

El Paso Electric Co. – Application of EPE to Change Rates

Public Utility Commission of Texas (PUC) – Docket No. 57568 Matter No. HQ Utility - 60

Matt Marquez – Asst. City Attorney Robert Aguinaga – Asst. City Attorney Oscar Gomez – Asst. City Attorney

June 24, 2025

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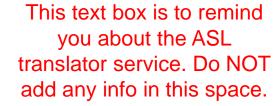
<u>Purpose</u>

- Discussion on request to increase rates.
- Follow up to EPE's presentation from March 17, 2025.
- Recommendation & Action.
- Next steps in case going forward at state level (PUC).



Rate Increase Request

- EPE claiming revenue deficiency.
- \$93 M overall increase to annual revenue requirement.
- 10.7% based on requested rate of return on equity ("ROE").
- \$1.55 B new plant investment from Jan. 2021 Sept. 2024.
 - Increases in Generation, Transmission, & Distribution.
- Most customer classes will see rate increase.
- Different effects on different customer classes.
- Significant changes to rate design.





Recent EPE Rate Cases

| Year Filed | Requested Increase | Outcome – Increase |
|---------------|--------------------|--------------------|
| <u>2025</u> | \$93.0 M | - |
| | | |
| <u>2021</u> | \$41.8 M | \$7.5 M |
| <u>2017</u> | \$42.5 M | \$14.5 M |
| <u>2015</u> | \$71.4 M | \$37.0 M |
| | | |

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Rate Increase by Customer Class

| EPE Texas Proposed Base Rate Increase | | | | | | | | |
|---|---------------|-----------------|-----------------|------------------|--|--|--|--|
| | Change in | Average Change | | Average Change | | | | |
| | Base Revenue | of Base Charges | Change in Total | of Total Charges | | | | |
| Retail Customer Class | (\$) | in Bill (%) 1 | Charges (\$) | in Bill (%) 2 | | | | |
| Schedule 01 - Residential Service | \$ 79,068,697 | 25.01% | \$ 83,794,440 | 23.67% | | | | |
| Schedule 02 - Small General Service | 1,832,332 | 3.67% | 3,025,949 | 5.37% | | | | |
| Schedule 07 - Outdoor Recreational Lighting Service | 12,980 | 1.47% | 23,606 | 2.41% | | | | |
| Schedule 08 - Government Street Lighting Service | (798,288) | -18.40% | (794,336) | -16.91% | | | | |
| Schedule 09 - Traffic Signal Service | (2,078) | -2.00% | (262) | -0.21% | | | | |
| Schedule 11 - Municipal Pumping Service | 97,512 | 0.95% | 147,198 | 1.23% | | | | |
| Schedule 15 - Electrolytic Refining Service | 450,935 | 22.35% | 465,598 | 17.70% | | | | |
| Schedule 22 - Irrigation Service | 800 | 0.20% | 7,683 | 1.78% | | | | |
| Schedule 24 - General Service | (4,347,461) | -3.12% | (3,374,662) | -2.16% | | | | |
| Schedule 25 - Large Power Service | 4,737,097 | 11.69% | 5,019,700 | 10.59% | | | | |
| Schedule 26 - Petroleum Refinery Service | 843,511 | 5.12% | 935,695 | 4.68% | | | | |
| Schedule 28 - Area Lighting Service | 549,313 | 19.45% | 555,943 | 18.45% | | | | |
| Schedule 30 - Electric Furnace Schedule | 436,301 | 32.15% | 447,697 | 16.57% | | | | |
| Schedule 31 - Military Reservation Service | 1,357,564 | 9.11% | 1,169,283 | 8.12% | | | | |
| Schedule 34 - Cotton Gin Service | (2,596) | -1.83% | (2,353) | -1.54% | | | | |
| Schedule 41 - City and County Service | 914,553 | 3.87% | 1,110,145 | 4.20% | | | | |
| Rider WH - Water Heating Service | 39,564 | 7.89% | 40,489 | 7.52% | | | | |
| Texas Jurisdictional Service | \$ 85,190,735 | 13.65% | \$ 92,571,813 | 13.18% | | | | |
| Schedule 38 - Noticed Interruptible (Non-Firm) | 479,603 | 13.53% | 481,737 | 13.53% | | | | |
| Texas Jurisdictional Service | \$ 85,670,339 | 13.65% | \$ 93,053,550 | 13.18% | | | | |

