

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF EL PASO)
ELECTRIC COMPANY'S 2017)
RENEWABLE ENERGY PLAN)
PURSUANT TO THE RENEWABLE)
ENERGY ACT AND 17.9.572 NMAC)**

CASE NO. 17-00090-UT

MAY 1 '17 PM 2:08

DIRECT TESTIMONY

OF

MANUEL CARRASCO

May 1, 2017

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EXHIBITS

Exhibit MC-1	Plan Year Revenue Requirements and Calculated Reasonable Cost Threshold
Exhibit MC-2	Large Non-Governmental Customer RPS Adjustment
Exhibit MC-3	Renewable Portfolio Standard Cost Rider

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I. INTRODUCTION AND QUALIFICATIONS

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Manuel Carrasco. My business address is 100 North Stanton Street, El Paso, Texas, 79901. I am employed by El Paso Electric Company ("EPE" or "the Company") as the Supervisor of the Rates and Regulatory section of the Regulatory Affairs department.

Q. PLEASE SUMMARIZE YOUR EDUCATIONAL AND PROFESSIONAL QUALIFICATIONS.

A. I hold a Bachelor in Accounting and a Master in Economics from New Mexico State University ("NMSU"). I graduated from NMSU's Accounting program, with honors, in 1995 and from NMSU's Regulatory Economics program in 1999. In addition, I have attended professional development seminars sponsored by the National Economic Research Associates (NERA) Economic Consulting, Electric Utility Consultants Inc. (EUCI), The Brattle Group, NMSU's Center for Public Utilities, American Gas Association, Edison Electric Institute, and American Water Works Association.

My professional career began in 1993, as a rate analyst with the Utilities Department of the City of Las Cruces, New Mexico, where my responsibilities

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1 included performing cost of service and rate design studies; preparing fiscal
2 budget and financial forecasts; and developing forecasts of customers,
3 consumption and revenues. During my tenure with the City of Las Cruces, I
4 received increasing levels of responsibility culminating with a promotion to
5 Manager of the Rate & Economic Analysis section. My experience also includes
6 working as an Accountant/Analyst at Sierra Pacific Power Company and working
7 as a Senior Pricing Analyst at Colorado Springs Utilities.

8 I began working for EPE in 2009 as a Rate Analyst Specialist. In 2011, I
9 was then promoted to Senior Rate Analyst; and in 2015, I was promoted to my
10 current position.

11
12 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES WITH EPE.**

13 **A.** My responsibility is to supervise the preparation of economic, statistical, cost and
14 rate design studies; development of models and methodologies for cost of service,
15 profitability and pricing studies; and, performing annualization and cost of service
16 studies, rate design and revenue forecasts.

17
18 **Q. ARE YOU SPONSORING ANY EXHIBITS IN THIS FILING?**

19 **A.** Yes, I am sponsoring the following:

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- 1 Exhibit MC-1 Plan Year Revenue Requirements and Calculated Reasonable Cost
2 Threshold
3 Exhibit MC-2 Large Non-Governmental Customer RPS Adjustment
4 Exhibit MC-3 Renewable Portfolio Standard Cost Rider

5

6 **Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE**
7 **UTILITY REGULATORY BODIES?**

8 **A.** Yes, I have previously filed testimony with, and testified before, the New Mexico
9 Public Regulation Commission ("NMPRC" or "Commission") and Public Utility
10 Commission of Texas.

11

12 **II. PURPOSE OF TESTIMONY**

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

14 **A.** The purpose of my testimony is to present EPE's calculation of plan year revenue
15 requirements, large non-governmental customer adjustment, and reasonable cost
16 threshold ("RCT") in support of EPE's 2017 Renewable Energy Act plan ("2017
17 Plan" or "Plan") presented by EPE witness Gallegos. I also present EPE's
18 calculation of its proposed Renewable Portfolio Standard Cost Rider.

