Date Filed: October 02, 2026

Witness: Edward A. Davis and Kimberly R. Parsons
Request from: UCONN

Question:

(Rate Design & Tariff Structure) Refer to Exhibit CLP-RATES-1 pp. 14-15 and Exhibit CLP-RATES-2 pp. 19-22.

a. The proposed distribution demand charges for Rates 55 through 58 represent increases of approximately 59% to 75% compared with distribution rate increases of 28.5% for residential customers and 45.5% for small commercial load. Please identify and quantify each factor that contributes to these proposed increases for intermediate and large commercial customers.

b. Eversource states that the ROR index for "intermediate business classes" moved from an average of 2.7 under current rates to 1.2 under proposed rates, while the ROR index for Rates 1 and 7 moved from 0.3 to 0.9. Please explain why a movement of this magnitude in a single rate case—rather than a more gradual transition—is appropriate and consistent with principles of rate stability and avoidance of rate shock.

c. Has Eversource evaluated the risk that distribution demand charge increases of this magnitude could incentivize large commercial and industrial customers to pursue load reduction strategies (including behind-the-meter generation, energy storage, or relocation) that would reduce Eversource's revenue base and shift costs to remaining ratepayers? If so, please provide the results of any such analysis. If not, please explain why such an analysis was not performed.

Response:

a. Please refer to Exhibit CLP-ACOS-2 for the detail on the expenses allocated to Rates 55 through 58 which, compared to current distribution revenue, contribute to the distribution revenue increase proposed in this proceeding. The driver of the increases for these customer segments is the increased cost of service that is the subject to this proceeding.

b. As shown in CLP-RATES-1, the current total Company ROR is 1.05%. The current ROR of Rates 1 and 7 is 0.3% (less than total) while the current ROR of the intermediate business classes is 2.9% (greater than total). To move all rate classes closer to an index of 1.0, where each rate class would be contributing equally to the total Company ROR, Rates 1 and 7 required a greater share of the total proposed increase than the intermediate business classes. Per the proposed revenue increase allocation provided in Exhibit CLP-RATES-2.1, the intermediate business classes received 93.6% of the average increase (50.6%) while Rates

1 and 7 received 102% of the average increase. If the company further decreased the allocation percentage to the intermediate business classes, other rate classes would have needed to be designed with a higher percentage increase than the Company considered reasonable to support the shortfall in increase to this class relative to their cost of service. As stated in the pre-filed testimony Exhibit CLP-RATES-1, the Company sought to recover overall costs while striking a balance between assigning an appropriate level of cost responsibility to each rate class, maintaining reasonable bounds (75% to 125% of the average increase) around changes to rates and impacts to customers.

c. Eversource consistently considers the risk that distribution demand charge increases of *any* magnitude could incentivize large commercial and industrial customers to pursue load reduction strategies (including behind-the-meter generation, energy storage, or relocation), when presenting rate designs to PURA for rate implementation. The pricing impacts and economic incentives that utility rates create are inherent in every rate change that the Company ever presents to its regulators for review. However, providing safe and reliable electric services to customers is fundamentally an infrastructure business that requires substantial and consistent investment in that infrastructure. Therefore, the Company is called upon to balance the interests of all customers in converting those costs to rates that customers will pay. The results of that balancing are presented in the Company's analysis and exhibits in this proceeding.