Date Filed: October 19, 2026

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

Question:

(ECONOMIC DEVELOPMENT RATE) Refer to the Company's response to OCC-458. Explain the factors that will be considered in negotiations with each EDR customer (e.g., potential system benefits, economic development benefits) and the relative weight of each factor for determining the customer's discount level.

a. Did the Company consider providing the same discount level for all EDR customers? If so, why did the Company rule out this option? If not, why not?

Response:

The Company considered a set of fixed, declining factors, but did not elect to propose this pathway without additional data from specific use cases. As a general framework for any negotiation, the Company considers discounts to distribution rates equating to 25% in year 1 with 5% decrements in each of the 4 subsequent, sequential years, terminating upon completion of the 5-year period, to be a reasonable initial schedule. Relative to this schedule, both the discounts (higher or lower) and the term (5 years is the maximum) could potentially be adjusted, with consideration of both the aforementioned regulatory objectives and the need to achieve revenue sufficiency pursuant to factors discussed in the Company's response to OCC-932[i], assuring no shifting of costs to other customers. In turn, further discount levels may be considered commensurate with a demonstrated positive system benefit (e.g., contribution to fixed costs while remaining above marginal costs).

Prior Referenced Response

[i] OCC-932 Question:

(ECONOMIC DEVELOPMENT RATE) Refer to Exh. CLP-RATES-1, at 29.
a. Please explain what equipment is included in the "interconnection, system upgrade, or make-ready costs" for which EDR customers would be responsible (e.g., substations, transformers, conductors, etc.).
b. If upgrades to shared infrastructure, such as substations, are required, explain how the costs of the upgrades are recovered.

OCC-932 Response:

a. Customers would be responsible for all costs associated with the installation of a new service pursuant to The Company's new business policies. These costs are determined when such applications are made to The Company and would vary depending on the site conditions and work required for each location. Discounted revenues contemplated under the term of an EDR would be considered in the context of any CIAC or similar evaluation for a prospective EDR applicant.

b. Such upgrades and the recovery of costs would be considered pursuant to The Company's new business policy guidelines and any other considerations at the time of application for service.