Date Filed: October 02, 2026

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Request from: UCONN

Question:

(Marginal Cost of Service Study) Refer to Exhibit CLP-MCOS-1 at p. 4 which states that preserving customer affordability in the transition to a decarbonized sector is one of three major ratemaking objectives. Does Eversource agree that all components of Eversource's electric bill need to be considered to determine whether customer affordability is being preserved?

Response:

All components of Eversource's electric bill affect customer's household or business electricity-related expenses, and therefore affect customer affordability. The distribution rate case only addresses distribution costs. The way that affordability is preserved is by ensuring that costs emerging from the need to decarbonize the grid or other reasons are recovered from customers in a way that does not unnecessarily burden electricity consumption or increases cross-subsidies by overly penalizing higher than average load factor users.

Any rate design effort that keeps preservation of affordability in mind must take into account realignment of charges to underlying marginal cost drivers for each component of the bill. It must also balance the gradualism objective, and may require phasing in implementation of appropriate rate structures or gradual rate rebalancing. The MCOS study can be used to guide this process, with the starting point being bringing rate closer to incremental costs, ideally by time of day or season when it is appropriate, and avoiding apportionment of large sunk costs or other costs that are unrelated to customer usage decisions into volumetric components of the rate.