



# AOBA Utility Committee Meeting DC, Maryland, and Virginia

**January 15, 2014**

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# AOBA Utility Committee Meeting Agenda

- I. DC Water Rate Update
- II. Competitive Energy and Market Update
- III. Virginia Power Rate Case, Case No. PUE-2013-00020
- IV. Natural Gas Utility Rate Requests – Rate Impacts & Proposed Surcharges

## **Washington Gas Light Company Rate Cases (WGL)**

- A. WGL Rate Proceeding In Maryland, Case No. 9322  
Case Concludes, Rate increase will follow
- B. WGL MD Case No. 9335 – STRIDE Surcharge Request Filed Nov. 7, 2013  
\$200 million will be invested in the first five years-  
How will this affect your properties?
- C. WGL Renews Request for Surcharge for Pipeline Replacement in DC, Formal Case No. 1093-  
How will this impact your bills?
- D. WGL DC PSC Case to Consider Interruptible Issues, Formal Case No. 1106
- E. WGL DC PSC, Weather Normalization Adjustment, Formal Case No. 1110

- V. Electric Utility Rate Proceedings – Rate Impacts & Proposed Surcharges

## **Potomac Electric Power Company Rate Cases (Pepco)**

- A. Pepco DC Rate Request, Formal Case No. 1103, Hearings Conclude  
Request for \$52 million increase revised to \$44 million
- B. Bill – Undergrounding of Pepco’s Distribution Service in DC –  
B20-387 “Electric Company Infrastructure Improvement Financing Act of 2013”
- C. Pepco MD PSC – New Rate Request Filed December 4, 2013, Case No. 9336  
Pepco MD Case No. 9311, Rates Increased August 1, 2013



# Washington Gas Light Company Utility Rate Requests **Maryland**



# Washington Gas – Maryland

## Case No. 9322

- Base Rate Increase Request – Filed April 26, 2013
- The Company sought:
  - ✓ \$28.3 million in additional Base Rate Revenue, revised from original request of \$30.7 million
  - ✓ An 8.7% Rate of Return (ROR) including a 10.7% Return on Equity (ROE)
  - ✓ Test Year 12 months ended March 31, 2013
- **Drivers** –
  - ✓ Updated test period expenses and capital investment in accelerated pipe replacement – first 12 months
  - ✓ Employee pension and benefits, cost of equity/equity ratio
  - ✓ Resolve pending items currently in litigation (cost to achieve savings from Accenture Agreement and Medicare Part D)



# Washington Gas – Maryland

## Case No. 9322

### ➤ Commission Decision and Results:

- ✓ On November 22, 2013, the MD PSC approved an **\$8,904,000 Million increase in additional Base Rate Revenue**, Order No. 86013. The Company requested a rate increase of **\$28.3 million**.
- ✓ The Order stated WGL may earn a **7.54% Rate of Return (ROR)** including a **9.50% Return on Equity (ROE)**. WGL requested an **8.7% Rate of Return (ROR)** including a **10.7% Return on Equity (ROE)**.
- ✓ **New rates effective for usage on and after November 23, 2013 based on a revenue increase of \$8.904 Million**



# Washington Gas – Maryland

## Budget Impacts - Case No. 9322

	<u>Increase in Delivery Over Present Rates Excluding Gas Costs<sup>1</sup></u>		<u>Increase in Delivery Over Present Rates Including Gas Costs<sup>1</sup></u>	
	<u>Proposed</u>	<u>Approved<sup>2</sup></u>	<u>Proposed</u>	<u>Approved<sup>2</sup></u>
<b><u>Residential</u></b>				
Heating/Cooling	9.46%	2.74%	5.07%	1.47%
Non-Heating/Non-Cooling	6.47%	0.00%	4.08%	0.00%
<b>Total Residential</b>	<b>9.45%</b>	<b>2.72%</b>	<b>5.07%</b>	<b>1.46%</b>
<b><u>Commercial &amp; Industrial</u></b>				
Heating/Cooling <3000 therms	10.34%	4.55%	6.69%	2.94%
Heating/Cooling >3000 therms	13.73%	4.53%	9.14%	3.02%
Non-Heating/Non-Cooling	0.00%	0.00%	0.00%	0.00%
<b><u>Group Metered Apartments</u></b>				
Heating/Cooling	12.10%	4.55%	8.98%	3.37%
Non-Heating/Non-Cooling	0.00%	0.00%	0.00%	0.00%
<b>Total Firm Non-Residential</b>	<b>11.80%</b>	<b>4.19%</b>	<b>7.98%</b>	<b>2.83%</b>
<b>Interruptible</b>	<b>7.26%</b>	<b>2.63%</b>	<b>7.26%</b>	<b>2.63%</b>
<b>Total All Classes</b>	<b>9.98%</b>	<b>3.13%</b>	<b>5.87%</b>	<b>1.84%</b>

