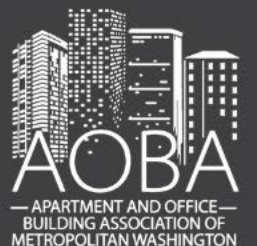


AOBA and AOBA Alliance Utility Rate Case Update Pepco DC

January 14, 2025

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Pepco DC Rate Case, *PSC Decision Issued* Formal Case No. 1176, filed April 13, 2023

- Pepco filed an Application for its largest distribution revenue increase ever requested in the District of Columbia on April 13, 2023. Pepco requested a **cumulative \$190.7 million dollar increase** in its base distribution rates over the next three years (2024-2026).

[Formal Case 1176](#)

- Pepco requested that its new rates become effective February 15, 2024, increase again on January 1, 2025 and on January 1, 2026.
 - Year 1 Increase (2024): \$116.4 million
 - Year 2 Increase (2025): \$ 36.9 million
 - Year 3 Increase (2026): \$ 37.3 million
- For comparison, in Pepco's last multi-year rate plan ("MYP") request, Formal Case No. 1156, the Commission approved increases were \$21.8 million in 2021, \$48.4 million in 2022, and \$38.4 million in 2023, **for a total cumulative increase of \$108.6 million.**

PSC Approves Pepco Multiyear rate plan in the District for \$123.4 million New rates effective January 1, 2025

- On December 9th, Pepco filed Compliance Rates in the District in Case FC1176 for the period of January 1, 2025, through December 31, 2026, representing a revenue increase of \$123.4 million over the next two years. The original revenue request from Pepco was \$190.7 million over three years beginning in February 2024. The new rates were effective on January 1, 2025.

[Order Number 22328](#)

- The increase in YR1 of the MYP was delayed for 11 months, thus allowing members to have two years without a Pepco distribution rate increase (2023-2024). The PSC ruling represents a ~35% reduction from Pepco's original request of \$190.7 million to \$123.4 million. Comparing years one and two of the multi-year rate plan, Pepco's rate increase was reduced as follows below

PSC Approves Pepco Multiyear rate plan in the District for \$123.4 million New rates effective January 1, 2025

		Original Request (\$million)	Updated Request (\$million)	PSC Awarded (\$million)
Pepco DC FC 1176				
	2024	\$ 116.4	\$ 116.3	\$ -
	2025	\$ 36.9	\$ 34.4	\$ 99.7
	2026	\$ 37.3	\$ 35.8	\$ 23.7
Total		\$ 190.7	\$ 186.5	\$ 123.4

35.3% Overall reduction

PSC Ruling

Some key findings from the Commission's Order ;

- The residential class revenue allocation will increase, shifting cost allocation from the non-residential rate classes to residential.
- Pepco's requested ROE reduced from 10.5% to 9.5%
- Pepco's requested ROR reduced as well, from a requested 7.78% to 7.28%
- Reduction in Pepco's proposed 2025 and 2026 capital expenditures by 19% in 2025 and 40% in 2026, a reduction of \$211 million
- Automatic rate credit for customers if Pepco exceeds its ROE of 9.5%

PSC Ruling

- The Bill Stabilization Adjustment (“BSA”) will be a separate line item on customer’s bills
- Reduction of the BSA balance for GT_LV customers of \$15.3 million due to Pepco’s BSA demand billing determinant error
- Moving \$39.7 million of existing BSA deferrals in the GT_LV rate class to a regulatory asset to be collected over the next 10 years
- Establish a formal MRP Lessons Learned proceeding to evaluate the performance and effectiveness of FC 1176, Pepco will be precluded from filing another MRP until the conclusion of the lessons learned proceeding.