19

20

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1 **A.** EPE uses the direct comparison methodology. This methodology has been
2 approved by the Commission.

3

4 **Q.** **HOW DOES EPE CALCULATE PLAN YEAR REVENUE**
5 **REQUIREMENTS UNDER THE DIRECT COMPARISON**
6 **METHODOLOGY?**

7 **A.** EPE uses its PROMOD® program, a standard planning and economic dispatch
8 modeling tool, to conduct two plan year revenue requirement calculations: one
9 calculation estimates the plan year revenue requirement for its total system (New
10 Mexico, Texas and Federal Energy Regulatory Commission (“FERC”)
11 jurisdictions) with plan year renewable energy procurements and the other
12 calculation without the renewable energy procurements. The first calculation
13 establishes a base case system cost for generation, which is referred to as the
14 "Without Case". The second calculation is referred to as the "With Case". The
15 difference in total costs between the With Case and Without Case equals the net
16 increase in generation costs attributable to the RPS portfolio. EPE witness
17 Gallegos addresses EPE's PROMOD modeling process.

18

19 **Q.** **WHAT PROCUREMENT COSTS DOES EPE INCLUDE IN ITS PLAN**
20 **YEAR REVENUE REQUIREMENTS?**

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1 **A.** EPE's plan year revenue requirements include the costs of purchasing renewable
2 energy and renewable energy credits ("RECs") from the Commission-approved
3 long-term procurement actions, as described by EPE witness Gallegos in his direct
4 testimony, as well as EPE's REC Programs. The Commission has also approved
5 recovery of ongoing costs associated with Western Renewable Energy Generation
6 Information System ("WREGIS"), which registers and tracks RECs.

7
8 **Q. HOW HAS EPE ESTIMATED THE PROCUREMENT COST**
9 **ASSOCIATED WITH MEETING THE RENEWABLE ENERGY**
10 **PORTFOLIO REQUIREMENTS?**

11 **A.** The direct testimony of EPE witness Gallegos calculates and presents the
12 estimated 2018 and 2019 procurement costs of the 2017 Plan based on EPE's
13 existing renewable generation portfolio reflected in the plan. EPE witness
14 Gallegos provides an accounting of those costs in Exhibit OG-2.

15
16 **Q. DO PLAN YEAR REVENUE REQUIREMENTS REFLECT AVOIDED**
17 **FUEL AND PURCHASED POWER COSTS?**

18 **A.** Yes. For each plan year, the revenue requirement reflects modeled avoided fuel
19 and purchased power cost savings (including cost savings from environmental

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1 credits) attributable to the RPS portfolio. Exhibit MC-1, page 1, line 10, shows
2 the cost savings at \$3,799,921 and \$3,553,478 for 2018 and 2019, respectively.

3

4 **Q. HOW WERE AVOIDED FUEL AND PURCHASED POWER COST**
5 **SAVINGS DETERMINED?**

6 **A.** EPE estimates the avoided fuel and purchased power cost savings attributable to
7 the 2017 Plan portfolio by subtracting the Plan Year Procurement Cost (with
8 energy) from the difference between and the With and Without Cases.

9 For example, Exhibit MC-1, page 1, line 7, shows the 2018 net plan year
10 procurement cost of renewable energy is \$14,207,571 while the difference
11 between the With and Without Cases, in line 8, is \$10,407,650. In other words,
12 the addition of \$14.2 million in renewable energy costs results in a net increase of
13 only \$10.4 million. This means that \$3.8 million in non-renewable energy costs
14 were offset by the renewable energy costs. A similar calculation is made for the
15 2019 plan year.

16

17 **Q. DO PLAN YEAR REVENUE REQUIREMENTS REFLECT AN**
18 **ADJUSTMENT FOR AVOIDED CAPACITY COSTS?**

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1 **A.** No. According to the direct testimony of EPE witness Omar Gallegos, the
2 PROMOD model did not indicate a resource inadequacy without the RPS
3 resources; therefore, no adjustment for avoided capacity costs is required.

