



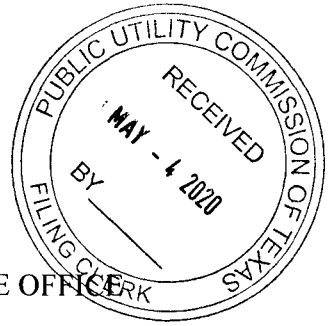
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APPLICATION OF EL PASO §
ELECTRIC COMPANY TO AMEND § BEFORE THE STATE OFFICE
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CONVENIENCE AND NECESSITY § OF
FOR AN ADDITIONAL §
GENERATING UNIT AT THE §
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IN EL PASO COUNTY AND §
THE CITY OF EL PASO §

EL PASO ELECTRIC COMPANY'S RESPONSE TO
OFFICE OF PUBLIC UTILITY COUNSEL'S FIRST
REQUEST FOR INFORMATION QUESTION NOS. OPUC
1-1 THROUGH OPUC 1-8

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OPUC 1-1:

Please reference the Direct Testimony of James Schichtl at 5-6. Please explain how the independent evaluator was selected by the Company.

RESPONSE:

The Company first selected the independent evaluator (Wayne Oliver of Merrimack Energy Group) to be the independent evaluator for the Company's 2008 request for proposal process (RFP) that led to the selection of the Rio Grande Unit 9 generation unit. EPE received certificate authorization for Rio Grande Unit 9 in Docket No.38717. The Company selected Mr. Oliver based not only on his overall experience in industry competitive procurements for power resources but also on his experience in Texas, where he had served as an RFP consultant in previous integrated resource planning-related procurement and, later on, as independent evaluator in the RFP process by Southwestern Electric Power Company that led to the selection of three new power plants.

The Company has continued to utilize Mr. Oliver in competitive power supply procurements, including the RFP process that led to the selection of the Montana Units 1 through 4 and the RFP process presented in this proceeding, based on his track record of adding value.

Preparer: Yasser Murga

Title: Senior Engineer – Resource Planning

Sponsor: Omar Gallegos

Title: Director – Resource Planning &
Management

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OPUC 1-2:

Please reference the Direct Testimony of James Schichtl at 12-13. Please provide an updated explanation of how the proposed Newman 6 plant will be financed assuming the IIF US2 merger is completed.

RESPONSE:

EPE's expectations regarding financing of the Newman Unit 6 project have not changed since the filing of Direct testimony in this case. As indicated in the testimony of EPE witness Schichtl, EPE expects to issue long-term debt and acquire additional equity, if needed, through a capital contribution if the merger of EPE and IIF US 2 is completed to finance Newman 6.

Preparer: James Schichtl

Title: Vice President – Regulatory Affairs

Sponsor: James Schichtl

Title: Vice President – Regulatory Affairs

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OPUC 1-3:

Please reference the Direct Testimony of James Schichtl at 13-14. Please provide estimated rate class bill impacts if the proposed Newman 6 plant is put into rates. Please include both base rate and fuel cost impacts.

RESPONSE:

EPE has not calculated estimated rate impacts for all rate classes. Attachment 1 provided in response to CEP 2-14 calculates the estimated base rate and fuel impacts of Newman 6. Although the attachment only illustrates how the impact affects a typical residential customer bill, the estimated base rate and fuel impacts will apply to all customers.

Preparer: Adrian Hernandez

Title: Senior Rate Analyst – Rates and
Regulatory Affairs

Sponsor: James Schichtl

Title: Vice-President – Regulatory Affairs

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OPUC 1-4:

Please reference the Direct Testimony of Omar Gallegos at 3-4. Please explain when EPE will seek approval from the Commission of the three referenced long-term purchased power agreements.

RESPONSE:

Prior regulatory approval of purchased power agreements (PPA) is not required in Texas. Approval for recovery of PPA costs for the energy supplied to Texas jurisdictional customers will be requested in rate and fuel reconciliation proceedings following the start of commercial operation of the PPA facilities.

Preparer: James Schichtl

Title: Vice President – Regulatory Affairs

Sponsor: James Schichtl

Title: Vice President – Regulatory Affairs

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OPUC 1-5:

Please reference the Direct Testimony of Omar Gallegos at 12. Please explain when EPE decided to retire Rio Grande 7 and Newman Units 1 and 2, and provide supporting documentation. At what management level is a generation unit retirement approved by the Company?