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Residential Bill Impact

Residential Class *

| Total | Current Bill | Proposed Bill | Difference | |
|-------------|--------------|---------------|------------|---------|
| kWh | Total | Total | Total | Total % |
| - | \$11.33 | \$16.49 | \$5.16 | 45.54% |
| 100 | \$24.16 | \$31.85 | \$7.69 | 31.83% |
| 200 | \$36.96 | \$47.18 | \$10.22 | 27.65% |
| 300 | \$49.78 | \$62.53 | \$12.75 | 25.61% |
| 400 | \$62.64 | \$77.97 | \$15.33 | 24.47% |
| 500 | \$75.68 | \$93.72 | \$18.04 | 23.84% |
| 600 | \$88.76 | \$109.57 | \$20.81 | 23.45% |
| Average 658 | \$96.37 | \$118.76 | \$22.39 | 23.23% |
| 700 | \$101.87 | \$125.41 | \$23.54 | 23.11% |
| 800 | \$115.01 | \$141.25 | \$26.24 | 22.82% |
| 900 | \$128.16 | \$157.11 | \$28.95 | 22.59% |
| 1,000 | \$141.33 | \$172.97 | \$31.64 | 22.39% |
| 1,500 | \$207.08 | \$252.19 | \$45.11 | 21.78% |
| 2,000 | \$272.86 | \$331.43 | \$58.57 | 21.47% |
| 2,500 | \$338.63 | \$410.66 | \$72.03 | 21.27% |
| 3,000 | \$404.40 | \$489.90 | \$85.50 | 21.14% |

^{*} Schedule No. 01 - Residential Service, Standard Service Rate Option

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Timeline - Actions Taken & Path Forward

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Jan. 27, 2025
EPE Filed Case

Mar. 17, 2025

EPE Presentation to City Council

<u>Mar. – May 2025</u>

EPE Community Meetings June 4, 2025

City & Intervenors Filed Testimony w/ PUC June 24, 2025

Public Hearing & City Action (deadline July 1st) Late 2025/

Early 2026

PUC Hearing, Negotiations, Final Order

- EPE filed rate review w/ Texas regulators PUC & local municipalities.
- City has limited time to review & act under Tex. Util. Code.
- Rebuttal/Cross-Rebuttal Testimony will be filed.
- August 7th 15th Hearing on the Merits w/ Admin. Law Judge.



City Case Consolidated w/ PUC Case

Jan. 27, 2025
Filed w/ City
(Original Jurisdiction)

Jan. 27, 2025
Filed w/ PUC
(City & Other
Intervenors)

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PUC Case
Proceed w/ EPE &
Intervenors



Intervenors – Parties in PUC Case

Govt.

- City
- PUC Staff
- Office Public Utility Counsel (OPUC)
- Univ. Texas El Paso (UTEP)
- Dept. of Defense (DOD)/Ft. Bliss

Commercial/Industrial & Other

- Wal-Mart
- Freeport-McMoran
- Vinton Steel
- W. Silver Inc.
- Tex. Industrial Energy Consumers (TEIC)
- Int. Brotherhood of Electrical Workers (IBEW)
- Tex. Cotton
 Ginners Assoc.
- Solar Energy Industries Assoc.
- Solar Joint Adv.

Rate 41 Group

- El Paso County
- El Paso Community College District (EPCC)
- Region 19 Edu. Serv.
 Center
- ISDs:
 - Anthony
 - Clint
 - El Paso
 - Fabens
 - San Elizario
 - Socorro
 - Tornillo
 - Yselta

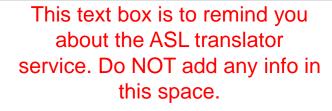
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City's Involvement

- Exercised City's Original Jurisdiction
 - Analyzing details & presenting evidence to ensure rate changes are reasonable & in compliance w/ state law.
- Engaged Attorneys
- Engaged Expert Consultants
 - Accountants, Engineers, & Economists
- Sent written discovery requests to EPE 20 sets.
- Reviewed responses to City's & Other Intervenor requests.





Main Issues of Concern Under Review

- Overall Rate Increase
- Return on Equity ("ROE")
- Newman Unit 6
 - Construction cost overruns.
- FERC Wholesale Transmission Revenues
- Depreciation Expense

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Main Issues of Concern Under Review

- Solar Distributed Generation ("DG")
 - Elimination of minimum bill but switch to demand charge.
- Residential Rate Design
 - \$13.71 monthly customer charge (\$9.25 current).
- Monthly Fuel Charge Formula
- Other Additional Issues
 - Transmission pole replacement.

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Recommendation

 Deny the amount of EPE's rate increase request & rate design proposals – as currently filed. This text box is to remind you about the ASL translator service. Do NOT add any info in this space.



Mission

Deliver exceptional services to support a high quality of life and place for our community



Integrity, Respect, Excellence, Accountability, People

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Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government