4

5 **Q.** **HOW IS DG REFLECTED IN THE DETERMINATION OF PLAN YEAR**
6 **REVENUE REQUIREMENTS UNDER THE DIRECT COMPARISON**
7 **METHODOLOGY?**

8 **A.** EPE reflects energy produced by DG systems as a reduction in customer load in
9 both the With and Without cases, because DG systems provide energy which
10 offsets customer usage behind the meter. EPE reduces load by the forecasted
11 amount of DG production at the REC meter.

12

13 **Q.** **WERE OTHER ADJUSTMENTS MADE TO DERIVE THE PLAN YEAR**
14 **REVENUE REQUIREMENT FOR AVOIDED TRANSMISSION OR**
15 **DISTRIBUTION COSTS?**

16 **A.** No. EPE did not reduce the plan year revenue requirements for avoided
17 transmission or distribution costs because the Rule requires that those avoided
18 costs must be expected to result in actual reductions in costs to ratepayers in the
19 plan year. EPE's RPS procurement actions would not result in a direct reduction
20 to existing transmission or distribution costs that can be shown in 2018 and 2019.

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1 **Q. BASED ON THIS SECTION'S DESCRIPTION OF HOW THE PLAN**
2 **YEAR REVENUE REQUIREMENTS WERE DETERMINED, WHAT ARE**
3 **THE PLAN YEAR REQUIREMENTS FOR THE 2017 PLAN?**

4 **A.** EPE's estimated annual plan year revenue requirements, shown in Exhibit MC-1,
5 page 1, line 13, are \$12,189,304 for 2018 and \$12,333,353 for 2019.

6

7 **IV. CALCULATION OF LARGE NON-GOVERNMENTAL CUSTOMER**

8

ADJUSTMENT

9 **Q. DOES THE RENEWABLE ENERGY ACT, AND COMMISSION**
10 **RULE 572, REQUIRE EPE TO CALCULATE THE RPS IMPACT TO**
11 **LARGE NON-GOVERNMENTAL CUSTOMERS?**

12 **A.** Yes. The Renewable Energy Act ("Act") and Rule 572 ("Rule") require EPE to
13 reduce, as necessary, the kWh of renewable energy procured for large non-
14 governmental customers if the additional cost of the RPS obligation, inclusive of
15 all interconnection and transmission costs, exceeds the lower of two percent of
16 their annual bill or annual dollar cap of \$110,965 for 2018 or \$112,793 for 2019¹,
17 as shown in Exhibit MC-2. The annual dollar cap for 2018 and 2019 reflect the
18 application of Rule 17.9.572.7 NMAC, which provides for the application of a
19 change in the consumer price index, urban ("CPI-U") based upon the CPI-U for

¹ This statutory cost cap is applicable to customers with annual energy consumption in excess of 10 million kWh at a single location or facility, regardless of the number of meters at that location or facility.

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1 the 12-month period ended January 2017, as published by the Bureau of Labor
2 Statistics.

3
4 **Q. HOW DID EPE DETERMINE WHETHER THE RPS PORTFOLIO**
5 **COSTS FOR THESE CUSTOMERS WOULD EXCEED THE**
6 **STATUTORY LIMITS?**

7 **A.** To determine whether EPE's RPS portfolio costs for individual large non-
8 governmental customers exceeds the large customer cap imposed by the Act and
9 Rule, EPE estimates individual customer bills assuming base rates in effect on the
10 day of the 2017 Plan filing, as required by Rule 572. For the purposes of EPE's
11 2017 Plan, EPE's evaluation is based on EPE's current rates, together with the
12 FPPCAC charges that were applicable during 2017. EPE then calculates the
13 revenue impact on an individual customer based on the RPS requirement
14 (15 percent) for the customer and the per kWh portfolio compliance cost of the
15 renewable resources in each plan year's portfolio. The cost to procure 15 percent
16 of the individual customers total energy requirement for each plan year may not
17 exceed the percentage of bill limit or total cost limit established in the Act and
18 Rule.

