Date Filed: September 15, 2026

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

Question:

(Rate 6 – Residential Space Heating Rate) Refer to Exhibit CLP-RATES-1, at 23-24. Please state whether the Revenue Decoupling Mechanism is designed to capture any revenue shortfall arising from Rate 6 enrollment diluting Rate 1 revenues. If so, explain how Rate 6-driven revenue loss will be treated under the RDM and which customer classes ultimately bear that cost.

Response:

The Revenue Decoupling mechanism is designed to reconcile differences in aggregated (i.e.,. total) actual vs. targeted revenues, and not specifically to capture such revenue shortfall that may occur. While the question does not define or explain what is meant by diluted revenues, if the context of an assumed difference in revenue is due to the migration of Rate 1 customers to Rate 6, such migration may in a given month result in higher revenue for first block kWh sales, and lower revenue for second block kWh sales, which potentially include both kWh sales that would otherwise have been charged under Rate 1 and kWh sales associated with incremental, new heat pump load. The Company does not agree that Rate 6 enrollment which reflects increased kWh sales would reduce overall revenue compared with revenue under Rate 1 which would exclude such increased kWh sales.