RESPONSE:

The retirement year of 2022 was first identified for the three units in EPE's 2016 Loads & Resources planning document (please see OPUC 01-05 Attachment 1); however, the planned retirement of the units in general had been identified for retirement within the 20-year planning horizon since EPE's first Integrated Resource Plan in 2009 (See Table 1 below from EPE's 2009 IRP).

The approval for retirement of the units following the analysis was at the company's executive level. In addition, the retirements were approved by the Energy Resources and Environmental Committee, a subcommittee of the Board of Directors.

TABLE 1. EPE Existing Generation Stations and Fuel Types

Generating Station	Location	Nominal Capacity (MW)	Primary Fuel Type	Secondary Fuel Type	Duty	In-Service Date	Projected Retirement Date
Palo Verde Unit 1 Unit 2 Unit 3	Phoenix, AZ	633	Uranium	N/A	Base load	Feb. 1986 Sept. 1986 Jan. 1988	Dec. 2026 Dec. 2026 Dec. 2028
FCPP Unit 4 Unit 5	Farmington, NM	104	Coal	N/A	Base load	June 1969 July 1970	Dec. 2019 Dec. 2020
Rio Grande Unit 6 Unit 7 Unit 8	Sunland Park, NM	229	Natural Gas	Fuel Oil	Load-following	June 1957 June 1958 July 1972	Dec. 2012 Dec. 2013 Dec. 2022
Newman Unit 1 Unit 2 Unit 3 Unit 4 Unit 5	El Paso, TX	614	Natural Gas	Fuel Oil	Load-following	May 1960 June 1963 March 1966 June 1975 May 2009	Dec. 2015 Dec. 2013 Dec. 2016 Dec. 2015 Dec. 2059
Copper Unit 1	El Paso, TX	62	Natural Gas	Fuel Oil	Peaking	July 1980	Dec. 2030
Hueco Mountain Wind Ranch	Horizon City, TX	1	N/A	N/A	N/A	April 2011	Dec. 2031
Total Capacity		1,643					

Preparer: Yasser Murga

Title: Senior Engineer – Resource Planning

Sponsor: Omar Gallegos

Title: Director – Resource Management & Planning

PUBLIC

OPUC 1-5 Attachment 1- is available on the Public Utility Commission of Texas interchange. Parties to the case will be served through Accellion.

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OPUC 1-6:

Please reference the Direct Testimony of Wayne Oliver at 11. Regarding footnote 1, please explain if EPE attempted to supplement the lower cost portfolio with additional resources to meet the load plus reserve margin requirement. Please explain why the supplement was done. If the supplement was not done, please provide the reasons why it was not done.

RESPONSE:

EPE did not attempt to supplement the lower cost portfolio with additional resources. EPE did not supplement this portfolio because Strategist provided an alternative portfolio that met EPE's reserve margin requirements. In addition, Strategist did generate thousands of potential portfolios that did meet reliability requirements that are all higher cost than the selected portfolio.

Preparer: Yasser Murga

Title: Senior Engineer - Resource Planning

Sponsor: Omar Gallegos

Title: Director – Resource Planning & Management

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OPUC 1-7:

Please reference the Direct Testimony of Wayne Oliver at 11. Regarding footnote 2, please identify the short-listed bidder and withdrawn proposal, and the reason for the withdrawal.

PUBLIC RESPONSE:

The response to OPUC 1-7 is considered confidential and will be provided upon the signing of a Protective Order Certification under the terms of the Protective Order to this filing.

Preparer: Yasser Murga

Title: Senior Engineer – Resource Planning

Sponsor: Omar Gallegos

Title: Director – Resource Planning &
Management

Wayne Oliver

Independent Evaluator – Merrimack
Energy Group, Inc.

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OPUC 1-8:

Please provide the gas price forecasts used in EPE's analysis of resource options, including all components that make up the forecasts (such as NYMEX prices and corresponding dates, basis differentials at market hubs, pipeline transportation costs, escalation rates and sources).

RESPONSE:

Please refer to OPUC 1-8 Attachment 1 for EPE's gas price forecasts used in the analysis of resource options, including all components that make up the forecasts.

Preparer: Victor Martinez

Title: Manager – Resource Planning, Resource
Management, Regulatory & Quality
Assurance

Sponsor: Omar Gallegos

Title: Director – Resource Planning and
Management

PUBLIC

OPUC 1-8 Attachment 1- is available on the Public Utility Commission of Texas interchange. Parties to the case will be served through Accellion.