

Information Request 1

For illustrative purposes, please provide an estimated annual cap on the Reconciling Fee for the last five calendar years (based on its description in the Straw Proposal).

Response

The Company assumes the Reconciling “Fee” refers to a charge assessed to all customers to cover the costs of Capital Investment Projects not offset by Capital Investment Project Fees from Interconnecting Customers. The straw proposal suggests that the annual change in the cumulative revenue requirement associated with net investment in Capital Investment Projects be capped at 1.5 percent of distribution company revenue. Based on an illustrative historical assessment, Eversource expects the proposed cap will accommodate anticipated capital investment to enable further integration of distributed generation.

The Company cannot provide a direct historical assessment of the revenue requirement associated with Capital Investment Projects since the distribution planning process contemplated to identify such projects has not been in place. The current interconnection tariff has resulted in interconnecting customers funding substantially all of the system modification costs identified to be necessary for their interconnection to the Company's distribution system. The Company has not proactively sought to identify parallel system upgrades as part of the current interconnection process. The Company's cost allocation proposal, as well as the straw proposal, address future system investment requirements that have emerged with sustained growth in distributed generation on the electric power system that is expected to continue. This alternative also addresses system investment driven by parallel system requirements and state policies that benefit distribution load customers at large in addition to DER customers.

In order to support the further consideration of the Department's straw proposal, Attachment Eversource-1 estimates the maximum net costs of Capital Investment Projects that could have been assessed to all customers over the last five calendar years subject to the proposed cap. As shown in the attached analysis, the annual reconciling charges assessed to all ratepayers could have increased by approximately \$65 - \$78M within a year under the proposed cap.

The Company expects that the revenue requirement of Capital Investment Projects placed in-service within an annual period would very likely be less than this illustrative cap. The analysis provided by the Company includes illustrative revenue requirements for annual net Capital Investment Project additions of \$150 - \$300M as a comparison to the proposed cap. The Company stresses these are illustrative calculations that are not representative of a specific Capital Investment Project plan contemplated by Eversource. However, the Company does not expect total investment in Capital Investment Projects will exceed these illustrative thresholds.