STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

Docket No. 26-05-10

APPLICATION OF THE CONNECTICUT LIGHT AND POWER COMPANY
D/B/A EVERSOURCE ENERGY
TO AMEND ITS RATE SCHEDULES

JOINT DIRECT TESTIMONY OF

EDWARD DAVIS AND KIMBERLY R. PARSONS

Rate and Tariff Amendments

On behalf of

The Connecticut Light and Power Company
d/b/a Eversource Energy

July 14, 2026

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I. INTRODUCTION

Q. Mr. Davis, please state your name and business address.

A. My name is Edward A. Davis. My business address is 107 Selden Street, Berlin, Connecticut.

Q. By whom are you employed and in what position?

A. I am Director of Rates for Eversource Energy Service Company ("Company" or "Eversource Energy"), which provides centralized services to the electric and natural gas operating subsidiaries of Eversource Energy ("Eversource"), including The Connecticut Light and Power Company d/b/a Eversource Energy ("CL&P" or the "Company"). As Director of Rates, I am responsible for activities related to the design, regulation and administration of rates and tariffs for the subsidiaries of Eversource Energy. In this proceeding I am testifying on behalf of CL&P.

Q. Please describe your educational background and professional experience.

A. I earned a Bachelor of Science degree in Electrical Engineering from the University of Hartford and a Master of Business Administration degree from the University of Connecticut. I have extensive experience with Eversource and its predecessor

Northeast Utilities in positions with responsibilities in the areas of consumer economics, engineering, operations, wholesale and retail marketing, cost of service, and rate design, regulation and administration.

Q. Have you previously participated in proceedings before a regulatory body?

A. Yes. I have previously testified and participated in numerous rate-related proceedings in both gas and electric matters before the Connecticut Public Utilities Regulatory Authority ("PURA"), and its predecessor, the Connecticut Department of Public Utilities Control. I have also testified on behalf of the Company's operating affiliates in rate related matters before the Massachusetts Department of Public Utilities Control and the New Hampshire Public Utilities Commission. Recent Connecticut proceedings in which I have testified include: Yankee Gas rate case Docket No. 24-12-01; CL&P rate case, Docket No. 17-10-46; CL&P RAM, Docket No. 26-01-03; and PURA Investigation Into Distribution System Planning of the Electric Distribution Companies – Resilience and Reliability Standards, Docket No. 17-12-03RE11 (Rate Design).

Q. Please state your name and business address.

A. My name is Kimberly R. Parsons. My business address is 107 Selden Street, Berlin, Connecticut.

Q. By whom are you employed and in what position?

A. I am the Team Leader of Rates - Connecticut for Eversource Energy ("Eversource") and I am responsible for rates, cost of service, tariff and related activities for the subsidiaries of Eversource Energy that operate in Connecticut. In this proceeding I am

testifying on behalf of CL&P.

Q. Please describe your educational background and professional experience.

A. I earned a Bachelor of Science degree in Chemical Engineering from Lehigh University and a Master of Business Administration degree from The University of Hartford.

Q. Have you previously participated in proceedings before a regulatory body?

A. Yes. I have previously testified and participated in proceedings before the Connecticut Public Utilities Regulatory Authority ("PURA"), including Docket No. 24-12-01, Application of Yankee Gas Services Company d/b/a Eversource Energy to Amend its Rate Schedules.

Q. What is the purpose of your testimony?

A. The purpose of this testimony is to present the Company's proposed changes to the Distribution component of rates, which have been designed to recover the proposed Distribution revenue requirements as presented in the testimony of the Revenue Requirements Panel (Exhibit CLP-REVREQ-1). Proposed rates also provide the basis for implementation of the Company's proposed Performance Based Multi-Year Rate Plan (PBMRP), as presented in the testimony of the Leadership Panel. See Exhibit CLP-PBMRP-1.

This testimony presents and discusses the proposed changes to the Company's Distribution rates to recover its revenue requirements for the period July 1, 2027 – June 30, 2028 ("Rate Year"). To enhance customer understanding and better align our tariffs

with customer bill presentment, we also propose changes to the organization and presentation of rates for both Distribution and all other components of service on each of the Company's rate schedules. This testimony also presents proposed rate design and tariff amendments that incorporate several new rates initiatives, namely an optional residential space heating rate for customers adopting heat pumps, an economic development rider, and tariff schedules for the implementation of proposed PBMRP and storm cost recovery mechanisms. Proposed amendments to certain provisions of tariff riders, and to provisions and miscellaneous fees and charges of the Company's Terms and Conditions for both Delivery and Generation Supply are also presented. This testimony also addresses directives and compliance associated with cost allocation, rate structure and rate design including time varying rates for designated rate classes and more broadly. The Company requests review and approval by PURA of a July 1, 2027 effective date for the changes to rates and commencement of the new rate mechanisms and tariff provisions submitted herein.

II. OVERVIEW AND SUMMARY

Q. How is your testimony organized?

A. Section I of this testimony is the introduction. Section II provides the overview of this testimony and a summary of proposed rate changes; Section III addresses prior regulatory and legislative directives; Section IV discusses cost allocation, the sales forecast and customer charges; Section V discusses the proposed Distribution rate changes; Section VI discusses the revenue decoupling mechanism; Section VII

discusses new rate initiatives; Section VIII discusses changes to the Company's Terms and Conditions for Delivery Service and Generation Supply; Section IX is the Conclusion.

Q Please summarize the Company's requested change to Distribution rates.

A. The Company has designed proposed rates to recover a distribution revenue increase of $728.6 million, which represents an average increase relative to current rates of approximately 16%. The allocation and amount of this proposed increase vary among rate classes, depending on the level of revenue under current rates compared with the revenue required to support the costs of providing service to each class. Proposed class level revenue requirements are provided in Exhibit CL&P RATES-2.1. Details of the proposed increases and changes to the components of rates for each rate class are presented in Exhibits CLP-RATES-2.3 through CLP-RATES-2.11 and discussed in Section III of this testimony.

Q. What is the Company filing in support of its proposal?

A. The Company is providing the following as part of its testimony and in support of proposed rate and tariff changes:

- A comprehensive set of exhibits and workpapers supporting the development of proposed class Distribution revenues and design of rates to incorporate the proposed distribution revenue increases for the Rate Year.
- Rate and customer bill impacts.
- Proposed initial tariff schedules, analysis and rate development for the

introduction of an optional residential space heating rate for customers who adopt heat pumps for space heating, an economic development rider, storm cost recovery mechanism, and a performance based rate mechanism.