<sup>1</sup> Case No. 9322 – Supplemental Direct Testimony, Witness Wagner, JBW-SUP1, Schedule C, Page 1 of 2

<sup>2</sup> Case No. 9322 – Compliance Filing, JBW-1, Schedule C, Revised 12/3/2013



# Washington Gas - Maryland

## Other Charges:

### Montgomery County Fuel Energy Tax for Natural Gas Customers

Tax Rate as of 6/30/10	\$0.1192100 per therm
Tax Rate Effective 7/1/10 - 6/30/12	\$0.1944390 per therm
Tax Rate Effective 7/1/12 - 6/30/13	\$0.1868761 per therm
<b>Tax Rate Effective 7/1/13 - 6/30/14</b>	<b>\$0.1753900 per therm</b>

### Prince Georges County Energy Tax for Natural Gas Customers

Tax Rate Effective 7/1/10 - 6/30/12	\$0.064931 per therm
Tax Rate Effective 7/1/12 - 6/30/13	\$0.059719 per therm
<b>Tax Rate Effective 7/1/13 - 6/30/14</b>	<b>\$0.061328 per therm</b>



# Washington Gas - Maryland

## STRIDE Surcharge <sup>1</sup> (Infrastructure Surcharge)

- The Maryland General Assembly passed a Bill in the 2013 Legislative Session which allows for a natural gas infrastructure surcharge in MD
- The surcharge may be charged monthly to all residential and non-residential natural gas customers
- WGL estimates that non-residential rate payers will pay \$5.1 million annually in surcharges
- STRIDE will set a \$2 per month cap on the surcharge for residential customers
- The MD PSC will set the rate cap for Commercial and Industrial Customers based on the allocated costs to residential and non-residential customers consistent with the proportions of distribution revenue that those classes bear in accordance with the most recent rate case.

<sup>1</sup> WGL Holdings, Inc. Press Release, *Governor Martin J. O'Malley Signs STRIDE Bill for Natural Gas Infrastructure Replacements in Maryland*, <http://www.wglholdings.com/releasedetail.cfm?ReleaseID=761666>





# Washington Gas – Maryland

## “STRIDE RIDER”, Case No. 9335 <sup>1</sup>

- WGL filed for approval of the “STRIDE Rider” on November 7, 2013
- WGL proposes to invest ~ \$863 million over 22 years in four infrastructure replacement programs, with \$200 million invested in the first five years
- In Case No. 9335, WGL is requesting Commission approval of the STRIDE Rider for a five year period to fund the initial \$200 million
- First Replacement Program consists of:
  - Targeted Service Replacement (replacement of all bare and/or unprotected steel services, targeted copper and pre-1975 plastic services)
- **STRIDE Rider rates effective May 6, 2014**

<sup>1</sup> Washington Gas Light Company - an Application for Authority to Implement a Strategic Infrastructure Development and Enhancement Plan ("Stride Plan") and Associated Cost Recovery Mechanism ("Stride Rider"). Case No. 9335, Filed November 7, 2013



# Washington Gas – Maryland

## “STRIDE RIDER”, Case No. 9335

### STRIDE Rider Costs First Year

FY 2014

<u>COST DISTRIBUTION</u>	<u>FIXED CHARGE PER MONTH PER ACCOUNT</u>	<u>TOTAL</u>
Residential Heating/Cooling	\$0.28	\$1,400,213
Residential Non-Heating/Non-Cooling	\$0.16	\$6,562
C&I Heating/Cooling <3000	\$0.41	\$79,764
C&I Heating/Cooling >3000	\$3.20	\$294,796
C&I Non-Heating/Non-Cooling	\$1.08	\$21,881
GMA Heating/Cooling	\$3.84	\$93,294
GMA Non-Heating/Non-Cooling	\$0.76	\$18,699
Interruptible	\$27.43	\$74,197
<b>Total Costs FY 2014</b>		<b>\$1,989,407</b>