19

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1 **Q. BASED ON EPE'S CALCULATION, IS AN RPS ADJUSTMENT**
2 **REQUIRED FOR LARGE NON-GOVERNMENTAL CUSTOMERS?**

3 **A.** Yes. Exhibit MC-2 demonstrates that under the Rule and Act, the cost of the
4 2017 Plan to procure RPS energy sufficient to satisfy 15 percent of each of EPE's
5 qualifying large non-governmental customers would exceed the cap established in
6 the Act in plan years 2018 or 2019. As calculated in Exhibit MC-2, the RPS
7 reduction pursuant to the large customer limit of 6,667,131 kWh and 6,667,957
8 kWh in the 2018 and 2019 plan years, respectively, is required for purposes of the
9 2017 Plan. The allowable RPS for EPE's qualifying large non-governmental
10 customers is limited to 1,684,657 kWh in 2018 and 1,683,831 kWh in 2019. EPE
11 witness Gallegos uses these limited amounts for the large non-governmental
12 customer adjustment to calculate EPE's Total RPS Requirement in Exhibit OG-1.

13

14 **Q. IS THE LARGE NON-GOVERNMENTAL CUSTOMER ADJUSTMENT**
15 **CALCULATION BASED ON PROCUREMENT COST OR COMPLIANCE**
16 **COST?**

17 **A.** The Large Customer Adjustment calculation uses the compliance cost. This
18 approach is consistent with EPE's prior plan filings and EPE's RCT calculation.

19

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1 **Q. CAN YOU SUMMARIZE WHAT IS MEANT BY "COMPLIANCE**
2 **COST"?**

3 **A.** Yes, Compliance cost is the plan year portfolio procurement cost adjusted for
4 avoided fuel and purchased power cost. Compliance cost is synonymous to the
5 annual plan year revenue requirements previously described in my testimony and
6 is presented in Exhibit MC-1, page 1, line13.

7

8 **V. CALCULATION OF THE REASONABLE COST THRESHOLD**

9 **Q. WHAT IS THE CURRENT RCT ESTABLISHED BY NMPRC**
10 **RULE 17.9.572 NMAC?**

11 **A.** Under Rule 17.9.572.12 B NMAC, the RCT is set at 3 percent of plan year total
12 revenues.

13

14 **Q. HAS EPE CALCULATED WHETHER THE 2017 PLAN YEAR REVENUE**
15 **REQUIREMENTS ARE WITHIN THE 3 PERCENT RCT?**

16 **A.** Yes. Exhibit MC-1, page 2 shows the RCT calculation.

17

18 **Q. IS EPE'S METHODOLOGY CONSISTENT WITH RULE 572?**

19 **A.** Yes. As I describe below, EPE's RCT calculation methodology is consistent with
20 Rule 572.

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1 **Q. HOW ARE PLAN YEAR TOTAL REVENUES DETERMINED?**

2 **A.** "Plan year total revenues" is defined in Section 7 K of the Rule as:

3 Plan year projected total retail revenues including the sum of plan year
4 total retail energy sales multiplied by the company's approved base and
5 non-base fuel retail rates by rate class; projected fuel clause revenues; and
6 all projected rider revenues, not including projected plan year renewable
7 portfolio revenue requirements, an projected undergrounding rider
8 contributions in aid of construction.
9

10 Retail revenues are to be calculated using weather adjusted retail energy
11 sales projected for the plan year, adjusted for projected energy efficiency
12 reductions approved by the Commission in EPE's most recent energy efficiency
13 proceeding (NMPRC Case No. 16-00185-UT).
14