- Proposed updates and amendments to the Company's tariff, including changes to specific provisions of service and to miscellaneous fees and charges for services provided under the Company's rate schedules and Terms and Conditions ("T&Cs") of service. Proposed changes and support for the Company's pole attachment rate tariffs are also provided.

Q. Please identify the exhibits submitted in support of this testimony?

A. The following exhibits are provided in support of this testimony:

Exhibits	Description
Exhibit CLP-RATES-1	Joint Testimony of Edward A. Davis and Kimberly R. Parsons
Exhibit CLP-RATES-2	Rate Design and Revenue
Exhibit CLP-RATES-2.1	Comparison of Distribution Revenue at Current vs. Proposed Rates
Exhibit CLP-RATES-2.2	Comparison of Current Rates vs. Proposed Rates
Exhibit CLP-RATES-2.3	CL&P Proposed Test Year and Rate Year Revenue at Current and Proposed Rates
Exhibit CLP-RATES-2.4	Proposed Test Year and Rate Year Revenue Calculations by Rate Schedule (Schedule E-2.4)
Exhibit CLP-RATES-2.5	Standard Service Typical Bills by Rate Schedule (Schedule E-2.3)
Exhibit CLP-RATES-2.6	Last Resort Service Typical Bills by Rate Schedule (Schedule E-2.3)
Exhibit CLP-RATES-2.7	Street Lighting Rate Design

Exhibit CLP-RATES-2.8	Rate 7 Time-of-Day Calculations
Exhibit CLP-RATES-2.9	Test Year Ending 2025 Actual Revenues
Exhibit CLP-RATES-2.10	Test Year and Rate Year Revenues at Current Rates (Schedule E-2.1)
Exhibit CLP-RATES-2.11	Test Year and Rate Year Revenues at Proposed Rates (Schedule E-2.0)
Exhibit CLP-RATES-2.12	Decoupling Targets
Exhibit CLP-RATES-2.13	MRCC Calculation
Exhibit CLP-RATES-2.14	Pole Attachment Rate Calculations
Exhibit CLP- RATES-3	Clean and Scored Tariffs (Schedules E-1.0 and E-1.1)
Exhibit CLP- RATES-4	Bill Frequency Reports (Schedule E-2.5)
Exhibit CLP- RATES-5	Sales Forecast
Exhibit CLP- RATES-6	Rate 6: Optional Residential Space Heating Rate
Exhibit CLP-RATES-7	Residential Customer Poverty Threshold Analysis
Exhibit CLP-RATES-8	TVR Customer Engagement Plan

III. PRIOR DIRECTIVES

Q. What prior regulatory or legislative directives are being addressed by the Company in this filing?

A. The Company is responding to a number of decisions and orders from docketed proceedings regarding rate design and tariffs, and from rate and tariff-related legislative directives. Each item is addressed as follows:

Rate Design - Rate 27 and Rate 30: The interim decision under Docket 17-12-03RE11, PURA Investigation Into Distribution System Planning of the Electric

Distribution Companies – New Rate Designs and Rates Review, states that "The Authority will consider more permanent changes to the rate design of Rate 27 and Rate 30 in the Company's next rate case." As an integral part of this filing, the Company has submitted proposed rate design for service to customers under Rate 27, 27A, 30, and 30A. The "A" designation represents an alternative rate design to the corresponding primary rate (e.g. Rate 30A is the alternative to Rate 30), whereby a portion of the distribution demand charge was assigned to rate design on a volumetric basis, temporarily until the Company's next rate case. The proposed designs maintain an apportionment of such charges between demand and volumetric rates for the alternative rate designs and are based on updated cost of service and class usage characteristics and reflect consideration of continued offering of both the primary and alternate designs. The Company believes the design and detailed workpapers and class related characteristics provide a robust set of information that will provide key insights for consideration by PURA into the permanency of changes to rates for these classes.

SBC Cost Allocation: Order 12 from that same docket, number 17-12-03RE11, states that "In each Company's next respective rate case proceeding, Eversource and UI Company shall propose at least two potential cost allocation methodologies to recover costs associated with LIDR implementation through the SBC for Authority review and approval, as discussed in Section IV.F of this Decision." Since that order was issued the Company has also participated in "RAM" proceedings in which SBC cost allocation has been a central topic, and, in Docket No. 24-12-05, PURA Procedural Review of the

Annual Rate Adjustment Mechanisms of the Connecticut Light and Power Company and the United Illuminating Company, the Company was directed to propose new allocation mechanisms including a proposed phase-in. The Company proposed a phase in of alternative cost allocation methodologies in the subsequent RAM proceeding for the implementation of changes to rates, including the SBC, effective May 1, 2026, but in the final order such allocations and phase in proposals were rejected and delayed for further consideration in the Company's next RAM proceeding for changes in the allocation and design of rates, including SBC rates, that would be implemented May 1, 2027. Given the timing and where SBC cost allocation has already been addressed several times, and further attention is expected to be given by PURA in order to effect changes to the SBC cost allocations and rate May 1, 2027, the Company believes that the original directive has been addressed, and further consideration can be expected within the 2027 RAM proceeding.

Pole Attachment Tariff and Administration - Survey Fees: In Docket No. 19-01-52RE01, PURA Investigation of Developments in the Third Party Pole Attachment Process, PURA indicated it intends to reevaluate costs of conducting pole owner survey fee costs, including "in the EDC's next rate cases." While there have been a number of meetings and discussion of this matter, On April 30, 2026 the Company filed a motion, in Docket No. 19-01-52RE01, where we plan to address this topic in a separate track (i.e., not in this rate case). The Company considers this approach and the status and direction of this matter through a separate track to be responsive and provide a path

forward for continued evaluation of this issue by PURA, not within the context of this rate case.

Pole Attachment Tariff and Administration - SPA Cost Allocation and Charges: Also in Docket No. 19-01-52RE01, PURA Investigation of Developments in the Third Party Pole Attachment Process, PURA directed single pole administrators to propose in the next general rate case a methodology to allocate and charge attachers and non-SPA pole owners their proportionate share of AldenOne costs. Here, too, the Company filed a motion, in Docket No. 19-01-52RE01, where we plan to address this issue on a track, separate from the rate case, which provides a path forward to continue addressing this issue.

