

Hearing Examiner's Recommended Decision in El Paso Electric 2020 Rate Case

- Rate cases before the Public Regulation Commission are adversarial proceedings: when utilities propose a change in rates, stakeholders are required to present and defend evidence challenging that proposal. El Paso Electric filed their current rate case, 20-00104-UT, in May of 2020.
- Without challenge, the utility request would likely prevail. However, the City of Las Cruces and Doña Ana County intervened vigorously on behalf of their residents in the Rate Hearing, as did the New Mexico Attorney General and others, including local citizen intervenors Merrie Lee Soules and Philip Simpson. Intervenors provided written and oral testimony, challenged utility assumptions, and provided alternative proposals and detailed analysis.
- A Recommended Decision in the case was filed on April 6, 2021. If accepted by PRC Commissioners, it will include the following intervenor achievements:
 - > EPE had originally requested an annual rate INCREASE of \$6,878,921 for New Mexico customers. In the Recommended Decision the Hearing Examiner called for an annual rate DECREASE of \$3,306,653. This represents overall ANNUAL SAVINGS of \$10,185,574 for EPE's New Mexico ratepayers.
 - > In its initial notice of the rate hike proposal to customers, EPE indicated that its request would result in a 12.17% INCREASE¹ in residential non-fuel rates. The hearing examiner recommended a 4.6% DECREASE² for the average residential customer.
 - > A successful challenge to costs associated with energy sales from the Palo Verde 3 nuclear reactor will provide an annual DECREASE of at least \$5.39 million in costs billed to ratepayers for fuel and purchased power.
 - > A successful challenge to the formula for allocating revenue from off-system sales will provide an annual DECREASE in ratepayer costs of approximately \$900,000.
 - > A successful challenge to EPE's collection of excess taxes will RETURN to ratepayers \$824,463 annually for three years.
- **The recommendations detailed above represent overall SAVINGS for New Mexico ratepayers of over \$17 MILLION PER YEAR.**

¹ EPE's proposed notice to customers page 3 "proposed percentage changes in non-fuel rates"

² Recommended Decision, Page 232 . <http://lifeisgood2.com/EPE/2020RateCase/RecommendedDecision>
"difference in an average-use customer's annual average" bill.

- In addition, intervenors achieved a number of structural changes in utility practices that have the potential to rapidly accelerate the development of low cost clean and renewable energy for the benefit of the people of Southern New Mexico.
- We owe a deep debt of gratitude to the Las Cruces mayor and city council and to Doña Ana County Commissioners for their commitment to the intervention process and their willingness to invest in achieving a low cost, environmentally sustainable energy future for the people they represent. Their participation in this rate case was crucial to its successful anticipated outcome.

**Recommended Decision in El Paso Electric 2020 Rate Case
Implications for New Mexico Ratepayers**

Item	EPE initial request	Recommended decision
Base rate change	\$6,878,921/year increase ³	\$3,306,653/year decrease ⁴
Palo Verde 3/purchased power cost change	~\$15,078,281/year ⁵	\$5,393,983/year less ⁶
Off-system sales recalculation	N/A	\$904,868/year decrease ⁷
Return of excess taxes	N/A	\$824,463/year decrease ⁸ (for three years)
Total ratepayer savings		At least \$17,308,888/year (for three years) \$16,484,425 (in subsequent years)

This summary prepared by Allen Downs, Don Kurtz, Philip Simpson and Merrie Lee Soules.
Revised April 19, 2021.

³ From EPE's initial filing, Page 3, Line 1. <http://lifeisgood2.com/EPE/2020RateCase/Application>

⁴ Recommended Decision, Page 13 . <http://lifeisgood2.com/EPE/2020RateCase/RecommendedDecision>

⁵ Calculated from EPE's request of \$48.50/MWh and 91% availability.

⁶ Calculated from 2019 average market price at Palo Verde Nuclear Generating Station of \$31.15 for approx. 8000 hours/year (~91% of the time). Actual need will probably be much less, resulting in a larger savings.

⁷ Margins have been shared with EPE 90%/10% , but 100% to NM is recommended by the Hearing Examiner. This amount is 10% of the 2019 margin and will appear as a decrease in fuel charges.

⁸ Recommended Decision, Page 114 Line 4. <http://lifeisgood2.com/EPE/2020RateCase/RecommendedDecision>