



AOBA Utility Energy Update

April 26, 2023

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Pepco D.C. Files Largest Rate Increase Request Ever

\$190.7M Increase in Distribution Rates

- On April 13, 2023, Pepco filed its largest distribution revenue rate increase ever in the District of Columbia. Pepco has requested a \$190.7 million dollar increase in its base distribution rates over the next three years (2024-2026).
- Pepco is seeking a Return on Equity (“ROE”) of **10.5%** for this time period. For comparison, in the last rate case the DC PSC approved an ROE for Pepco of **9.525%**
- In the filing, Pepco proposes an allocation of rates that would allocate more of the incremental revenue requirements to rate classes that do not historically contribute their cost of service to reduce subsidization of the residential rate class by the commercial rate classes over the three year period.

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- Pepco requests that its new rates would be effective February 15, 2024 and update again on January 1, 2025 and January 1, 2026.
- Pepco’s filing states that it focuses on advancing the District’s very progressive climate and clean energy goals in order to make a “Climate Ready Grid” on Pepco’s system.
- The investments that Pepco plans to make during this time period would reflect a move towards increased electrification of all customers in the District with a forecasted reduction in all fossil fuel use, especially natural gas as a heating and cooking source in residential, multi-family and commercial buildings.

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- The rate increase is extremely front-loaded with the bulk of the increase coming in Year 1 (2024).
- Pepco is including investments that it has made in 2023 that are in place but not yet reflected in current rates.
- Year 1 Increase (2024) : \$116.4M
- Year 2 Increase (2025) : \$ 36.9M
- Year 3 Increase (2026) : \$ 37.3M
- For comparison, in Pepco’s last rate increase request, the final approved increases were \$21.8M in 2021, \$48.4M in 2022, and \$38.4M in 2023 for a total of \$108.6M

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- In every rate case, Pepco is requesting increases to three separate line items on your electric bill

- Customer Charge
- Distribution Charge (per kwh)
- Demand Charge (per kW)

- All of the other riders and surcharges are not included in the rate case

Bill Stabilization Adjustment (BSA)

Sustainable Energy Utility Trust

Public Space Occupancy Charge

Delivery and Sales Tax

Pepco DC Bill Example

Energy Assistance Trust

Underground Rider

Residential Aid Surcharge (RADS)

Underground Project

Pepco DC Proposed Rate Increase			
Rate Class	Customer Charge	Kilowatt-Hour Charge Summer	Kilowatt-Hour Charge Winter
Residential Current	\$ 16.09	\$ 0.03011	\$ 0.02103
Residential Proposed	\$ 17.09	\$ 0.04581	\$ 0.03200
Change	6.2%	52.1%	52.2%
Rate Class	Customer Charge	Kilowatt-Hour Charge	
MMA Current	\$ 5.44	\$ 0.04229	
MMA Proposed	\$ 2.24	\$ 0.05729	
Change	-58.8%	35.5%	

Pepco DC Proposed Rate Increase					
Rate Class	Customer Charge	Kilowatt-Hour Charge		Demand Charge	
		Summer	Winter		
GS_LV Current	\$ 38.75	\$ 0.04156	\$ 0.03149	\$ 10.75	
GS_LV Proposed	\$ 38.29	\$ 0.05243	\$ 0.03972	\$ 13.56	
Change	-1.2%	26.2%	26.1%	26.1%	
Rate Class	Customer Charge	Kilowatt-Hour Charge		Demand Charge	
		Summer	Winter		
GS-3A Current	\$ 89.41	\$ 0.02188	\$ 0.01572	\$ 10.82	
GS-3A Proposed	\$ 89.41	\$ 0.02885	\$ 0.02073	\$ 14.27	
Change	0.0%	31.9%	31.9%	31.9%	
Rate Class	Customer Charge	Kilowatt-Hour Charge		Demand Charge	
		Summer	Winter		
GS-ND Current	\$ 32.88	\$ 0.05992	\$ 0.04689		
GS-ND Proposed	\$ 34.68	\$ 0.08415	\$ 0.06586		
Change	5.5%	40.4%	40.5%		