Rate Design - MHD EV Class Development and Cost of Service: In Docket No. 21-09-17, PURA Investigation into Medium and Heavy-Duty Electric Vehicle Charging, PURA directed the Company to conduct a cost-of-service analysis and include MHD EV customers as a separate rate class. PURA directed the analysis to be performed once customers have taken service on the rate for not fewer than two and not more than four years. To the extent such analysis is not performed as part of a rate case, the Company is required to file the results in Docket No. 21-09-17. In the instant case, the Company had not enrolled a customer in the rate by the end of the test year. This is a new rate offering that started in 2025, and this coupled with the minimum two-year period by which customers have taken service not having occurred, it is premature to conduct such a study. Since the MHD rate is constructed very similarly to the EV-Large rate

class, it be instructive at some point once sufficient load materializes on the MHD to also compare any available cost of service and other information from the EV-Large service class.

Tariff Terms and Conditions - Late Payment Charges: Pursuant to Docket No. 22-01-03, PURA Annual Review of the Rate Adjustment Mechanisms of the Connecticut Light and Power Company 2022, PURA stated that, going forward, in the Company's next rate case proceeding, it plans to explore with stakeholders an appropriate methodology for including reversals of LPCs in the RDM, if such a practice is indeed even legally permissible. The Company has stated its position, that LPC reversals are legal, in Docket No. 22-01-03, Written Exceptions at 23-27.

Rate Design - Whole-house TOU Rates: In Docket No. 22-08-06, Annual Review of the Electric Vehicle Charging Program – Year 2, PURA indicated its intent to reexamine the Company's whole-house residential TOU rate offering in the context of each EDCs' current or next respective rate case. The Company notes that its Residential Time of Use Rate, Rate 7, is a whole house TOU rate for which rate design is being addressed within the context of and integral to its proposal to amend rates in this case. Recent (test year and rate year) analysis of customer usage patterns, cost to provide service and TOU relationships are available for further examination by PURA in this case.

Time Varying Rates - Customer Outreach, Education and Engagement: Senate

Bill 4 (SB 4) Sec. 21, Effective October 1, 2025, states the following:

> (b) In any rate case initiated on or after July 1, 2025, an electric distribution company shall submit as part of its rate amendment application a detailed proposal, or an update to a proposal previously approved pursuant to this subsection, to develop in consultation with the OCC and the Commissioner of DEEP a comprehensive customer education and engagement program for the purpose of informing electric distribution customers of the benefits of time-varying rates and encouraging such customers to utilize such rates and any available technology that enables the realization of customer cost savings on such time-varying rates for review and approval by the authority. The customer education and engagement program design shall include (1) approved methods of customer outreach, education and engagement activities, including strategies to maximize customer cost savings, (2) objective performance standards regarding the program's implementation, and (3) mandatory reporting requirements for electric distribution companies concerning such companies' compliance with the program requirements, including the submission of documentation and data as required by PURA. Upon approval by the authority, the program shall be administered by the electric distribution companies.

The Company has, in consultation with the OCC and DEEP, developed a time-varying rate (TVR) Outreach, Education and Engagement plan, which it hereby submits as part of this filing. Please see Exhibit CLP-RATES-8. In developing its plan, the Company contacted, communicated and exchanged information including providing advanced copies of the plan to designated representatives of OCC and DEEP for their review, and conducted the following official consultation meetings:

- June 25, 2026 – DEEP consultation meeting
- July 1, 2026 – OCC consultation meeting.

Electric Space Heating Customer Report: By law: "Each electric distribution, gas or telephone company filing a proposed amendment shall also file with the authority an estimate of the effects of the amendment, for various levels of consumption, on the

household budgets of high and moderate income customers and customers having household incomes not more than one hundred fifty per cent of the federal poverty level. Each electric distribution company shall also file such an estimate for space heating customers." Conn. Gen. Stat. Ann. § 16-19. Utilizing the approach established for compliance with this requirement in the Company's last rate case, Docket N. 17-10-46, the Company is submitting a report on the estimated impact on Rate 5, Residential Electric Space Heating customer. Please see Exhibit CLP-RATES-7.

IV. COST ALLOCATION, SALES FORECAST AND CUSTOMER CHARGES

Q. Please summarize the results of the COSS utilized in developing rates.

A. The results of the COSS for the Rate Year are summarized on pages 3 through 7 of Exhibit CLP-ACOS-2. This table provides a summary by rate class of the current revenue, operating expense and earned ROR relative to proforma rate base, as well as a summary of the required revenue and revenue excess or deficiency of each rate class when applying the proposed ROR on a levelized basis across all rate classes. Subsequent sections of the COSS provide the detailed allocation of costs represented in these summary pages.

The COSS also provides an allocation of the Company's cost of service among rate classes, on an equalized basis, at the proposed required ROR of 7.74%.

Q. How have results of the COSS been used by the Company in the development of proposed rates?

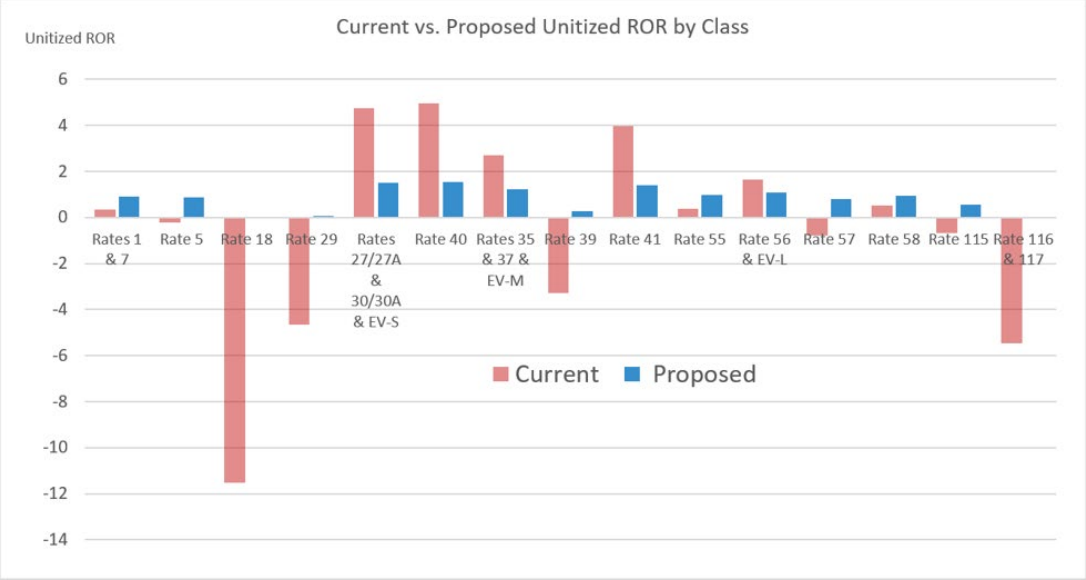
A. The COSS and results described above provide important information with respect to

the determination of revenue responsibility and the design of rates for each class. The relative ROR, and excess or deficiency of each class provides guidance in allocating the overall revenue increase to each rate class, while customer and demand revenue requirements and unit costs of each rate class from the study provides guidance to identify and determine where increased recovery of fixed distribution system costs through customer and demand charges is warranted. The application of this cost information in designing CL&P's proposed distribution rates is discussed further in Section V.

