Date Filed: November 16, 2026

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

Question CIEC-15:

Please refer to Velez Direct Testimony at page 97, lines 3-13, and page 98, lines 1-18.

a. Please provide the derivation of the $121.49 monthly customer charge, in Excel format with formulas intact, to the extent not already provided in Exhibit JPV-2, Section 6.

b. Please design, or describe the design of, a heat pump rate that would eliminate the overpayment Mr. Velez identifies while remaining revenue neutral with respect to the residential class as a whole, and provide the resulting rates.

c. If Mr. Velez contends that no such rate is feasible, please explain why.

Response:

a. Exhibit JPV-2, Section 6 already gives the full derivation.[1] CIEC-15 Attachment 1 reproduces it in Excel with formulas intact.[2] The derivation has two steps.

First, I found how far Rate 1's distribution and transmission rates, including the distribution riders, would have to fall for the representative fossil fuel-heated home's overpayment to be zero. Under proposed Rate 1, those charges rise by $1,051 a year when the home installs a heat pump, while its incremental marginal T&D cost is $10. The rates would therefore have to fall to 1.0% of their filed levels, a cut of about 99%. The customer charge does not enter this step, because the home pays it both before and after installing a heat pump.[3]

Second, I held Rate 1's revenue constant. At filed rates, distribution and transmission charges collect $1,322 a year from each of Rate 1's 1,076,695 customers. Cutting them by 99% gives up $1.41 billion a year. Recovering that through twelve monthly bills raises the customer charge by $109.13, from $12.36 to $121.49 a month.[4]

b. The redesign of Rate 1 in part (a), offered as an optional rate open to all residential customers, would do so. It would have a $121.49 monthly customer charge, distribution charges of 0.111¢ per kWh and

[1] Direct Testimony of Juan-Pablo Velez on behalf of Conservation Law Foundation and Sierra Club ("Velez Direct"), at 97 n.85 (Oct. 21, 2026); Ex. JPV-2, Section 6, at 13–14.

[2] CIEC-15 Attachment 1, CIEC-15a_customer_charge.xlsx. The README sheet lists the source of each input and explains each sheet.

[3] CIEC-15 Attachment 1, sheet representative_home_bills: the home's distribution and transmission charges before and after in rows 4–6, its marginal T&D cost in row 7, and the scaling factor in cell D8. The monthly kWh and rates they are computed from are on sheets representative_home_consumption and rate_1.

[4] CIEC-15 Attachment 1, sheet class (Rate Year billing months and billed sales from Eversource Connecticut, Exhibit CLP-RATES-2.4 at 47), and sheet modified_rate_1: the revenue given up in row 4, the customer charge increase in row 6, and the redesigned customer charge in row 8. Rows 14–20 check that Rate 1's revenue is unchanged and that the home's overpayment is zero.

transmission charges of 0.050¢ per kWh, with all other charges as in Rate 1.[5] It would be revenue neutral in the sense I describe in my response to CIEC-2(a): if every Rate 1 customer took service under it, the Company would collect the same revenue it would under Rate 1 as filed. And for customers who take service under it both before and after installing a heat pump, it would eliminate the overpayment, for the reasons given in part (a).

c. Not applicable (part (b)).

[5] CIEC-15 Attachment 1, sheet modified_rate_1: the customer charge in row 8, the distribution rate (including riders) in row 22, and the transmission rate in row 23, each the filed rate times the scaling factor in part (a). Rows 14–16 check that it collects the same revenue as Rate 1 as filed.