Rate Impact

Impact on Rates

- AOBA analyzed a few sample buildings to estimate the impact on the distribution portion of the Pepco bill and includes estimates on the other riders and surcharges
- Each building is different so your individual building’s impact may vary

Compliance rates from Pepco

Sample Pepco DC Bill Impact (Year One)					
	Current Distribution Charges	Proposed Distribution Charges		% Increase	Annual Impact \$\$\$
MGT_LV	\$ 159,079	\$ 189,705		19.3%	\$ 30,626
MGT_LV	\$ 114,636	\$ 141,893		23.8%	\$ 27,257
MGT_LV	\$ 50,551	\$ 60,491		19.7%	\$ 9,940
GT_LV	\$ 432,213	\$ 638,454		47.7%	\$ 206,241
GT_LV	\$ 319,105	\$ 471,253		47.7%	\$ 152,148
MMA	\$ 165,871	\$ 194,514		17.3%	\$ 28,643
Analysis includes Distribution and estimates for other riders					
Does not include commodity costs					

Potomac Electric Power Company

DCPSC Formal Case No. 1176

Pepco's Rate Schedule GT-LV Rate Year 1 Compliance Rates

Before Consideration of Recovery of BSA Deferral Balances

Description of Charge	Revenue Billed at Current Base Dist Rates			Pepco Effective Rate Adjustment Revenue			Pepco	Pepco Computed RY1 Compliance Rates			Effective Increases		% Increase Over Current Billed Rates
	Billing	Tariff	Revenue	Billing	ERA Charges	Computed	Claimed	Billing	Pepco	Computed	Before Recovery of		
	Determinants	Rates 1/ w/o BSA		Determinants	Compliance	ERA Target	Total Current	Revised	ERA Target	Unit Charges	Revenue		
				Filing Att D	Revenue Adjs	Target Revenue		Charges	Revenue Adjs				
Customer Charge	4,446	\$ 1,908.28	\$ 8,484,213	4,446	\$ -	\$ -	\$ 8,484,213	4,446	\$ 1,766.50	\$ 7,853,859	\$ (141.78)	\$ (630,354)	-7.43%
Dist Charge per kwh	1,498,763,110	\$ 0.0161000	\$ 24,130,086	1,498,763,110	\$ 0.00617	\$ 9,247,368	\$ 33,377,454	1,498,763,110	\$ 0.02667	\$ 39,972,012	\$ 0.01057	\$ 15,841,926	65.65%
Demand Charge per kW	3,717,832	\$ 16.38	\$ 60,898,088	3,717,832	\$ 6.28	\$23,347,985	\$ 84,246,073	3,717,832	\$ 27.12	\$ 100,827,604	\$ 10.74	\$ 39,929,516	65.57%
Base Rev Before EDIT Credits			\$ 93,512,387			\$32,595,353	\$126,107,740			\$ 148,653,475			
10-Year EDIT - kWh Credit	1,498,763,110	\$ (0.00051)	\$ (764,369)			\$ -	\$ (764,369)	1,498,763,110	\$ (0.00051)	\$ (764,369)	\$ -	\$ -	
10-Year EDIT - kW Credit	3,717,832	\$ (0.64)	\$ (2,379,412)			\$ -	\$ (2,379,412)	3,717,832	\$ (0.64000)	\$ (2,379,412)	\$ -	\$ -	
Base Rev After EDIT Credits			\$ 90,368,605			\$32,595,353	\$122,963,959			\$ 145,509,693		\$ 55,141,088	61.02%

