040668	(\$0.001576)	\$0.039092
07	City and County Service	\$0.036630	(\$0.001420)	\$0.035210

31 **VI. CONCLUSION**

32 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

33 A. EPE requests approval for the New Mexico Community Solar Facility and the  
34 New Mexico Community Solar Program. If taken, the ITC will reduce the overall  
35 cost of the project, and in turn, the cost savings are reflected in the subscription  
36 charge. The calculated Community Solar Capacity Charge of \$18.35 per kW is based  
37 on a revenue requirements analysis for the Program. With the low income customer  
38 discount, the Community Solar Capacity Charge for low income subscribers is

39 <sup>4</sup> NMPRC Case No. 18-00016-UT

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1           \$16.52 per kW and the Community Solar Capacity Charge for all other subscribers is  
2           \$18.55 per kW. The capacity charge will be billed to subscribed customers on a  
3           monthly basis. New Mexico Community Solar Program subscribers will also see  
4           monthly bill credits through the System Generation Credit. This credit has both a  
5           base rate component and a fuel rate component. EPE is proposing to revise the base  
6           generation portion of the system generation credit to reflect the reduction on EPE's  
7           federal income tax expense. The total System Generation Credit will be multiplied  
8           times the customer's proportion of the total energy output of the facility every month.

9

10   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

11   **A.    Yes, it does.**

**2 MW NIM Community Solar Plant Economic and Revenue Requirement Analysis**  
(Cost Per kW)

	Plant Investment			Return Of		Return On		Income Taxes			Operating Expenses		PV Of Costs By Year	
	Plant in Service	Accumulated Depreciation	Accumulated Def Tax	Net Plant in Service	Book Depreciation	Debt Return	Equity Return	Current Taxes	Deferred Taxes	Total Income Taxes (TMI)	O&M & Other Exp	Total Nominal Costs by Year		
1	2017	\$2,260.88			\$69.36	\$67.67	\$105.64	(\$5.92)	\$79.32	\$23.40	\$170.06	\$436.13	\$407.67	
2	2018		69.36	79.32	69.36	69.36	98.70	(104.69)	136.42	31.73	36.18	296.19	261.41	
3	2019		138.73	215.74	1,906.42	69.36	69.36	(57.71)	75.51	17.79	36.03	269.33	219.97	
4	2020		208.09	291.25	1,761.54	69.36	69.36	(29.82)	38.96	9.14	35.89	249.42	190.41	
5	2021		277.45	330.21	1,653.22	69.36	69.36	(31.33)	38.96	7.63	35.74	239.47	170.89	
6	2022		346.81	369.17	1,544.90	69.36	69.36	(10.40)	11.55	1.14	35.59	224.53	148.77	
7	2023		416.18	380.72	1,463.99	69.36	69.36	10.16	(15.86)	(4.97)	35.44	212.06	132.23	
8	2024		485.54	364.85	1,410.49	69.36	69.36	9.42	(15.86)	(5.71)	35.29	207.07	120.69	
9	2025		554.90	348.99	1,356.99	69.36	69.36	8.67	(15.86)	(6.45)	35.14	202.08	110.09	
10	2026		624.26	333.13	1,303.49	69.36	69.36	7.93	(15.86)	(7.19)	34.99	197.08	100.36	
11	2027		693.63	317.27	1,249.99	69.36	69.36	7.19	(15.86)	(7.93)	34.84	192.09	91.44	
12	2028		762.99	301.40	1,196.49	69.36	69.36	6.45	(15.86)	(8.67)	34.68	187.09	83.25	
13	2029		832.35	285.54	1,142.99	69.36	69.36	5.71	(15.86)	(9.41)	34.53	182.10	75.74	
14	2030		901.72	269.68	1,089.49	69.36	69.36	4.97	(15.86)	(10.15)	34.35	177.07	68.84	
15	2031		971.08	253.81	1,035.99	69.36	69.36	4.23	(15.86)	(10.90)	34.18	172.08	61.93	
16	2032		1,040.44	237.95	982.49	69.36	69.36	3.49	(15.86)	(11.64)	34.02	167.09	55.02	
17	2033		1,109.80	222.09	928.99	69.36	69.36	2.74	(15.86)	(12.38)	33.87	162.10	48.11	
18	2034		1,179.17	206.22	875.49	69.36	69.36	2.00	(15.86)	(13.12)	33.72	157.11	41.20	
19	2035		1,248.53	190.36	821.99	69.36	69.36	1.26	(15.86)	(13.86)	33.57	152.12	34.29	
20	2036		1,317.89	174.50	768.49	69.36	69.36	0.52	(15.86)	(14.60)	33.42	147.13	27.38	
21	2037		1,387.25	158.63	714.99	69.36	69.36	(0.22)	(15.86)	(15.34)	33.27	142.14	20.47	
22	2038		1,456.62	142.77	661.50	69.36	69.36	(0.96)	(15.86)	(16.08)	33.12	137.15	13.56	
23	2039		1,525.98	126.91	608.00	69.36	69.36	(1.70)	(15.86)	(16.83)	32.97	132.16	6.65	
24	2040		1,595.34	111.04	554.50	69.36	69.36	(2.44)	(15.86)	(17.57)	32.82	127.17	(0.26)	
25	2041		1,664.71	95.18	501.00	69.36	69.36	(3.19)	(15.86)	(18.31)	32.67	122.18	(6.87)	
26	2042		1,734.07	79.32	447.50	69.36	69.36	(3.93)	(15.86)	(19.05)	32.52	117.19	(13.08)	
27	2043		1,803.43	63.45	394.00	69.36	69.36	(4.67)	(15.86)	(19.79)	32.37	112.20	(19.29)	
28	2044		1,872.79	47.59	340.50	69.36	69.36	(5.41)	(15.86)	(20.53)	32.22	107.21	(25.50)	
29	2045		1,942.15	31.73	287.00	69.36	69.36	(6.15)	(15.86)	(21.27)	32.07	102.22	(31.71)	
30	2046		2,011.52	15.86	233.50	69.36	69.36	(6.90)	(15.86)	(22.01)	31.92	97.23	(37.92)	
31	2047		2,080.88	0.00	180.00	69.36	69.36	(7.64)	(15.86)	(22.75)	31.77	92.24	(44.13)	
Per kW Total		\$2,260.88			\$2,080.88	\$946.07	\$1,476.97	(\$232.91)	\$0.00	(\$232.91)	\$1,311.83	\$5,582.84	\$2,737.19	
Total Cost		\$4,521,763			\$4,161,763	\$1,892,148	\$2,953,935	(\$465,821)	\$0	(\$465,821)	\$2,623,664	\$11,165,689	\$5,474,386	
													Discount Rate (From AH-2)	6.96%
													Net Present Value of Annual Revenue Requirements (per kW)	\$2,737.19
													Levelized Annual Cost (per kW)	\$220.16
													Monthly Capacity Subscription Rate (per kW)	\$18.35

