Date Filed: October 06, 2026

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

Question:

(RATE 6 – RESIDENTIAL SPACE HEATING RATE) Has the Company conducted any analysis on the expected enrollment into Rate 6, and resulting attrition from other residential rates offered?

Response:

The Company reviewed the deployment of heat pump deployments under its rebate program over a 3-year period but did not conduct an analysis and projection of Rate 6 enrollment. Rather, the design of Rate 6 is predicated on incremental load and costs to serve, without a specific level of enrollment. Our primary objective is to make available through this rate proceeding an alternative residential space heating rate for future deployments of air sourced heat pumps. The foundation rates in this design are designed around requirements for residential customers prior to incremental load (i.e., for sales and revenue requirements of Rate 1 as a basis), and distribution rates for incremental load is set on a marginal cost basis.

Regarding "attrition", this design also aligns with the migration of customers from Rate 1 to Rate 6. The portion of load that exists prior to incremental load additions that migrates from Rate 1 to Rate 6 continues to be served on rates redesigned to the same revenue requirement as as Rate 1. Incremental load and any changes to service associated with such addition are addressed in the proposed design such that the rate effect of moving to Rate 6 is minimized by preserving the recovery of cost of service through rates designed for the migrating load. Effectively, fixed costs included in volumetric rates have been moved to the monthly cost, lowering the volumetric rate applicable to the kWh prior to load additions (more efficient, volumetric rates). On average, Incremental load is not affected by the rate redesign, as the recovery of costs from migrating sales is addressed through rate design and the establishment of a usage threshold (i.e., the 700 kWh average monthly usage breakpoint, whereby each month usage up to that point remains on the redesigned volumetric rate set to recover the equivalent revenue of Rate 1).