15 **Q. PLEASE SPECIFY THE COMPONENTS OF EPE'S PLAN YEAR TOTAL**
16 **REVENUES.**

17 **A.** For the 2017 Plan, EPE calculated plan year total revenues for 2018 and 2019 to
18 include projected base revenues, an adjustment based on the 2016 FPPCAC
19 monthly factors, and an adjustment based on the application of the current
20 Rate 17-Efficient Use of Energy Recovery Factor. EPE does not currently have
21 renewable energy riders in effect.
22

23 **Q. WHAT IS EPE'S REASONABLE COST THRESHOLD FOR THE 2018**
24 **AND 2019 PLAN YEARS?**

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1 **A.** As shown in Exhibit MC-1, page 2, with the RCT set at 3 percent of plan year
2 total revenues, the reasonable cost threshold for 2018 is \$5,588,414, based on plan
3 year total revenues of \$186,280,474. The reasonable cost threshold for 2019 is
4 \$5,612,125 based on plan year total revenues of \$187,070,847.

5

6 **Q. DOES EPE'S PORTFOLIO EXCEED THE RCT IN PLAN YEARS 2018
7 AND 2019?**

8 **A.** Yes. As shown in Exhibit MC-1, page 2, the plan year revenue requirements
9 costs exceed the RCT of 3% in both plan years. The ratio of the net portfolio cost
10 to plan year total revenues is 6.54% in 2018 and 6.59% in 2019.

11

12 **Q. WOULD EPE FURTHER EXCEED THE RCT IF THE COMPANY WAS
13 TO INCUR ADDITIONAL NEW COSTS TO MEET ITS RPS
14 OBLIGATIONS?**

15 **A.** Yes. Under the current Rule's RCT calculation, the previously-approved
16 procurement costs included in EPE's 2017 Plan, as a percentage of total retail
17 revenues, are already in excess of the RCT.

18

19 **Q. ARE EPE'S EXISTING PROCUREMENT COSTS THAT EXCEED THE
20 NEW RCT CONSIDERED REASONABLE?**

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1 **A.** Yes. As stated in EPE witness Gallegos's direct testimony, EPE's existing
2 procurement costs are reasonable because EPE's current portfolio of renewable
3 resources were found to be reasonable and were approved by the Commission in
4 EPE's prior RPS filings.

5

6 **Q. DOES YOUR ANALYSIS ADDRESS EPE'S WIND REC PROCUREMENT**
7 **OPTION AND ITS IMPACTS ON THE RCT, LARGE NON-**
8 **GOVERNMENTAL CUSTOMER ADJUSTMENT, AND PLAN YEAR**
9 **REVENUE REQUIREMENT?**

10 **A.** No.

11

12 **VI. CALCULATION OF THE RENEWABLE PORTFOLIO STANDARD**

13

COST RIDER

14 **Q. HOW IS EPE'S PROPOSED RENEWABLE PORTFOLIO STANDARD**
15 **COST RIDER CALCULATED?**

16 **A.** EPE calculates the renewable portfolio standard cost rider by dividing the
17 forecasted cost of the RPS portfolio in each plan year plus any approved deferred
18 costs in the 2016 RPS Plan, reduced by the capped contribution of qualifying
19 large customers, by the total forecasted energy (kWh) for the plan year, excluding
20 projected annual sales for qualifying large customers. The resulting \$/kWh rider

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1 will apply to all customers (excluding qualifying large customers) on a monthly
2 basis. Exhibit MC-3 presents the calculation of the proposed renewable portfolio
3 standard cost rider.

VII. CONCLUSION

6 **Q. CAN YOU SUMMARIZE THE IMPACT OF THE RPS PORTFOLIO**
7 **COSTS ASSOCIATED WITH EPE'S 2017 PLAN?**

8 **A.** Yes. Under the current Rule, EPE's RPS portfolio cost of meeting the Act's
9 renewable energy requirements for 2018 and 2019 preclude EPE from incurring
10 additional costs to meet its RPS obligations without further exceeding the RCT
11 standard set by the Commission.