In the allocation of costs and determination of class rate design revenue targets, the results of the COSS were utilized to develop the effective ROR for each class. The relative RORs at current rates from the COSS (Exhibit CLP-ACOS-2, pages 3-7) provide key indicators in determining allocations of revenue and overall rate design targets for each rate class. Accordingly, the Company designed proposed rates to achieve ROR's that move closer to equalized ROR's. Thus, as shown in Table 1, at proposed rates, the ROR for Rates 1 and 7 moved from an index of 0.3 to 0.9, while the ROR of the intermediate business classes indices moved from an average of 2.7 to 1.2. As this table shows, the Company achieved a revenue allocation and rate design that moves the ROR of each rate class closer to the equalized ROR provided by the COSS. Exhibit CLP-RATES-2.1 shows the Distribution revenue allocations by rate class resulting from these allocations.

Table 1: Rates of Return at Current and Proposed Rates

Rate Codes	Current Rates		Proposed Rates	
	Rate of Return	Class to Total	Rate of Return	Class to Total
Rate 1 & 7	0.3%	0.3	7.0%	0.9
Rate 5	-0.2%	-0.2	6.8%	0.9
Rate 18	-12.1%	-11.5	0.0%	0.0
Rate 27, 27A, 30, 30A & EV-S	-4.9%	-4.6	11.7%	1.5
Rate 29	5.0%	4.8	0.4%	0.1
Rate 35, 37 & EV-M	2.9%	2.7	9.5%	1.2
Rate 39	-3.5%	-3.3	2.2%	0.3
Rate 40	5.2%	5.0	11.9%	1.5
Rate 41	4.2%	4.0	10.8%	1.4
Rate 55	0.4%	0.4	7.6%	1.0
Rate 56 & EV-L	1.7%	1.7	8.4%	1.1
Rate 57	-0.8%	-0.8	6.3%	0.8
Rate 58	0.5%	0.5	7.3%	0.9
Rate 115	-0.7%	-0.7	4.4%	0.6
Rate 116 & 117	-5.8%	-5.5	0.3%	0.0
Rate 119	162.3%	154.2	164.8%	21.3
Total	1.1%	1.0	7.7%	1.0



A. Sales Forecast

Q. Please summarize the sales forecast utilized in developing proposed rates.

A. The Company relied on its forecast of sales for the Rate Year in developing sales and

billing determinants for each of its rate classes. Exhibit CLP-RATES-5 provides a brief summary and discussion of the Company's sales forecast utilized in developing proposed rates, and shows the recent history, weather normalized and forecast of sales for 2026 through 2028 and the Rate Year, by customer class.

B. Maximum Residential Customer Charge

Q. Please describe the Company's approach to calculating the maximum residential customer charge ("MRCC").

A. In Docket No. 17-01-12, PURA Establishment of a Maximum Residential Customer Charge Formula for Non-Electric Heating Customers, PURA developed a methodology to determine the MRCC.

In this case, the Company analyzed the results of the COSS which calculated a unit rate of $34.17 for Rate 1 residential customers and $102.50 for Rate 7 residential customers. Moreover, the calculated MRCC associated with proposed rates (i.e., $12.36) is substantially above the current fixed charge ($9.62) in effect for Rate 1 customers. Nonetheless, the proposed fixed charge rate remains well below both the average unit cost from the ACOS, and the marginal customer costs and local facilities costs informed by the MCOS, for Rate 1 customers. The Company recognizes the overarching requirements of the MRCC, from both a statutory and regulatory requirements perspective. The Company respectfully notes that it has applied the method established in Docket No. 17-01-12 and further employed in its last rate case in determining a new, proposed Residential Rate 1 customer charge. The result in proposed rates is a less efficient volumetric rate design due to the shifting of fixed cost

recovery to the volumetric rate.

The Company completed the MRCC calculation, as provided in Exhibit CLP-RATES-2.13. This calculation produced a customer charge of $12.36 for Rate 1 and Rate 7 residential customers. Therefore, the Company is proposing to increase the Customer Charge for Rate 1 and Rate 7 from the current rate of $9.62 to the calculated MRCC rate of $12.36.

Q. Please describe the Company's proposal for the customer charge for all other rates.

A. As part of overall rate design the Company relied on the results of the COSS to develop proposed customer charges for non-residential customers. The Company proposes to revise the fixed customer unit charge for many of the non-residential rates to move closer to the customer revenue requirement from the fully allocated COSS. Unit charges are shown in CLP-ACOS-2, pages 155-157. In consideration of rate and bill impacts, as well as overall increases to rate and revenue for these classes, the Company is proposing to reduce the customer charge for Rates 35, 37 and EV-M. Conversely, an increase is being proposed to the customer charge for all other Rates. The rate impacts for the Rate Year are being provided in Exhibit CLP-RATES-2.3.

V. <u>DISTRIBUTION RATE INCREASE</u>

Q. Please describe the Company's overall approach in developing proposed distribution rates.

A. The Company applied the principles as described above to move the ROR of each rate class closer to the Company average ROR. Through this approach, the Company's

proposal achieves the goal of recovering overall costs while striking a balance between assigning an appropriate level of cost responsibility to each rate class, maintaining reasonable bounds around changes to rates and impacts to customers, and addressing fixed cost recovery through rates as appropriate for each class.

Q. Please describe the allocation of revenue increases and development of proposed distribution revenue targets for each rate class.