# Washington Gas – Maryland

**Washington Gas Light Company - Maryland <sup>1</sup>**  
**STRIDE Impacts - Case No. 9335**

	<b>STRIDE Amount to be Billed FY 2014</b>	<b>STRIDE Amount to be Billed FY 2015</b>	<b>STRIDE Amount to be Billed FY 2016</b>	<b>STRIDE Amount to be Billed FY 2017</b>	<b>STRIDE Amount to be Billed FY 2018</b>
<b><u>Residential</u></b>					
Heating/Cooling	1,400,213	4,580,359	7,270,528	9,613,117	9,905,817
Non-Heating/Non-Cooling	6,562	21,476	34,092	45,072	46,446
<b><u>Commercial &amp; Industrial</u></b>					
Heating/Cooling <3000	79,764	260,975	414,256	547,713	564,404
Heating/Cooling >3000	294,796	964,523	1,530,975	2,024,217	2,085,913
Non-Heating/Non-Cooling	21,881	71,590	113,636	150,247	154,824
<b><u>Group Metered Apartments</u></b>					
Heating/Cooling	93,294	305,238	484,500	640,594	660,117
Non-Heating/Non-Cooling	18,699	61,777	97,108	128,392	132,306
<b><u>Interruptible</u></b>					
	74,197	242,759	385,327	509,470	524,998
<b>TOTAL</b>	<b>1,989,407</b>	<b>6,508,697</b>	<b>10,330,423</b>	<b>13,658,821</b>	<b>14,074,825</b>

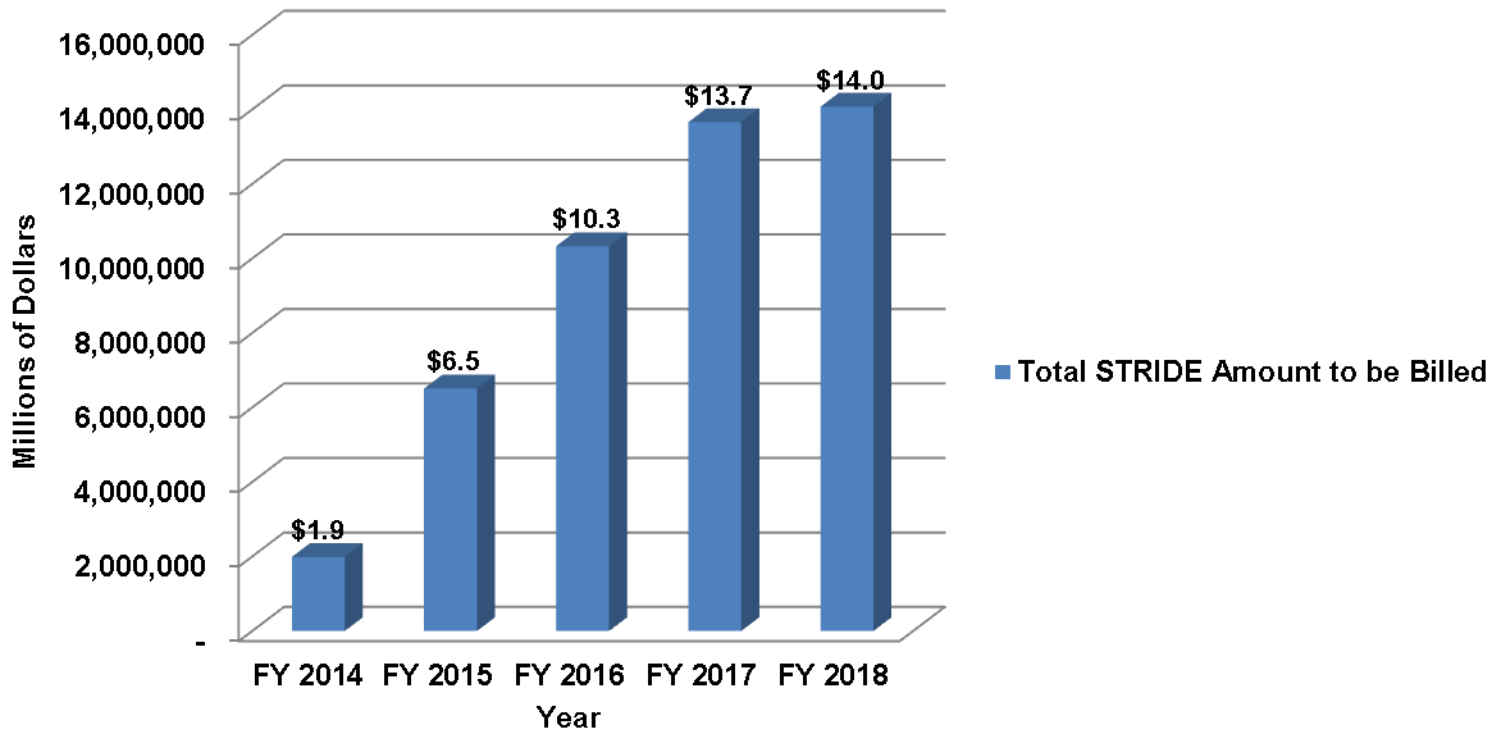
<sup>1</sup> JBW -1, Workpaper 7, p. 1 and 2, Nov. 7, 2013,  
Revised December 11, 2013



