Date Filed: November 12, 2026

Witness: **Juan-Pablo Velez**
Request from: **Connecticut Industrial Energy Consumers**

Question CIEC-6:

Please refer to Velez Direct Testimony at page 27, lines 3-8.

a. Please provide all analysis supporting the statement that the Company could eliminate the entire overpayment "without negatively affecting the bills of non-heat-pump customers."

b. Please explain how that statement is consistent with recovery of the Company's authorized revenue requirement between rate cases if revenue from heat pump customers is reduced.

c. Please provide Mr. Velez's estimate of the bill impact of Rate HP on (i) residential customers who do not take service under Rate HP and (ii) non-residential customers, including those taking service under Rate 39 and Rate 57.

Response:

a. The statement is about customers who heat with fossil fuels today and install a heat pump after Rate HP takes effect ("new heat pump customers"). The full sentence reads: "The Company could eliminate all of the entire overpayment — discount the rate all the way down to the floor — and *customers newly installing heat pumps* would still be paying their full incremental cost of service, still satisfying cost causation, without negatively affecting the bills of non-heat-pump customers" (emphasis added).[1]

The supporting analysis is already in the record. A new heat pump customer on Rate HP keeps paying its pre-heat-pump contribution to embedded costs, plus the new costs its heat pump causes (as explained in CIEC-4(b) and CIEC-5(a)). The underlying calculations are in Sections III and IV of the testimony and Exhibit JPV-2, Sections 2–4.

The statement does not concern customers who already heat with a heat pump and pay Rate 1 today ("existing heat pump customers"). Their effect on other customers is addressed in CIEC-1(a), CIEC-3(c), and part (c).

b. The statement concerns new heat pump customers, and the revenue the Company collects from them is not reduced. Relative to what Rate 1 was set to collect from them, it rises slightly, because they keep paying their pre-heat-pump bill and add the cost of their new load (CIEC-1(a)). A revenue reduction comes only from existing heat pump customers; how that reduction would be recovered, in this rate case and between rate cases, is addressed in CIEC-2(c) and (d).

c. Enrolling customers who heat with fossil fuels today and install a heat pump after Rate HP takes effect ("new heat pump customers") would raise no other customer's bill: they would pay the Company slightly more under Rate HP than they paid before installing their heat pumps (part (b)). Any bill impact comes from customers who already heat with a heat pump and pay Rate 1 today ("existing heat pump

[1] Direct Testimony of Juan-Pablo Velez on behalf of Conservation Law Foundation and Sierra Club ("Velez Direct"), at 27:5–8 (Oct. 21, 2026).

customers"). Moving them to Rate HP ends their overpayment and shifts those embedded costs back to the customers who paid them originally (CIEC-2(b) and CIEC-5(b)).

1. **Residential customers not on Rate HP.** If PURA auto-enrolls existing heat pump customers who have received a heat pump rebate from Energize CT, as my testimony recommends, and the resulting revenue reduction is recovered from the residential class, as I propose in CIEC-2(b), then the average residential customer not on Rate HP would pay about $4.24 more a month. That is the increase in Rate 1 distribution and transmission charges estimated in CIEC-3(c), about 0.61¢ per kWh, applied to that customer's annual usage.[2] Massachusetts has already taken this step: its investor-owned utilities automatically enrolled Mass Save heat pump rebate recipients, and about 140,000 customers were enrolled across the utilities before the 2025–2026 heating season.[3] Without auto-enrollment of existing heat pump customers, however, the increase would likely be an order of magnitude smaller, because enrollment would be voluntary, and enrollment in heat pump rates has been low (CIEC-1(a) and CIEC-3(c)).
2. **Non-residential customers, including Rates 39 and 57.** No increase, if the Authority adopts the steps I recommend in CIEC-2(c) and (d): setting Rate 1 and Rate HP in this rate case with existing heat pump customers' load already moved to Rate HP, and keeping any later shortfall within the residential class. Without those steps, the RDM and TAC would pass part of the existing-customer reduction to non-residential classes until the next rate case, as quantified in CIEC-2(d).

[2] Net revenue reduction ÷ residential customers not on Rate HP, in 2031 under the high estimate of new heat pump customers, the same year and estimate as CIEC-3(c). Across all five rate years and both estimates, it ranges from $50 to $51 a year. CIEC-6 Attachment 1, CIEC-6c_nonhp_bill_increase.xlsx, sheet bill_impact, row 9.

[3] Order on Seasonal Heat Pump Rates, D.P.U. 25-08-A (June 1, 2026), at 30. The 140,000 total includes customers who self-enrolled, not only those enrolled automatically.