A. Exhibit CLP-RATES-2.1 provides the allocation of the proposed distribution revenue increases for each rate year and compares current and proposed distribution rates and revenue for each rate class. The Distribution Target section of the exhibit provides the total revenue including the proposed distribution increase and the proposed rates and revenue resulting from the detailed design of rates in each rate class (shown in Exhibit CLP-RATES-2.4, as noted below). The first step in the Distribution allocation process is to remove the embedded Gross Earnings Tax ("GET") from rate year current rate revenues. This was accomplished by reducing each rate class by the Test Year Average GET Rate 7.396% (see Exhibit CLP-RATES-2.1 page 2 of 2 for calculation of rate). Rate Year revenue increases excluding GET were then allocated to each rate class. The allocation of rate year revenue increases excluding GET for each rate class shown in Exhibit CLP-RATES-2.1, page 1 is based on an evaluation of the excess or deficiency of each rate class.

In general, to reduce the amount of excess or deficiency, and accordingly move the class ROR closer to the equalized ROR (see further discussion in Section III), classes with a deficiency (e.g., Rates 1 and 7) received an increase to their current distribution

revenue increase that was greater than the Company average of 50.61%. Classes with a revenue excess (e.g., Rates 27, 27A, 30, 30A, EV-S) received an increase that was less than the average. Unmetered classes (particularly the street lighting classes for which certain rate design constraints apply) received an increase at or near the company average. The excess and deficiencies, allocation of increases and total proposed distribution revenue targets for each rate class are provided in Exhibit CLP-RATES-2.1.

Q. How was the GET expense added to proposed distribution rates?

A. The GET expense per Docket No. 16-06-04 was added after distribution rates were designed (see Exhibit CLP-RATES-2.4). To include the GET at the statutory rates, the pre-GET revenues for each rate class were grossed up at the statutory GET rate, which for Rates 1, 5, and 7 was 6.8% and for all other rates was 8.5%. The manufacturing GET Credit of 8.5% of distribution revenues was included for all certified manufacturers by rate class.

Generally, the Company designed the collection of distribution GET through either the customer, demand or per kWh charge. For example, the Rate 1 distribution GET was collected in both the customer and distribution charge per kWh (see Exhibit CLP-RATES-2.4, page 3).

Q. Based on these allocations and the Company's rate design, what are the proposed rates for each class?

A. A comparison of current and proposed rates (i.e., detailed pricing) for each rate class is

provided in Exhibit CLP-RATES-2.2. Detailed revenue and average rates for Test Year 2025 and the Rate Year, by rate class for each component of service, are provided in Exhibit CLP-RATES-2.3. Page 1 of this exhibit provides a comparison by rate class and on a total company basis of current and proposed revenue and average rates for the Rate Year. The proposed distribution revenue and average rates and the overall increase to current rates proposed by the Company are summarized on this page. The work papers in Exhibit CLP-RATES-2.4 fully detail the development of current and proposed rates and revenue for the Test Year and the Rate Year, as provided in Exhibit CLP-RATES-2.3.

Q. What are the changes to rates and customer bill impacts of the Company's rate proposal?

A. Exhibits CLP-RATES-2.5 and CLP-RATES-2.6 provide typical bills comparisons for customers based on the current and proposed rates provided in Exhibits CLP-RATES-2.2. Detailed pricing and differences between current and proposed rates for each rate class, are provided with each bill comparison. The bill impacts for customers in each rate class vary depending on customer usage. For example, the overall average increase to residential non-heating customers (Rate 1) is 18.07%. An individual customer using 700 kWh would see an increase of 18.05%, while the increase to a customer using 100 kWh would be 20.56%.

VI. STREETLIGHTING RATES

Q. Please provide the background and overview of the Company's proposed street

lighting rate design.

A. In this case, the Company is proposing to use the same street lighting methodology that was approved in the last rate case with updates for current costs.

Q. Describe and discuss the development of the Company's proposed street lighting rates.

A. The Company developed a rate for system-related service consisting of customer and demand components that applies to any fixture connected to the Company's distribution system, regardless of ownership. The customer component is a uniform rate per fixture that applies monthly to each fixture connected to the Company's system, while the demand component is a uniform rate per watt that applies to the rated wattage of each fixture under either rate schedule. These two charges are combined to form the total charge per fixture each month for the system component of distribution service.

A separate monthly equipment charge has been developed for each specific type of equipment utilized by customers taking service under Rate 116. These charges were developed by first calculating the total installed cost of each type of equipment and developing a monthly rate by multiplying a street lighting carrying charge by the installed cost of each type of street lighting equipment.

Q. Please describe the calculation of O&M.

A. The calculation for both LED and non-LED O&M charges are contained in Exhibit CLP-RATES-2.7, page 1. The street lighting O&M rate has been derived directly from

street lighting O&M expenses of the COSS.

Q. What changes to street lighting rate schedules have been made to incorporate the proposed street lighting rates discussed above?

A. Rate schedules reflecting both the redesign of the street lighting rate structure and service provisions are provided in Exhibit CLP-RATES-3.

Q. Does your testimony provide the details and bill impacts associated with the overall design of street lighting rates incorporating the distribution rate design discussed herein?

A. Yes. The complete work papers showing detailed rate calculations and a comparison of current and proposed rates and revenues, for both Rate 116 and Rate 117, are provided in Exhibit CLP-RATES-2.4 (see pages 64 through 67). A summary comparison of current and proposed rates and revenue for these rate classes is provided in Exhibit CLP-RATES-2.4, pages 68 and 69.

VII. REVENUE DECOUPLING MECHANISM

Q. Please summarize the RDM proposal being submitted in this Application.

A. The Company is proposing to revise the Revenue Decoupling Mechanism (RDM) Rider ("RDM Rider") to update the reference to the docket number in this case as well as add language related to the handling of carrying charges to ensure consistent treatment amongst all Rate Adjustment Mechanism ("RAM") components. The RDM filing will continue to be made within 120 days of the revenue decoupling period and the rate will be set at a flat kWh rate across all rate classes. The first decoupling period for the new revenue level will be effective July 1, 2027 and therefore the calendar year

2027 decoupling adjustment will utilize the authorized revenue target from Docket No. 17-10-46 for the period January 1 – June 30, 2027 and the authorized revenue target from this docket for the period July 1 – December 31, 2027. Monthly decoupling targets are shown in CLP-RATES-2.12.