# Washington Gas – Maryland

## Case No. 9335

### Total STRIDE Amount to be Billed Initial Five Years FY 2014-2018





# Washington Gas – Maryland

## Recent Purchased Gas Charges and Balancing Charges<sup>1</sup>

### Washington Gas Purchased Gas Costs\* Maryland

Month, Year	Dollars Per Therm
Oct-12	\$0.5113
Nov-12	\$0.5649
Dec-12	\$0.5408
Jan-13	\$0.5533
Feb-13	\$0.5924
Mar-13	\$0.5246
Apr-13	\$0.6525
May-13	\$0.6935
Jun-13	\$0.6582
Jul-13	\$0.5926
Aug-13	\$0.4720
Sep-13	\$0.5028
Oct-13	\$0.5452
Nov-13	\$0.5452
Dec-13	\$0.5651

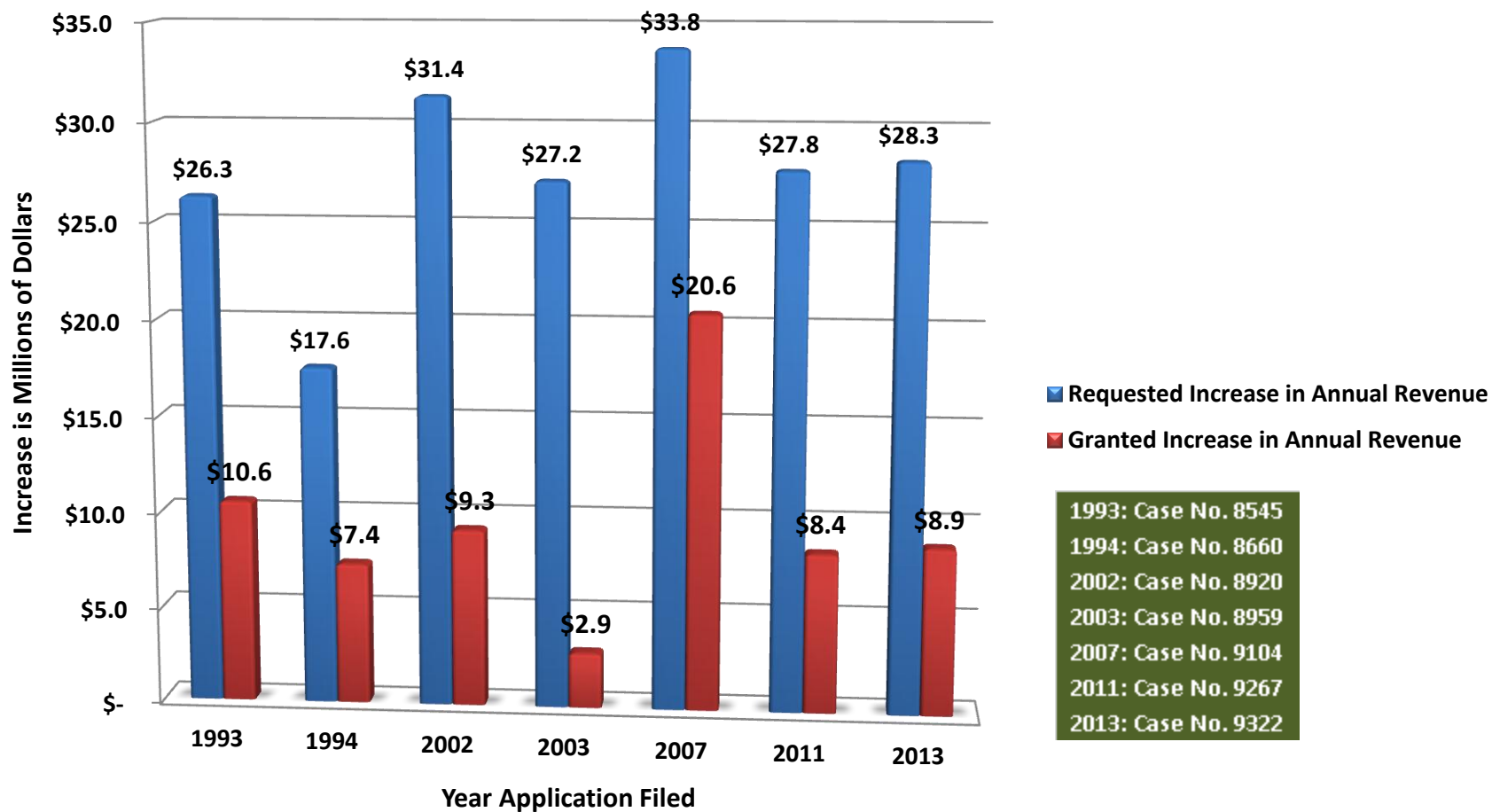
*\*Reflects purchased gas costs minus balancing charges listed below. Effective April 2001, the Balancing Charge is billed to third party suppliers by Washington Gas to recover a portion of Washington Gas' capacity and peaking operation's costs. The Balancing Charge does not include a portion of Washington Gas' storage costs, which are billed separately to third party suppliers.*

### Washington Gas Balancing Charges Maryland

Month, Year	Dollars Per Therm
Mar 2012 - Nov 2012	\$0.0169
Dec 2012 - Feb 2013	\$0.0109
Mar 2013 - Nov 2013	\$0.0103

<sup>1</sup> Washington Gas MD – Purchased Gas Costs and Balancing Charges  
<http://www.washgas.com/pages/MDRESPurchasedGasCosts>

## Summary of WGL Rate Increase Applications and Results Maryland





# Washington Gas Light Company Utility Rate Requests **District of Columbia** Formal Case No. 1093 Decision May 15, 2013



## Washington Gas – District of Columbia *Formal Case No. 1093*

- Base Rate Increase Request – Filed February 29, 2012
