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# NEW MEXICO PUBLIC REGULATION COMMISSION

FROM THE OFFICE OF DISTRICT 4 COMMISSIONER LYNDA LOVEJOY

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**FOR IMMEDIATE RELEASE**

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**NEWS RELEASE**

## Commissioner Lovejoy Clarifies Her Vote On El Paso Electric's Approved Rate Increase

**SANTA FE** – The New Mexico Public Regulation Commission (NMPRC) on Wednesday, June 8, voted 4-1 to approve an increase in non-fuel base rates totaling approximately \$1.1 million in El Paso Electric Company's (EPE) upcoming rate case.

In an effort to compensate for electric generating plants and transmission infrastructure investments made by the utility, EPE filed Case No. 15-00127-UT with the NMPRC in May 2015 for an annual increase of approximately \$8.6 million (7.1 percent) in non-fuel base rates. EPE later reduced its requested increase to approximately \$6.4 million.

The Hearing Examiner assigned to the case, however, issued a Recommended Decision to the Commission in February that proposed a far lower annual increase – approximately \$640,000 in non-fuel base rates.

Following Wednesday's meeting, Commissioner Lynda Lovejoy explained her decision to vote with the majority of Commissioners on the order despite her reluctance to support one aspect of the order.

Commissioner Lovejoy, along with Commissioner Patrick Lyons, supported the Hearing Examiner's Recommended Decision of a 9.6 percent return on equity, however, the Commission ultimately decided to depart from the Hearing Examiner's Recommended Decision by lowering the return on equity to 9.48 percent on Wednesday, June 8.

The rationale Commissioners Lovejoy and Lyons provided for supporting the higher return on equity was that doing so would attract more investors for the company, which they stated would ultimately lead to the creation of more jobs in the state, thereby improving New Mexico's economy.

Commissioner Lovejoy voted with the majority of the Commission to keep the residential customer charge from increasing beyond \$7 per month, which is the charge currently in place. EPE had requested the residential customer charge be increased from \$7 to \$9 monthly, stating that residential customers have been charged below the cost of providing service to the residential segment of their customer base.

Commissioner Lovejoy later stated that increasing the residential customer charge would present too great of an impact on low and fixed income customers. Residential customer charges, Lovejoy later stated, disproportionately affect low and fixed income customers, adding that an increase might result in "rate shock."

Last year, the Commission rejected an effort by the utility to create a separate rate class for residential customers with rooftop solar systems. Commissioners at that time ruled the proposal was a violation of regulations in place.

El Paso Electric serves approximately 400,000 customers in southern New Mexico and west Texas, the majority of which are residential consumers.

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