VIII. NEW RATES INITIATIVES

Q. Please summarize new rates initiatives proposed in this filing.

A. The Company proposes the following new tariff offerings as part of this filing.

- Economic Development Rate Rider
- Optional Residential Space Heating Rate (Rate 6)
- Storm Cost Recovery Factor mechanism (SCRAF)
- Performance Based Multi-year Rate Plan mechanism (PBMRP)

Each of these proposals are discussed below.

A. Economic Development Rate

Q. Please summarize the Company's Economic Development Rate proposal.

A. The Economic Development Rate (EDR) is proposed to be a form of rider that can be utilized for establishing a schedule of discounted rates and charges for customers with incremental new or expanded service requirements. The EDR is intended to be applied rates applicable to serving the incremental load of qualifying large commercial and industrial customers. A schedule of discounted rates would be determined on a customer-specific basis, pursuant to a service agreement entered into under the rider.

Q. What is the structure of the EDR, and what components of rates are potentially eligible for discounts?

A. The proposed EDR provided is intended to operate as a rider that works in conjunction with the otherwise applicable rate for service to a participating customer enrolled in the rider, and subject to the detailed provisions of a Service Agreement. The EDR tariff that has been included in this filing provides a form of rider contemplated by the Company to achieve this type of operation. As filed, the EDR is preliminary and subject to further amendment as the specific functional aspects of the rider are developed (e.g., qualification or form and applicability of pricing discounts). Service to a customer participating under the rider would be assigned to an otherwise applicable rate depending on the requirements of the incremental load that qualifies. The proposed new EDR is provided in Exhibit CLP-RATES-3.

The fundamental components of the EDR include a provision for determining customer eligibility and qualification, a schedule of discounts and term of service and discount, as well as reference to a Service Agreement. As discussed below, the schedule of discounts are intended to apply to rates for the Distribution component of service, but could be extended to other components of service.

Q. Which customers are eligible to participate in the Economic Development Rider?

A. The EDR shall be available to new and existing large commercial and industrial customers that demonstrate incremental load growth. Eligibility is limited to customers taking service on the Company's large general service rates — Rate 57 for manufacturing customers and Rate 58 for non-manufacturing customers — with

demand generally exceeding one megawatt.

- A New Customer is a customer establishing electric service within the service territory that has not taken service within the prior twelve months.

- An Existing Customer is a customer that expands operations and demonstrates measurable incremental load above a defined baseline.

Consistent with prior regulatory determinations, the EDR is limited to incremental (i.e., new or expanded) load only, and discounts shall not be available to existing load. The EDR is not available to any other service class or for load retention purposes.

Q. What qualifying criteria must customers satisfy?

A. Establishing criteria for qualification can be complex, and potentially carry significant administrative obligations, particularly regarding the process for qualification and implementation. As part of the review of this proposal in this proceeding, the will further seek to review with PURA the administrative process and support needed for review and qualifying applications and ongoing administration, and opportunities for rider design and qualification that can bring efficiencies to the process of accepting and enrolling prospective customers as rider participants.

In further defining and designing the structure, parameters and operational aspects of the EDR, further consideration should be given to proposals and outcomes from the Distribution Planning proceeding, Docket Number 17-12-36 RE11 as it pertains to the EDR, and similarly for outcomes and EDR tariff and functions established or that give

guidance from the recent UI rate case.

The Company anticipates that participation requirements, such as participation in clean energy, grid modernization or energy efficiency programs, established in prior regulatory findings (see criteria for qualification in the form of EDR submitted herein) would need to be reflected in a customer's EDR application. The Company requests though this proceeding for PURA to help facilitat further development of qualifying criteria for its proposed EDR.

In general, the Company believes that to qualify, a customer must as a minimum demonstrate that its project:

- Involves new or expanded operations resulting in incremental load that supports system efficiency;
- Provides economic value to customers within its service territory, including job creation or capital investment; and
- Is designed, further, to support regulatory policy objectives, and to provide value during the term of project participation in the EDR.

Detailed criteria will need to be established on an individual customer basis, pursuant to an application and service agreement under the EDR (noting in the filed EDR the provisions fro a legacy program that required some set of criteria to be fulfilled, from several options that may be available). Accordingly, under the proposed EDR, customers will be required to provide the Company with information describing why

electric load is increasing, anticipated investment, and changes in employment levels or jobs expected to be created. It should be demonstrated that such new load or expanded operations would not occur, or would be materially altered, absent the availability of the EDR. Any application will require a narrative describing what impact the EDR had on the customer's expansion or decision to add new. In addition to upfront requirements, information provided will be periodically requested to determine continued eligibility for the rider.

Q. How is incremental load defined?

A. Incremental load is defined as:

- For Existing Customers, usage above a defined baseline; and
- For New Customers, total new usage associated with the project.

This framework ensures that the EDR is targeted exclusively toward new or expanded load, consistent with its intended purpose.

The Company will need to evaluate each application on a case-by-case basis. For EDR contracting purposes with existing customers, the baseline is set by the customer's existing load and a contract demand: load up to the contract demand is billed at otherwise-applicable rates, and load above the contract demand is treated as incremental and eligible for the EDR. To reserve the EDR for meaningful expansions, a minimum incremental-load threshold would apply, established in the contract. The minimum amount of new load eligible for the new rider is based on service under our large general service rate

schedules.

Q. How is the Economic Development Rate rider structured?

A. The EDR is structured as a percentage discount applied to incremental demand and energy charges for distribution service provided under the rate applicable to a participating EDR customer. The discount is anchored to the Company's marginal cost of service, which serves to support a minimum, marginal-cost-based charge from which discounts against the otherwise applicable demand charge are calibrated.

Q. Why does the Company propose this approach?

A. The Company proposes a schedule of fixed percentage discounts because it:

- Provides a transparent and predictable incentive;
- Can be applied consistently among customers while allowing the discount to be calibrated to each project's incremental cost of service;
- Ties the incentive directly to the Company's marginal cost, so the discount never results in a subsidy of participating customers by other customers; and
- Avoids administrative complexity associated with variable or negotiated discounts.

This approach is consistent with prior regulatory determinations favoring a fixed, uniform discount structure, rather than discounts that vary based on other assumptions.

Q. What discount structure does the Company propose?

A. The Company proposes a declining, time-limited discount applied to incremental load over a five-year term, consistent with the declining structure proposed in the Company's prior economic development rate:

Q. Is the discount subject to any limitations?

A. Yes. The discount shall:

- Apply only to incremental load; and
- Be subject to an overall cap tied to the incremental distribution revenues associated with that load.
- In addition, participation in the EDR does not relieve the customer of responsibility for any interconnection, system upgrade, or make-ready costs associated with its project; those costs remain the customer's responsibility. This ensures that customer specific costs are not spread to the general rate base.