13 **Q. HOW DOES EPE PROPOSE TO RECOVER THE RPS PORTFOLIO**
14 **COSTS?**

15 **A.** If approved, EPE proposes to recover 2018 plan year procurement costs through
16 the implementation of a Renewable Portfolio Standard Cost Rider, as discussed in
17 the direct testimony of EPE witness James Schichtl, and as calculated in Exhibit
18 MC-3.

19 Alternatively, EPE will continue to recover the cost of renewable energy
20 and associated RECs through its monthly FPPCAC. EPE will defer, with carrying

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1 costs, all other approved EPE's 2017 Plan costs for recovery in a general rate
2 proceeding. This includes the cost of standalone RECs (purchased without
3 energy) and the cost of participating in WREGIS. This procurement cost
4 recovery approach has been approved by the Commission in each of EPE's
5 procurement proceedings.

6

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

8 **A.** Yes.

El Paso Electric Company
2017 Plan Filing
Plan Year Revenue Requirements

Line No.	(a) Description	(b) Reference	(c) 2018	(d) 2019
1	Modeled Total System Fuel and Purchased Power Costs ("Without Case") Excluding RPS Portfolio Resources. Includes DG Load Reduction	PROMOD	\$ 139,720,220	\$ 134,417,680
2	Modeled Total System Fuel and Purchased Power Costs ("With Case") Includes RPS Portfolio Resources and DG Load Reduction	PROMOD	\$ 150,127,870	\$ 144,969,340
3	WREGIS and REC Only Procurement Costs Includes CRLEF, REC Purchase Programs, and WREGIS	Exhibit OG-2	\$ 1,781,654	\$ 1,781,693
4	Total System Fuel and Purchased Power Costs Including all RPS Costs	Line 2 + Line 3	\$ 151,909,524	\$ 146,751,033
Avoided Fuel and Purchased Power Cost				
5	Plan Year Portfolio Procurement Cost	Exhibit OG-2	\$ 15,989,224	\$ 15,886,831
6	Less: WREGIS and REC Only Procurement Costs	Line 3	(1,781,654)	(1,781,693)
7	Net Plan Year Portfolio Procurement Cost		\$ 14,207,571	\$ 14,105,138
8	With and Without Case Difference	Line 2 - Line 1	10,407,650	10,551,660
9	Less: Net Plan Year Portfolio Procurement Cost	Line 8	(14,207,571)	(14,105,138)
10	Net Avoided Fuel and Purchased Power Cost		\$ (3,799,921)	\$ (3,553,478)
Plan Year Revenue Requirements				
11	Plan Year Portfolio Procurement Cost	Exhibit OG-2	\$ 15,989,224	\$ 15,886,831
12	Net Avoided Fuel and Purchased Power Cost	Line 10	(3,799,921)	(3,553,478)
13	Plan Year Revenue Requirements ("Compliance Cost")	Line 11 + Line 12	\$ 12,189,304	\$ 12,333,353
14	Total Renewable Energy Produced in Portfolio (kWh)	Exhibit OG-2	197,769,271	200,008,404
15	Portfolio Compliance Cost, per kWh	Line 9 / Line 10	\$ 0.06163	\$ 0.06166

El Paso Electric Company
2017 Plan Filing
Calculated Reasonable Cost Threshold

Line No.	(a) Description	(b) Reference	(c) 2018	(d) 2019
1	Plan Year Revenue Requirements Cost	Exhibit MC-1, Line 9	\$ 12,189,304	\$ 12,333,353
2	Plan Year Total Revenues (Total Projected Revenues - All Customers)	Workpaper	\$ 186,280,474	\$ 187,070,847
3	Plan Year Revenue Requirements Cost as a Percent of Plan Year Total Revenues	Line 1 / Line 2	6.54%	6.59%
4	Statutory Reasonable Cost Threshold (%)	NMAC 17.9.572.12 (B)	3.00%	3.00%
5	Statutory Reasonable Cost Threshold Revenue	Line 2 x Line 4	\$ 5,588,414	\$ 5,612,125

Notes:

(1) EPE's New Mexico jurisdictional retail energy sales are based on EPE's Economic Research Department's 2016 Load Forecast dated April 7, 2016, adjusted for weather and projected energy reductions attributed to energy efficiency and load management.