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
As Requested:							
Line	Description	Balance	Percent of Total	Cost of Capital	Weighted Avg. Cost of Capital	Marginal Tax Rate (A)	Discount Rate
1	Long-term Debt	\$1,027,657,052	50.71%	5.90%	2.99%	22.87%	2.31%
2	Common Equity	<u>998,848,394</u>	<u>49.29%</u>	9.48%	<u>4.67%</u>		<u>4.67%</u>
3	Total	<u>\$2,026,505,446</u>	<u>100.00%</u>		<u>7.67%</u>		<u>6.98%</u>

(A) Marginal Tax Rate is composed of:

Arizona	0.0021
New Mexico	0.0113
Texas	0.0053
Federal	<u>0.2100</u>
	0.2287

**New Mexico 2 MW Community Solar Subscription Rates  
 (with Low Income Options)**

**Monthly  
 Subscription  
 Price/kW**

Calculated Capacity Charge on 2 MW (excluding Low Income offering)	\$18.35
<u>Discount = 10%</u>	
Calculated Capacity Charge for Low Income Customers	\$16.52
Calculated Capacity Charge for Non-Low Income Customers	\$18.55

Assumption:

Low Income rate offered to 10% of 2,000 kW

Calculations - 10% Discount:

Monthly Revenue - 2,000 kW X \$18.35	\$36,700
Discounted Rate at 10% Discount	\$16.52
200 kW x \$16.52	\$3,304
Remaining \$ for 1,800 kW to Achieve Full Recovery	\$33,396
Rate required - \$31,940 divided by 1,800 kW	\$18.55