This structure is consistent with prior determinations that limit the total discount to ensure that revenues from incremental load remain above the incremental cost of service.

Q. What is the rationale for the declining structure?

A. The declining discount:

- Provides a meaningful upfront incentive to influence siting and expansion decisions;
- Transitions customers to full rates over time; and
- Ensures the EDR functions as a temporary incentive rather than a permanent subsidy.

Q. Will any additional discounts be available?

A. The Company has considered additional discounts, reflecting either policy-based drivers and desired outcomes, and those that related to increased system efficiency. The Company believes that significant additional consideration is needed in these regards, and would seek to explore these further in this proceeding.

Q. What components of rates are subject to discount under the EDR?

A. At this juncture, the Company anticipates that discounts would apply to rates and charges for the Distribution component of service, as indicated on a generic basis and as would be subject to details of a service agreement for a given customer application, as subject to any further adjustments as may be available, as determined by PURA. The Company notes that for large commercial and industrial customers the time-varying nature of some of its non-distribution components of rates provide additional incentive and opportunity for customer benefit through efficient utilization of electric service. Other forms of discount such as through the CTA exemption may be available to qualifying customers. Incremental sales and revenue may contribute to lowering the rates for the recovery of costs through several reconciling mechanisms that would accrue to all customers, including EDR participants.

Q. Is the Company considering a form of financial protection for customers enrolled in the EDR but who don't generated the forecasted incremental load?

A. Yes, an important element of the EDR is financial protection for existing ratepayers. To that end, the Company is considering a repayment requirement in order to ensure that all customers benefit from the EDR and that the envisioned affordability and economic benefits materialize. Detailed requirements will need to be established as part of the requirements for implementation of the proposed EDR. The filed EDR contains provisions for financial protection in the event anticipated load does not materialize.

Q. Please summarize the Company's proposal.

A. The Company proposes an Economic Development Rate that:

- Targets incremental load from large commercial and industrial customers associated with new or expanded economic activity;
- Applies a transparent, declining, marginal-cost-based, delivered through a service agreement authorized under the tariff;
- Ensures that revenues exceed incremental cost of service through a defined screening process and a marginal-cost floor; and
- Produces system-wide benefits by improving utilization, enhancing fixed cost recovery, and placing downward pressure on rates.
- Protects ratepayers by including a repayment provision

Consistent with established regulatory principles, the EDR is intended first and foremost to benefit ratepayers through improved system economics and affordability, while also supporting broader economic development objectives.

B. Optional Residential Space Heating Rate – Rate 6

Q. Please summarize the Company's proposed Optional Residential Space Heating Rate.

A. The proposed Optional Residential Space Heating Rate, Rate 6, is designed to provide a discounted rate for the incremental usage of residential electric service customers who adopt new electric air source heat pump technologies for space heating purposes. The design of the rate is predicated on the design of Distribution rates for Residential Rate 1 customers, with adjustments to the monthly customer charge for the recovery of fixed costs and a discount to the distribution volumetric rate for usage greater than 700 kWh per month, which represents new, incremental usage during winter months associated with the customers heat pump load. To participate in Rate 6, Residential customers who installed on or after January 1, 2026 can submit an application for

service demonstrating installation of a new air source heat pump system that drives incremental usage requirements for heating purposes during winter months. Detailed workpapers providing the design of distribution rates and an illustrative bill comparison are provided in Exhibit CLP-RATES 6 and proposed new Rate 6 tariff schedule is provided in Exhibit CLP-RATES-3.

Q. Which customers are eligible for Rate 6?

A. Rate 6 will be available to any residential customer that currently heats with a delivered fuel heating system and demonstrates that it has installed air-source heat pump(s) or any new home build after July 1, 2027 that can demonstrate that they have installed air-source heat pump(s) for home space heating. This would include evidence showing the purchase and installation of a new heat pump and evidence that they previously heated with a delivered fuel heating system.

Q. Is Rate 6 mandatory for customers who install an air source heat pump?

A. The Company has not proposed that Rate 1, regular use customers who convert to an air source heat pump be required to switch to Rate 6. However, Rate 6 has been designed to be economically beneficial to do so. Both existing and new service customers may also consider and switch to the Company's optional Residential time-of-use rate, Rate 7. Rate 5 is a legacy electric heating rate that is closed to new customer enrollments, and therefore not an option.

Q. Would Rate 6 be available to low-income customers?

A. Yes, any low-income customer meeting the installation criteria who wishes to move onto Rate 6 may choose to move. The determination of the appropriate discount under the low-income discount rate would need to be evaluated in the context of changes to household energy burden post installation of the new heat pump system. Each customer, with the support of the Company's customer service center, would ultimately be responsible for evaluating and determining which rate is best for them.

Q. How is the Rate 6 structured?

A. Rate 6 is structured the same as Rate 1, but for the Distribution component of service. Exhibit CLP-RATES-6 provides and compares details of the Distribution rate structures and rates between Rate 6 and Rate 1 and illustrates the difference in charges and bill impacts using a simulation of an average use customer who increases electric usage by adding and utilizing an air source heat pump system.

As shown on page 1 of the exhibit, Rate 6 establishes a new customer charge and provides a 2-block rate structure, where during the Heating season the rate for Distribution service is lower for any customer usage above 700 kWh in a month. The Heating season is defined as November through March, and bills rendered during those months would include lower charges for distribution service for any usage above 700 kWh. While the customer charge has been increased, the proposed Rate 6 Distribution energy rate is 4.7 cents per kWh lower than the Rate 1 rate for heating season usage greater than 700 kWh and 2.8 cents lower during all other hours. The bill impact

example on page 2 demonstrates a net savings in every month, particularly during the heating season.

Q. Why does the Company propose this approach?

A. The Company has proposed this approach in order to target additional electric usage related to the operation of customers' heat pump for heating purposes. For an average customer without a heat pump, average usage across the year is approximately 700 kWh per month, with some degree of seasonal variability. Once a heat pump is installed, it is expected that usage would increase above this threshold in the winter and as such, the Company is providing a discount on that incremental load. By providing a reduced rate for incremental usage related to heat pumps, the Company believes it can help drive adoption of heat pump technology and achieve better system utilization during winter months.