El Paso Electric Company
2017 Plan Filing
Large Non-Governmental Customer RPS Adjustment

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)		
<u>2018 Plan Year</u>										
Line No.	Customer	Service Voltage	Annual kWh	Annual Bill	Portfolio Impact Limit per Customer, 2% of Annual Bill or \$110,965	Applicable Portfolio Limit	Required RPS 15%	RPS @ Limit	Billed RPS Revenue	
1	Customer 1	Primary	15,061,380	\$ 1,567,896	\$ 31,358	2.00%	2,259,207	511,727	\$ 138,441	
2	Customer 2	Secondary	13,141,546	1,193,299	23,866	2.00%	1,971,232	384,201	122,450	
3	Customer 3	Primary	11,172,222	826,549	16,531	2.00%	1,675,833	269,767	102,693	
4	Customer 4 *	Primary/Secondary	16,303,439	1,590,064	31,801	2.00%	2,445,516	518,962	149,858	
5	Total		55,678,587	\$ 5,177,807	\$ 103,556		8,351,788	1,684,657	\$ 513,442	
6	* Customer 4 by Service Voltage									
7		Primary	10,649,633	\$ 950,766						
8		Secondary	5,653,806	\$ 639,298						
6	Large Customer Limit Applies -									
7	Customer 1	Primary	15,061,380				511,727		\$ 31,358	
8	Customer 2	Secondary	13,141,546				384,201		23,866	
9	Customer 3	Primary	11,172,222				269,767		16,531	
10	Customer 4 *	Primary/Secondary	16,303,439				518,962		31,801	
11	Total		55,678,587				1,684,657		\$ 103,556	
12	RPS Reduction Pursuant to the Large Customer Limit (kWh) -						6,667,131			

<u>2019 Plan Year</u>										
Line No.	Customer	Service Voltage	Annual kWh	Annual Bill	Portfolio Impact Limit per Customer, 2% of Annual Bill or \$112,793	Applicable Portfolio Limit	Required RPS 15%	RPS @ Limit	Billed RPS Revenue	
6	Customer 1	Primary	15,061,380	\$ 1,567,896	\$ 31,358	2.00%	2,259,207	511,476	\$ 138,509	
7	Customer 2	Secondary	13,141,546	1,193,299	23,866	2.00%	1,971,232	384,013	122,510	
8	Customer 3	Primary	11,172,222	826,549	16,531	2.00%	1,675,833	269,635	102,743	
9	Customer 4	Primary	16,303,439	1,590,064	31,801	2.00%	2,445,516	518,708	149,931	
10	Total		55,678,587	\$ 5,177,807	\$ 103,556		8,351,788	1,683,831	\$ 513,693	
11	Large Customer Limit Applies -									
12	Customer 1	Primary	15,061,380				511,476		\$ 31,358	
13	Customer 2	Secondary	13,141,546				384,013		23,866	
14	Customer 3	Primary	11,172,222				269,635		16,531	
15	Customer 4	Primary	16,303,439				518,708		31,801	
16	Total		55,678,587				1,683,831		\$ 103,556	
17	RPS Reduction Pursuant to the Large Customer Limit (kWh) -						6,667,957			

Worksheet Calculations and Notes:

[A] NM System Incremental Charge for Renewable Resources \$/kWh Calculation:	2018	2019
Total Renewable Energy Produced in Portfolio (kWh)	197,769,271	200,008,404
Portfolio Compliance Cost	\$ 12,189,304	\$ 12,333,353
Portfolio Compliance Cost, per kWh	\$ 0.06163	\$ 0.06166
Loss Adjusted for Secondary Voltage Delivery	\$ 0.06212	\$ 0.06215
Loss Adjusted for Primary Voltage Delivery	\$ 0.06128	\$ 0.06131
Voltage Adjustment Factor:		
Secondary Voltage	1.007862	1.007862
Primary Voltage	0.986479	0.986479

