Date Filed: October 21, 2026

Witness: Edward A. Davis, Kimberly R. Parsons and Amparo Nieto
Request from: CLF and Sierra Club

Question:

Refer to Exhibit CLP-IAP-1, at 69, which states: "the Company has designed the rate to be priced above the marginal cost to serve those customers [who install heat pumps]." Please provide the marginal costs to serve customers who install heat pumps, broken down by component (including transmission and distribution costs). Provide any workbooks used to produce these figures, with all formulas unlocked.

Response:

The Marginal cost of transmission was not computed for this rate design. The marginal cost of distribution associated with serving the customer include:

- Marginal customer costs ($28.98/customer/ month)
- Marginal local facility capacity costs ($3.06/kW/month), where kW reflects the average maximum demand for the residential class, also calculated as $24.51/customer/month).
- Marginal distribution substation and feeder capacity (year-round is 0.242 cents/kWh, including the GET yields 0.258 cents/kWh).

These figures are included in the MCOS model that was filed with the rate case: "Exhibit CLP–MCOS-2 Confidential", see summary in worksheet T.1 MC Comparison to Rates, which summarizes the marginal unit cost for each component.