Date Filed: October 21, 2026

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

Question:

Refer to Exhibit CLP-IAP-1, at 68, which states: "The rate reflects a seasonal discount but is still set above the marginal cost to serve those customers, the expected result is that there will be more incremental load to spread the Company's fixed costs over." Does the Company agree that transmission rates for customers who have transitioned to heat pumps could be designed to "reflect a seasonal discount but is still set above the marginal cost to serve those customers," with the expected result that there would be more incremental load to spread the transmission grid's fixed costs over?

Response:

The cost of transmission service to such proposed new class would be determined on the basis of the class's monthly coincident peak demand and corresponding, average annual peak demand rates charged to the Company for transmission service (i.e., these are expenses for what is charged under the ISO-NE OATT and allocated to CL&P), as allocated to each retail rate class. The Company applies an average annual transmission rate per kWh, for all hours under Residential Rate 1 and Rate 5, and on a time-differentiated (time-of-day) per kWh basis under Residential Rate 7. Under an established Rate 6, the cost of transmission service would be similarly allocated to the class for setting the transmission rate design revenue requirements target of that class. A discount in the design of the transmission cost and rate component for the winter rate block can be used if no less than the transmission service cost (i.e., the RNS plus LNS and associated transmission service rates). At a class level there may be a lower overall average rate for transmission service depending on allocation of transmission costs (i.e., expense) and the total kWh of Rate 6, for a given period, depending upon actual demand and allocations. For Rate 6 transmission rates, however, a discount to a portion of the kWh, for the second block for winter period usage, would require an increase to the first block and non-winter second block rates, to achieve a design equivalent to meet total transmission revenue requirements for the class.