Date Filed: September 28, 2026

Witness: Edward A. Davis and Kimberly R. Parsons
Request from: Office of Consumer Counsel

Question:

(Residential Customer Charge) Refer to PURA's December 20, 2017, Decision in Docket No. 17-01-12, pages 35-36, which states that "The Authority finds that costs in Accounts 922, 928, 930, and 931 are outside of the statutory functions and are excluded from the MRCC calculation." Please explain why the Company has included costs in Account 930 in the calculation of the MRCC.

Response:

Please refer to PURA's April 18, 2018, Decision in Docket No. 17-10-46, page 33, where PURA determined that Eversource was allowed to include a portion of Account 930 in its MRCC calculation:

> The Authority recognizes that Eversource is structured in such a way that certain labor is performed and expenses are incurred by the Service Company and then shared among the Eversource Companies including CL&P. The Company provided sufficient documentation that costs attributed to FERC Accounts 920, 921, 923 and 930 are directly related to the statutory functions and are thereby includable in the MRCC calculation.
>
> The Company also stated that it is part of the Eversource family of companies (Service Company) and relies on the Service Company for a certain amount of labor and expenses that directly support the Statutory Functions. Supplemental TRP Testimony, pp. 7 and 8.

In the Supplemental TRP Testimony, the Company wrote:

> Q. What is the rationale for including the A&G FERC Accounts in the calculation of MRCC?
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> A. As described during hearings in Docket No. 17-01-12, the labor for many employees who work to support at least one of the four MRCC functions for the Service Company (as opposed to the Company directly), is recorded to FERC Account 920. It is vital to capture these costs since they represent real and significant cost responsibility to the Company for labor that is

> incurred to support includable functions. The exclusion of these costs not only contradicts the Statute but is also inconsistent with the Decision. As described in discovery responses and direct testimony in Docket 17-01-12, because the Company is part of the Eversource family of companies and relies on the Service Company for a certain amount of labor and expenses that directly support the Statutory defined functions, they should be included in the MRCC calculation. Many of these costs, however, are allocated to CL&P through Service Company charges to Account 920. In fact, the existence of the Service Company configuration allows Eversource to provide the benefits of economies of scale to ratepayers such that the allocated costs to ratepayers is lower than what otherwise would be incurred and allocated on a stand-alone Company basis. It would be inconsistent with the Statute for the Authority to exclude these costs because they arise from the Service Company configuration and in fact, that structure provides great benefit to ratepayers. […] The last A&G FERC Account the Company included in the MRCC is the Misc. General Expense (Account 930). Although PURA identified this account as excluded from the calculation, the Company still believes that because the Overhead allocator used (which is based on directly assigned labor) the expense using that allocator should be included in the MRCC calculation.

The Company applied the methodology approved in the Company's last case when preparing the MRCC calculation shown in Exhibit CLP-RATES-2.13.