- The Company sought:
  - \$28,970,000 million in additional Base Rate Revenue
  - A separate surcharge to fund **\$119 million** in Accelerated Pipe Replacement (APRP) costs over 5 years
  - An **8.91%** ROR including a **10.9%** Return on Equity (ROE)



# Washington Gas – District of Columbia

## Formal Case No. 1093

**Washington Gas Light Company - District of Columbia**  
**Effect of Proposed Rates by Class of Firm Service in District of Columbia <sup>1</sup>**

Rate Class Description	Operating Revenues Excluding	Operating Revenues Including Gas
	Gas Cost	Cost
	Percentage Increase in Delivery Revenue	Percentage Increase in Total Revenue
<b>Distribution of Gas Revenue</b>		
<b>Residential</b>		
Heating and/or Cooling	30.40%	15.70%
Non-heating and Non-cooling	26.50%	18.50%
Other	24.10%	13.60%
<b>Commercial &amp; Industrial</b>		
Heating and/or Cooling		
Less than 3,075 therms	23.40%	13.00%
3,075 therms or more	22.40%	15.40%
Non-heating and Non-cooling	10.10%	6.90%
<b>Group Metered Apartments</b>		
Heating and/or Cooling		
Less than 3,075 therms	23.00%	12.60%
3,075 therms or more	22.70%	16.20%
Non-heating and Non-cooling	10.30%	6.90%
<b>Total Non-Residential</b>		
<b>Total Firm Classes</b>	25.80%	15.00%
<b>Interruptible</b>	0.30%	0.30%
<b>Total Sales/Delivery Revenue</b>	23.40%	14.20%
<b>Other Operating Revenue</b>		7.60%
<b>Total Operating Revenue \$28,970,000</b>		<b>14.00%</b>

