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, page 35, which states that the "Authority will operate on the rebuttable presumption that costs in Accounts 920, 921, and 923 are excluded from the MRCC calculation," and defines specific requirements that EDCs must satisfy in order to include these costs in the MRCC calculation. Please provide the justification for inclusion of these costs, including supporting documentation and workpapers.

**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 Accounts 920, 921 and 923 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?
>
> 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 Company also believes that since the Office Supplies Expense (FERC Account 921), is allocated to the customer component based on Overhead, it should also be included in the MRCC since Overhead is a direct assigned component based on includable CCCs.

For Outside Services expense, the Company utilized the Distribution Plant allocator which is the same methodology used to allocate costs in the Test Year COSS, however, it was updated to only reflect includable MRCC plant.

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