EL PASO ELECTRIC COMPANY  
2015 NEW MEXICO RATE CASE FILING  
WORKPAPER K-C: UNBUNDLED CLASS COST OF SERVICE STUDY  
SPONSOR: MANUEL CARRASCO  
PREPARER: ADRIAN HERNANDEZ  
FOR THE TEST YEAR PERIOD ENDED DECEMBER 31, 2014

	Adjusted Total New Mexico (a)	Rate 01 Residential (b)	Rate 03 Small General Service (c)	Rate 04 General Service (d)	Rate 05 Irrigation Service (e)	Rate 07 City / County Service (f)	Rate 08 Water / Sewage Pumping (g)	Rate 09 Large Power (h)
1 CLAIMED RATE REVENUE REQUIREMENTS								
2								
3 SALES REVENUE (CLAIMED RATES)	121,412,694	63,156,430	14,812,596	19,256,971	3,760,148	4,151,323	1,561,907	4,620,238
4 RATE OF RETURN (CLAIMED RATES)	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%	7.67%
5								
6 \$/kWh								
7								
8 DEMAND COMPONENTS	0.0572							
9 DEMAND PRODUCTION	\$0.057167	\$0.067940	\$0.076835	\$0.055644	\$0.065984	\$0.049945	\$0.038719	\$0.027962
10 DEMAND TRANSMISSION	\$0.031556	\$0.033403	\$0.041902	\$0.031170	\$0.037185	\$0.029230	\$0.021686	\$0.018813
11 DEMAND DISTR BUTION	\$0.005140	\$0.005469	\$0.006847	\$0.006418	\$0.006083	\$0.004756	\$0.003550	\$0.003050
12 DEMAND DISTRIBUTION LOAD DISPATCHING	\$0.020471	\$0.029068	\$0.028087	\$0.017056	\$0.022715	\$0.015959	\$0.013502	\$0.010612
13 DEMAND DISTRIBUTION SUBSTATION	\$0.003980	\$0.007282	\$0.007709	\$0.005247	\$0.006539	\$0.004662	\$0.004406	\$0.002971
14 DEMAND DISTRIBUTION OVERHEAD LINES	\$0.002153	\$0.003031	\$0.003048	\$0.001871	\$0.004609	\$0.003255	\$0.002887	\$0.000994
15 DEMAND DISTR BUTION OVHD PRIMARY	\$0.001781	\$0.002423	\$0.002564	\$0.001637	\$0.002176	\$0.001783	\$0.001476	\$0.000514
16 DEMAND DISTR BUTION OVHD SECONDARY	\$0.000372	\$0.000607	\$0.000484	\$0.000234	\$0.000339	\$0.000232	\$0.000167	\$0.000058
17 DEMAND DISTRIBUTION UNDERGROUND LINES	\$0.004610	\$0.006513	\$0.006500	\$0.003989	\$0.005377	\$0.003773	\$0.003135	\$0.001084
18 DEMAND DISTR BUTION UNGD PR MARY	\$0.003786	\$0.005166	\$0.005435	\$0.003473	\$0.004626	\$0.003265	\$0.002768	\$0.000958
19 DEMAND DISTR BUTION UNGD SECONDARY	\$0.000824	\$0.001347	\$0.001066	\$0.000516	\$0.000750	\$0.000508	\$0.000367	\$0.000126
20 DEMAND DISTRIBUTION L NE TRANSFORMER	\$0.004036	\$0.006602	\$0.005219	\$0.002529	\$0.000376	\$0.002466	\$0.001798	\$0.000616
21								
22								
23 \$/kW								
24 DEMAND COMPONENTS	42.7952							
25 DEMAND PRODUCTION	\$42.795250	\$0.000000	\$31.167967	\$19,191,515	\$0.000000	\$12,709,315	\$0.000000	\$12,619,513
26 DEMAND TRANSMISSION	\$23,622,820	\$0.000000	\$16,997,301	\$11,440,259	\$0.000000	\$7,438,077	\$0.000000	\$8,484,240
27 DEMAND DISTR BUTION	\$3,948,096	\$0.000000	\$2,777,415	\$1,868,791	\$0.000000	\$1,210,297	\$0.000000	\$1,375,373
28 DEMAND DISTRIBUTION LOAD DISPATCHING	\$15,324,334	\$0.000000	\$11,393,251	\$5,862,465	\$0.000000	\$4,060,941	\$0.000000	\$2,759,900
29 DEMAND DISTRIBUTION SUBSTATION	\$4,259,570	\$0.000000	\$3,126,976	\$1,809,650	\$0.000000	\$1,186,430	\$0.000000	\$1,340,083
30 DEMAND DISTRIBUTION OVERHEAD LINES	\$2,979,319	\$0.000000	\$2,276,067	\$1,179,284	\$0.000000	\$0,828,296	\$0.000000	\$0,421,984
31 DEMAND DISTR BUTION OVHD PRIMARY	\$1,611,816	\$0.000000	\$1,236,435	\$0,645,351	\$0.000000	\$0,453,653	\$0.000000	\$0,231,949
32 DEMAND DISTR BUTION OVHD SECONDARY	\$1,333,031	\$0.000000	\$1,040,267	\$0,564,613	\$0.000000	\$0,394,571	\$0.000000	\$0,205,912
33 DEMAND DISTRIBUTION UNDERGROUND LINES	\$0,278,765	\$0.000000	\$0,196,168	\$0,080,738	\$0.000000	\$0,059,082	\$0.000000	\$0,026,038
34 DEMAND DISTR BUTION UNGD PR MARY	\$3,450,906	\$0.000000	\$2,636,827	\$1,375,631	\$0.000000	\$0,960,058	\$0.000000	\$0,488,874
35 DEMAND DISTR BUTION UNGD SECONDARY	\$2,834,005	\$0.000000	\$2,204,561	\$1,197,736	\$0.000000	\$0,830,749	\$0.000000	\$0,432,086
36 DEMAND DISTRIBUTION L NE TRANSFORMER	\$0,618,601	\$0.000000	\$0,432,267	\$0,178,095	\$0.000000	\$0,129,309	\$0.000000	\$0,066,788
37	\$3,022,823	\$0.000000	\$2,116,947	\$0,872,349	\$0.000000	\$0,632,504	\$0.000000	\$0,277,600
38 DEMAND DISTRIBUTION PRIMARY	\$0,005,566	\$0.007589	\$0.007999	\$0.005110	\$0.006802	\$0.004815	\$0.004076	\$0.001415
39 DEMAND DISTRIBUTION SECONDARY	\$0.001196	\$0.001954	\$0.001549	\$0.000750	\$0.001089	\$0.000740	\$0.000534	\$0.000184
40								
41 ENERGY COMPONENTS	\$0.007548	\$0.007616	\$0.007504	\$0.007498	\$0.007522	\$0.007400	\$0.007397	\$0.007607
42 ENERGY - OTHER	\$0.007548	\$0.007616	\$0.007504	\$0.007498	\$0.007522	\$0.007400	\$0.007397	\$0.007607
43 ENERGY - FUEL	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000	\$0.000000
44								
45 GENERATION CREDIT		\$0.041019	\$0.049406	\$0.040668		\$0.036630		

**BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION**

**IN THE MATTER OF EL PASO ELECTRIC )  
COMPANY'S APPLICATION FOR A )  
CERTIFICATE OF PUBLIC CONVENIENCE )  
AND NECESSITY FOR A TWO-MW SOLAR )  
POWER GENERATION FACILITY AND )  
APPROVAL OF A VOLUNTARY COMMUNITY )  
SOLAR PROGRAM )**

**Case No. 18-000<sup>99</sup>-UT**

**EL PASO ELECTRIC COMPANY, )  
Applicant. )**

**AFFIDAVIT**

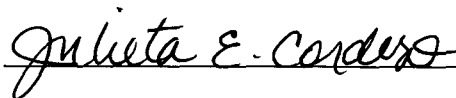
STATE OF TEXAS )  
 )  
COUNTY OF EL PASO )

**Adrian Hernandez** hereby deposes and states under oath that the information contained in the foregoing Direct Testimony of Adrian Hernandez, together with all schedules sponsored therein and exhibits attached thereto, is true and accurate based on my personal knowledge and belief.

SIGNED this 20<sup>th</sup> day of April, 2018.

  
\_\_\_\_\_  
**ADRIAN HERNANDEZ**

Subscribed and sworn to before me this 20<sup>th</sup> day of April, 2018.



My Commission expires:

October 2, 2018