<sup>1</sup> Formal Case No. 1093 WG (J-1) Schedule C, page 1 of 2  
Rates Effective May 2013



## Washington Gas – District of Columbia

*Formal Case No. 1093*

### Commission Decision and Results:

- On May 15, 2013, the DC PSC approved an **\$8,381,089** Million increase in natural gas rates, Order No. 17132
- DC PSC **denied** the WGL request for implementation of a \$119 Million accelerated pipeline replacement surcharge
- WGL may earn a **9.25%** Return on Equity, which is significantly less than the **10.9%** requested
- WGL may earn a **7.93%** Rate of Return (ROR of 8.91% requested)
- **The \$8,381,089 Million is recovered as follows:**
  1. 63% from Residential Class
  2. 24.5% from Commercial and Industrial Class
  3. 12.2 % from Group Metered Class
  4. Remainder from Interruptible class ~ 0.3%



# Washington Gas – District of Columbia

## Budget Impacts - *Formal Case No. 1093*

	<u>Increase in Delivery Over Present Rates Excluding Gas Costs</u>	<u>Increase in Delivery Over Present Rates Including Gas Costs</u>
<b><u>Residential</u></b>		
Heating/Cooling	8.0%	4.3%
Non-Heating/Non-Cooling – IMA	18.8%	13.3%
Non-Heating/Non-Cooling – Other	9.2%	5.3%
<b><u>Commercial &amp; Industrial</u></b>		
Heating/Cooling <3075 therms	8.3%	4.5%
Heating/Cooling >3075 therms	5.4%	3.8%
Non-Heating/Non-Cooling	5.4%	3.7%
<b><u>Group Metered Apartments</u></b>		
Heating/Cooling <3075 therms	8.6%	4.9%
Heating/Cooling >3075 therms	5.5%	4.1%
Non-Heating/Non-Cooling	5.4%	3.7%
<b><u>Total Firm</u></b>	<b>7.1%</b>	<b>4.2%</b>
<b><u>Non-Firm</u></b>	<b>0.3%</b>	<b>0.3%</b>
<b><u>Total District of Columbia</u></b>	<b>6.5%</b>	<b>4.0%</b>

<sup>1</sup> Formal Case No. 1093 – Exhibit WG (J)-1, Schedule C, Page 1 of 3



# Washington Gas – District of Columbia

## Additional Surcharges, Formal Case No. 1093 –

### ➤ Annual Plant Recovery Adjustment (PRA) – Proposed by WGL

- ✓ The PRA was originally approved by Commission Order on December 11, 2009, Formal Case No. 1027
- ✓ WGL proposes to Expand its PRA to provide for recovery of Accelerated Pipeline Replacement Plan costs.
- ✓ Original PRA authorized for \$28 million over seven (7) years for recovery of the cost of replacing pipelines and mechanical couplings in response to leaks.
- ✓ The monthly impact on ratepayers of the proposed accelerated pipeline replacement PRA has not been determined.
- ✓ If the proposal is approved, the increase in the PRA will begin in 2013.
- ✓ In the Company's next rate case, accelerated plant costs being recovered through the PRA will be rolled into the Company's base rates.
- ✓ **Annual Plant Recovery Adjustment – Not Approved, FC 1093, Order No. 17132, May 15, 2013**



# Washington Gas – District of Columbia

## Additional Surcharges, Formal Case No. 1093 (cont.) -

### **NEW** WGL Renews Request for Accelerated Pipe Replacement Plan <sup>1</sup>

- On August 15, 2013 WGL filed a Request for approval of its **revised** Accelerated Pipe Replacement Plan
- WGL is seeking recovery of the costs through a surcharge
- WGL states the surcharge is needed to recover the costs associated with the accelerated repayment of the distribution pipeline system in the District of Columbia
- The Commission denied approval of WG's request for approval of the proposed surcharge in its Order dated May 15, 2013 because of Commission concerns with WG's risk assessments and pipe replacement priorities
- AOBA filed comments on Dec 5, 2013 requesting the surcharge be denied and has asked the Commission to conduct evidentiary proceedings, but withhold any surcharge, if approved, until after issuance of Commission order in WG's next rate base proceeding

