Date Filed: October 02, 2026

Witness: Douglas P. Horton, Edward A. Davis and Kimberly R. Parsons
Request from: UCONN

Question:

(Affordability & Customer Engagement) Refer to Exhibit CLP-ELP-1 at p. 18 which states "energy supply is the greatest challenge to residential affordability."

a. What does Eversource believe is the greatest challenge to electricity affordability for the Company's non-residential customers?
b. Has Eversource engaged non-residential customers to understand what customers believe is the greatest challenge to electricity affordability for businesses, municipalities, and organizations? If so, please explain.

Response:

a. Non-residential customer bills include the same four categories of charges as residential bills, which are energy supply, transmission, public benefits and distribution. Among these categories, the greatest challenge to affordability for all customers is the cost of energy supply, coupled with the cost of public policy programs that seek to have customers paying for policies to incentivize clean energy policies, including renewable portfolio standards ("RPS") and the cost of the regional greenhouse gas initiative ("RGGI"). For all customer segments, supply is the largest and most volatile component of the customer bill (Exhibit CLP-ELP-1, p. 19, ll. 3–5). Supply-related costs also include the costs and credits of the state-mandated Millstone contract, which are recovered through the public benefits portion of the bill (Exhibit CLP-ELP-1, p. 27, ll. 3–9).

   Among these cost categories, distribution rates are relatively constant and, even when those rate change, the changes are not as significant or as volatile as these other parts of the customer bill. However, customers demand that every charge on their utility be justified, including the Company's costs. Of all the cost segments on the customer bill, the base revenue requirement receives the greatest level of scrutiny. In addition, the Company is proposing to implement the PBMRP as a solution to harness meaningful efficiency incentives and to smooth rate changes across time, given the infrastructure investment that is required for the system and that will drive rates in the future.

   The relative importance of supply differs among non-residential customers. Some procure supply from competitive suppliers under arrangements that may reflect the customer's own load profile, and some produce all or part of their supply through on-site generation. The

Company delivers electricity to these customers regardless of how their supply is procured, and which challenge is greatest for an individual business, municipality or organization depends on that customer's circumstances. However, because non-residential customers can invest in efficient equipment, generate on site, procure competitive supply or take supply service from the Company, supply is typically the component of the bill over which they have the widest range of options and to which they devote the most attention.

Transmission charges are also a component of non-residential customer bills, although these costs typically have a coincident benefit that arises for supply costs, which is a major factor in the Company's transmission-related investments. Transmission rates are set by the Federal Energy Regulatory Commission and costs are shared across the New England region; they are not determined by the Company (Exhibit CLP-ELP-1, p. 25, ll. 15–20).

The Company has also testified that recovering public benefits charges on a volumetric basis raises electric-input costs for commercial and industrial customers and affects their competitiveness (Exhibit CLP-ELP-1, p. 28, ll. 3–8). The Company's proposed Economic Development Rate is designed to attract and retain new electric load that businesses might otherwise locate outside Connecticut (Exhibit CLP-ELP-1, p. 119, ll. 13–15).

b. In developing the Economic Development Rate proposal in this proceeding, the Company held informal discussions with several large commercial and industrial customers and with the Connecticut Industrial Energy Consumers. Please refer to the Company's responses to OCC-460[i] and OCC-461[ii], and to the Company's response to UCONN-23[iii]. Eversource also utilizes webinars and participation in site visits to understand the perspective of commercial and industrial customers. Please refer to UCONN-021, Attachment 1, for a letter previously submitted to PURA which outlines the breadth of the Company's customer engagement, including large customers.

Prior Referenced Responses:

[i] OCC-460 Question:

(Economic Development Rate Rider) Has the Company received communications from industrial customers expressing interest in the EDR? If so, provide the industry type of these customers and the total incremental load the Company expects from them.

OCC-460 Response:

The Company has had discussions with several large general service rate customers (e.g., customers whose load might qualify for service under Rate 57, Rate 58 or Rate 39) and with Connecticut Industrial Energy Consumers ("CIEC") regarding prospective potential needs for an EDR. The Company has typically not discussed specific incremental load requirements and does not have a total, expected incremental load.

[ii] OCC-461 Question:

(Economic Development Rate Rider) Did the Company consult any industrial customers on the structure of the proposed EDR? If so, provide a summary of any feedback the Company received from those customers, and whether and how the Company incorporated that feedback into its proposal.

OCC-461 Response:

As noted in the Company's response to information request OCC-460i, the Company has communicated with customers, which included industrial customers, and the Connecticut Industrial Energy Consumers ("CIEC") regarding an Economic Development Rate ("EDR"). Such communications focused predominantly on a discussion of:

- Whether a tariff (i.e., EDR) or special contract approach would apply;
- Overall structures including types of load that might qualify and which components of service would be proposed to be subject to EDR treatment (including, for example, which rate components might be affected and whether a discounted rate approach might apply);
- The period of time and duration a discount might apply;
- The form of discount, such as declining or constant discount; and
- The extent to which only incremental or new load would be eligible vs. existing load and/or load considered for business retention purposes.

Customers raised the point that many of these considerations were addressed with regard to desired structures of an EDR, in a recent UI rate case. In consideration of this input, the Company reflected in its proposed EDR a framework that gives structure from which to further address these and other considerations. In particular, the proposed EDR contemplates eligibility for only new and incremental load; a defined term (5 years) and declining discount schedule, focused on rates for Distribution service; and a targeted discount approach based on a more focused, customer-specific analysis, as discussed in the approach and processes principles that would apply as illustrated in the response to OCC-459ii. The Company was unable to more deeply vet additional input in developing its proposed EDR. As indicated in prefiled testimony, the Company presents its proposed EDR as preliminary and potentially subject to further development, and is open to additional engagement through this proceeding to further define and build out the framework and general provisions of its EDR during this proceeding.

[iii] UCONN-023 Question:

(Affordability & Customer Engagement) As part of developing the rate design proposal included in its initial filing, did Eversource engage any of its intermediate or large commercial customers to ask:

a. if the Company's current rate design poses obstacles to customers adopting distributed energy resources; or
b. if the Company's current rate design supports affordability for non-residential customers.
If so, please explain.

UCONN-023 Response:

In developing the Economic Development Rate proposal, which is part of the rate design proposal in the initial filing, the Company held informal discussions with several large commercial and industrial customers and with the Connecticut Industrial Energy Consumers. Please refer to the Company's responses to OCC-460 and OCC-461 for a description of those discussions.

For the Company's view on affordability challenges for non-residential customers, please refer to the Company's response to UCONN-21.