Pepeco DC Proposed Rate Increase				
Rate Class	Customer Charge	Kilowatt-Hour Charge		
		Year Round	Demand Charge	
MGT_LV Current	\$ 237.00	\$ 0.01744	\$ 17.98	
MGT_LV Proposed	\$ 228.19	\$ 0.02177	\$ 22.43	
Change	-3.7%	24.8%	24.7%	
Rate Class	Customer Charge	Kilowatt-Hour Charge		
		Year Round	Demand Charge	
GT_LV Current	\$ 1,908.28	\$ 0.01610	\$ 16.38	
GT_LV Proposed	\$ 2,295.44	\$ 0.02610	\$ 26.54	
Change	20.3%	62.1%	62.0%	
Rate Class	Customer Charge	Kilowatt-Hour Charge		
		Year Round	Demand Charge	
GT_3A Current	\$ 197.49	\$ 0.00727	\$ 10.81	
GT_3A Proposed	\$ 211.31	\$ 0.01004	\$ 14.90	
Change	7.0%	38.1%	37.8%	

Sample Pepco DC Bill Impact (Year One 2024)				
	Current Distribution Charges per kwh	Proposed Distribution Charges per kwh	% Increase	Annual Impact \$\$\$
MGT_LV	\$ 0.10831	\$ 0.13774	27.2%	\$ 67,751
MGT_LV	\$ 0.09313	\$ 0.11671	25.3%	\$ 69,170
GT_LV	\$ 0.09786	\$ 0.13975	42.8%	\$ 149,209
GT_LV	\$ 0.09957	\$ 0.14039	41.0%	\$ 135,868
GT_LV	\$ 0.09188	\$ 0.12903	40.4%	\$ 169,736
GT_3A	\$ 0.04901	\$ 0.06297	28.5%	\$ 114,200
MMA	\$ 0.06724	\$ 0.07750	15.3%	\$ 26,677



Pepco Maryland

- Pepco will likely be filing a multi year rate increase request later this year and AOBA will update members and Alliance participants on the impact of this request.



Washington Gas Virginia

- Washington Gas filed a rate increase request on June 29, 2022, in Virginia for \$48 million. Additionally, Washington Gas proposed to transfer \$38.6 million from the SAVE rider into base rates.
- New rates were effective November 26, 2022, subject to refund.
- Washington Gas, the Virginia SCC Staff, the Attorney General and the City of Fairfax have tentatively agreed to a settlement of all issues in the proceeding.
- AOBA will be opposing the settlement.
- A hearing is currently scheduled for May 2, 2023.



Washington Gas D.C.

- Washington Gas rate increase request in the District filed April 4, 2022 for \$53.0 million, the largest proposed increase ever requested by Washington Gas, Formal Case No. 1169. Settlement discussions have stalled.
- On March 14, 2023, the PSC issued Order No. 21582 which denied the evidentiary hearings requested by AOBA, OPC and other parties and ordered “legislative type” hearings.
- On March 24, 2023, AOBA, OPC and the other parties filed a request for reversal of the Commission’s Order No. 21582 and requested that the PSC set dates for an evidentiary hearing. In the alternative, AOBA, OPC and the parties requested an opportunity to submit surrebuttal testimony and for the Commission to allow 4 weeks from the date the request is granted to file that testimony.
- On Friday, April 21, 2023, the PSC issued an oral decision granting AOBA, OPC and the parties’ motion. However, no written decision has been issued at this time and we do not know specifically what was approved by the Commission.
- There will not be a decision on this rate case until Q1 2024.



DC BEPS

- The Mayor had proposed a three extension of BEPs in the 2024 Budget Support Act.
- However, the City Council has removed this from the latest version which likely will mean that the BEPS timeline remains unchanged.
- The Council will vote on the Budget Support Act next month.



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