[B] CPI Adjusted Cap Limit Calculation:	Cap Limit	CPI Factor	Inflation Growth	2% or
Year				Base
2011	\$ 99,000	220.223		
2012	\$ 101,896	226.665	2.925%	actual
2013	\$ 103,521	230.280	1.595%	actual
2014	\$ 105,156	233.916	1.579%	actual
2015	\$ 105,062	233.707	-0.089%	actual
2016	\$ 106,504	236.916	1.373%	actual
2017	\$ 109,167	242.839	2.500%	actual
2018	\$ 110,965	246.839	1.647%	estimate (average of actuals)
2019	\$ 112,793	250.905	1.647%	estimate (average of actuals)

CPI Factor source: Bureau of Labor Statistics, accessed 04/24/2017

- [C] Customer Annual kWh is the most recent calendar year's billed kWh under assumption that the billed kWh does not vary significantly year to year
- [D] 17.9.572.7(M) NMAC limits the large customer adjustment to the lower of 2% of a customer's annual electric charges or \$99,000. After 01/01/2012, the \$99,000 is adjusted for inflation (as shown in [B] above).

El Paso Electric Company
2017 Plan Filing
Renewable Portfolio Standard Cost Rider

Line	(a) Description	(b) Reference	(c) 2018	(d) 2019
1	Plan Year Portfolio Procurement Cost	Exhibit OG-2	\$ 15,989,224	\$ 15,886,831
2	Plus: Deferred Costs *	Workpaper	806,762	-
3	Less: Large Customer Portfolio Impact Limit	Exhibit MC-2	(103,556)	(103,556)
4	Net Plan Year Portfolio Procurement Cost	Line 1 - Line 2	<u>\$ 16,692,430</u>	<u>\$ 15,783,274</u>
5	Forecasted New Mexico Jurisdictional kWh Sales	Exhibit OG-1	1,652,527,271	1,657,693,716
6	Less: Large Non-Governmental (LNG) Customers Energy Sales	Exhibit MC-2	(55,678,587)	(55,678,587)
7	Net Forecasted New Mexico Jurisdictional kWh Sales	Line 4 - Line 5	<u>1,596,848,684</u>	<u>1,602,015,129</u>
8	Renewable Portfolio Standard Cost Rider, per kWh		\$ 0.010453	\$ 0.009852

BEFORE THE NEW MEXICO PUBLIC REGULATION COMMISSION

**IN THE MATTER OF EL PASO ELECTRIC)
COMPANY'S 2017 RENEWABLE ENERGY)
PLAN PURSUANT TO THE RENEWABLE)
ENERGY ACT AND 17.9.572 NMAC)
EL PASO ELECTRIC COMPANY,)
Applicant.)
_____)**

Case No. 17-_____ UT

AFFIDAVIT

STATE OF TEXAS)
) ss
COUNTY OF EL PASO)

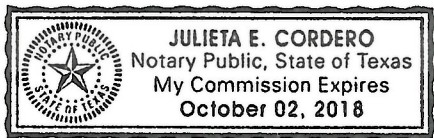
Manuel Carrasco hereby deposes and states under oath that the information contained in the foregoing Direct Testimony of Manuel Carrasco, together with all schedules sponsored therein and exhibits attached thereto, is true and accurate based on my personal knowledge and belief.

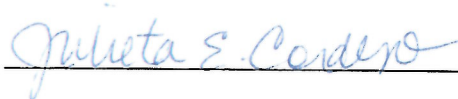
SIGNED this 1st day of May, 2017.



MANUEL CARRASCO

Subscribed and sworn to before me this 1st day of May, 2017.





JULIETA E. CORDERO

My Commission expires:

October 2, 2018