With Consideration of Recovery of BSA Deferral Balances

Description of Charge	Revenue Billed at Current Base Dist Rates			Pepco Effective Rate Adjustment Revenue			Pepco	Pepco Computed RY1 Compliance Rates			Effective Increases		% Increase Over Current Billed Rates
	Billing	Tariff	Revenue	Billing	ERA Charges	Computed	Current	Billing	Pepco	Computed	With Recovery of		
	Determinants	Rates 1/ with BSA		Determinants	Compliance	ERA Target	Target	Revised	ERA Target	Prop Rates	Revenue		
				Filing Att D	Revenue Adjs	Target Revenue		Charges	Revenue Adjs				
Customer Charge	4,446	\$ 1,908.28	\$ 8,484,213	4,446	\$ -	\$ -	\$ 8,484,213	4,446	\$ 1,766.50	\$ 7,853,859	\$ (141.78)	\$ (630,354)	-7.43%
Dist Charge per kwh	1,498,763,110	\$ 0.0217900	\$ 32,658,048	1,498,763,110	\$ 0.00617	\$ 9,247,368	\$ 41,905,417	1,498,763,110	\$ 0.04036	\$ 60,485,921	\$ 0.02	\$ 27,827,873	85.21%
Demand Charge per kW	3,717,832	\$ 16.38	\$ 60,898,088	3,717,832	\$ 6.28	\$23,347,985	\$ 84,246,073	3,717,832	\$ 27.12	\$ 100,827,604	\$ 10.74	\$ 39,929,516	65.57%
Base Rev Before EDIT Credits			\$102,040,349			\$32,595,353	\$134,635,703			\$ 169,167,384			
10-Year EDIT - kWh Credit	1,498,763,110	\$ (0.00051)	\$ (764,369)			\$ -	\$ (764,369)	1,498,763,110	\$ (0.00051)	\$ (764,369)	\$ -	\$ -	
10-Year EDIT - kW Credit	3,717,832	\$ (0.64)	\$ (2,379,412)			\$ -	\$ (2,379,412)	3,717,832	\$ (0.64000)	\$ (2,379,412)	\$ -	\$ -	
Base Rev After EDIT Credits			\$ 98,896,568			\$32,595,353	\$131,491,921			\$ 166,023,603		\$ 67,127,035	67.88%

Comparison To Initial Request

Comparison to Initial Request

- In addition to delaying the Pepco increase from a proposed February 2024 start until January 2025, the requested rate increases were reduced as shown below
- Additionally, the MRP is approved for only 2 years instead of the original three-year filing

FC 1176											
Customer Charge				Distribution Charge				Demand Charge			
	Proposed	Compliance	Delta		Proposed	Compliance	Delta		Proposed	Compliance	Delta
MMA	\$ 2.01	\$ 2.01	0.0%	MMA	\$0.06061	\$ 0.05618	-7.9%	MMA	N/A	N/A	#VALUE!
GS_LV	\$ 38.29	\$ 38.29	0.0%	GS_ND	\$0.05460	\$ 0.05067	-7.8%	GS_ND	\$ 14.11	\$ 13.10	-7.7%
MGT_LV	\$ 219.38	\$ 298.59	26.5%	MGT_LV	\$0.02230	\$ 0.02036	-9.5%	MGT_LV	\$ 22.98	\$ 20.97	-9.6%
GT_LV	\$ 2,682.00	\$ 1,766.50	-51.8%	GT_LV	\$0.02677	\$ 0.02667	-0.4%	GT_LV	\$ 27.20	\$ 27.12	-0.3%
GT_3A	\$ 225.13	\$ 218.22	-3.2%	GT_3A	\$0.01049	\$ 0.00976	-7.5%	GT_3A	\$ 15.56	\$ 14.49	-7.4%

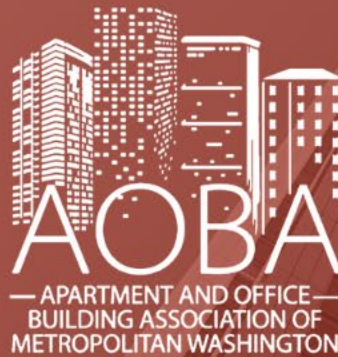
Next Steps

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- AOBA and the Office of People’s Counsel filed an Application for Reconsideration and Clarification on December 26, 2024.

[AOBA Application for Reconsideration and Clarification](#)

[OPC Application for Reconsideration and Clarification](#)



Questions?

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