This will help drive better system utilization as the Company is currently a summer peaking system. If a customer is utilizing inefficient window air conditioning or an old central AC system, then the installation of heat pumps may represent an opportunity to drive down electric usage as heat pumps represent a more efficient way to cool homes. In this scenario, a customer does not require a discounted rate during this season because they will have a built-in incentive by reducing their bills through lower electric usage. If a customer previously had no air conditioning, then installing heat pumps and using them for cooling in the summer represents new load that may be contributing to peak load. Therefore, such customers need to pay the full rate so other customers are

not subsidizing the rate, which would be at cross-purposes from an affordability perspective.

Q. Does a customer need to fully displace their existing oil or propane heating with heat pumps to be eligible for this rate?

A. No, a customer does not have to fully displace their existing oil or propane system to be eligible for this rate. It is assumed that some customers may wish to retain their existing heating system and use those systems as back up on the coldest days of the year. It is still expected that air source heat pumps will be used to displace some amount of usage otherwise attributable to delivered fuel heating systems. This is where the rate design is important because any amount of additional kWh usage over 700 kWh will be discounted in winter months. If customers use their heat pumps to displace a lesser amount of such usage, then a smaller amount of incremental usage over 700 kWh will be discounted. On the other extreme, if customers fully displace their heating system with heat pumps, then they will have significantly more incremental usage over 700 kWh and will receive a discount on that whole amount above 700 kWh. In any instance, the Company is only providing the discount to the incremental use that is assumed to stem from the heat pump.

Q. Is the Company concerned that other new, incremental load such as an EV may take advantage of this rate?

A. Residential rates are designed for whole house usage on a class basis, and metered and billed on a monthly kWh basis. The design for Rate 6 is predicated on new, incremental load using non-heating customer usage as a baseline. For practical purposes, an

average use profile (i.e., the 700 kWh) for regular-use customers serves as the basis above which incremental load due to air source heat pump adoption has been targeted. Such incremental load can vary for a number of reasons. The design allows flexibility for such operation and variability of load. It further recognizes that increased load, for other purposes such as additional EV charging during winter months can benefit from and contribute to system efficiency while receiving the benefit of reduced costs reflective of the heating season. Where "valleys" in usage below the 700 kWh threshold may occur in a given month, incremental usage up to that threshold is priced at the current average rate. These dynamics are natural for such average rate designs. The Company iterates that Rate 7 remains an option which may, as a "time of day" rate, offer favorable economics where a customer with flexible load such as EV charging represents a significant portion of a customer's monthly usage that can be managed at different times of the day, throughout the year.

Q. Why are customers with electric baseboard heating not eligible for this rate?

A. As noted earlier, Residential Space Heating Rate, Rate 5, was designed for and is closed and only available to such customers who maintain electric baseboard heating systems. Customers with existing electric baseboard heating are not eligible for this rate when heating with such resources, because there is an existing ongoing financial benefit for those customers to switch from baseboard/electric resistance heating to heat pumps, with some reports estimating up to a 75% reduction in electric usage.[1] The switch in

1 https://portal.ct.gov/deep/energy/air-source-heat-pumps

this instance would not lead to incremental new load that would provide benefits to all ratepayers. While not eligible for this rate, these customers may be eligible for an Energize CT rebate to help offset the upfront cost of the heat pump.

Q. How long will the heat pump rate be in effect?

A. The Company understands that customers will make financial decisions to install heat pumps based on the availability of this rate and need some degree of certainty. The Company does not view this rate as a temporary offering or a rate with a gradual phaseout. However, the Company believes that it is critical that it retains the ability to periodically review the rate and recalibrate it as necessary. Potential future designs, particularly with the prospect of AMI metering, may be contemplated as another alternative in the future.

Q. Please summarize the Company's proposal.

A. The Company proposes an Optional Residential Space Heating Rate that:

- Targets any Residential Customers who partially or fully convert to heating their homes with an air source heat pump;
- Applies a transparent, declining winter block rate to address affordability barrier;
- Ensures no incremental harm to remaining customer classes.

Consistent with established regulatory principles, Rate 6 is designed first and foremost to benefit ratepayers through improved system economics and affordability, while also supporting broader climate change objectives.

C. SCRAF and PBMRP

Q. Please describe the new tariff mechanisms being introduced in this filing.

A. The Company proposes two additional new mechanisms, the 1) Performance Based Multi-Year Plan ("PBMRP") mechanism, and 2) Storm Cost Recovery Mechanism ("SCRAF"). The proposals for each of these mechanisms are presented in the testimony of Donald J. Scacco, Jr., Digaunto Chatterjee and Douglas P. Horton in the Eversource Leadership Panel provided in Exhibit CLP-ELP-1, Section V and Section VI. The proposed tariffs for these mechanisms, along with the proposed schedules for the EDR and Rate 6, are included as part of the tariffs submitted for review and approval in this filing, in Exhibit CLP-RATES-3.

IX. TERMS AND CONDITIONS AND MISCELLANEOUS RATE CHANGES

Q. Please describe the changes being made to the Terms and Conditions ("T&Cs").

A. The proposed amendments to the T&Cs for Delivery Service include clarifying changes and updated website links. These proposed updates and amendments are shown in Exhibit CLP-RATES-3 and include changes to reconnection fees, meter testing, meter reading and extended metering options rates. The proposed rates for these services have been developed based on the cost of performing these functions.

The Company also proposes updated language to Section 9A of the T&C's. Quality of Service that mitigates harm to the Company and helps customers by lowering the costs of running the business by lowering the legal fees that the Company may seek to

recover in future base distribution rates.

The proposed amendments to the T&Cs for Electric Suppliers are shown in Exhibit CLP-RATES-3 and include changes to reconnection fees, meter testing, meter reading and extended metering options rates. The proposed rates for these services have been developed based on the cost of performing these functions.

Q. Please summarize the Pole Attachment rate calculations submitted in this filing.

A. The Pole Attachment rates calculations provided in Exhibit CLP-RATES-2.14 demonstrate the rate calculations for the different types of pole attachment rental fees included in the Company's pole attachment tariffs. These tariffs are included in Exhibit CLP-RATES-3. The rate calculations are based on application of the formula rates within the tariffs, which are applied on an administrative basis utilizing cost relevant to the period in which such rates would apply.

X. CONCLUSION

Q. Does this conclude your testimony?

A. Yes.