<sup>1</sup> Formal Case No. 1093, Washington Gas's Request for Approval of a Revised Accelerated Pipe Replacement Plan – Public Version, Aug.15, 2013



# Washington Gas Light Company Utility Rate Requests **District of Columbia** Formal Case No. 1106 *Interruptible Customers*



## Washington Gas – District of Columbia *Formal Case No. 1106*

- On July 31, 2013, the DC PSC filed Order No. 17208 , which opened an investigation into <sup>1</sup>:
  1. WGL’s Interruptible Service Class
  2. The operation fo WGL’s Distribution Charge Adjustment (“DCA”)
  3. How WGL’s Class Cost of Service Study accounts for revenues from certain classes of customers
  4. The proper design of interruptible service rates and other related issues
  
- AOBA has asked for a formal evidentiary proceeding for this, including the filing of testimony and evidentiary hearings, to address the issues raised by the Commission in this case.
  
- AOBA has intervned in the case and filed comments on October 15, 2013 and November 19, 2013

<sup>1</sup> DC PSC, Order No. 17208, Filed July, 31, 2013



**Washington Gas Light Company**  
**Utility Rate Requests**  
**District of Columbia**  
**Formal Case No. 1110**  
*Weather Normalization Adjustment*





# Washington Gas

## ***NEW Proposed Weather Normalization Adjustment*** **Formal Case No. 1110**

- On November 8, 2013, WGL filed its Application for approval of a Weather Normalization Adjustment (“WNA”) with the DC PSC, Formal Case No. 1110 <sup>1</sup>
- WGL states that implementation of a WNA would eliminate the variability of weather from the calculation of revenues and offer customers more bill stability during colder-than-normal winter hearing seasons
- The WNA would apply to all Firm Service rate schedules
- AOBA has intervened in the case and filed comments in the case on December 20, 2013 stating that the WNA should be denied

<sup>1</sup> WGL’s Application for Approval of a Weather Normalization Adjustment, Including Supporting Testimony and Exhibits, filed Nov. 8, 2013



# Washington Gas – District of Columbia

## Additional Surcharges (cont.)

### ➤ WGL Right of Way Surcharge (ROW) <sup>1</sup>

Rate Effective with the April 2012 Billing Cycle	\$ 0.0313 per therm
Rate Effective with the April 2013 Billing Cycle	\$ 0.0364 per therm
<b>Rate Effective with the June 2013 Billing Cycle</b>	<b>\$ 0.0278 per therm</b>

### ➤ Sustainable Energy Trust Fund <sup>2</sup>

FY 2009	\$0.011 per therm
FY 2010	\$0.012 per therm
FY 2012	\$0.014 per therm and each year thereafter

<sup>1</sup>A per therm surcharge for all therms used shall be billed in addition to any other billings under this rate schedule. This surcharge will provide for the recovery of the District of Columbia Rights of Way Tax and be computed as set forth in General Service Provision No. 22, Surcharge for District of Columbia Rights of Way Fee. Source Washington Gas website under Tariff Information.

<sup>2</sup> Energy Assistance Trust Fund Surcharge & Sustainable Energy Trust Fund Surcharge effective billing month of October 2008. Amounts billed to customers shall include a surcharge to recover costs of programs implemented pursuant to the DC Clean and Affordable Energy Act of 2008 and amended by the Residential Aid Subsidy Amendment Act of 2010. Charges are mandated by the DC Government. See *DC Code § 8-1774.10 Sustainable Energy Trust Fund*, <http://dccode.org/simple/sections/8-1774.10.html>



# Washington Gas – District of Columbia

## Additional Surcharges (cont.)

- Energy Assistance Trust Fund \$0.006/therm <sup>1</sup>
  
- Hexane Cost Adjustment
  - ✓ Implemented through Purchase Gas Charge (PGC) for Sales Service Customers
  - ✓ Implemented through Balancing Charges for Delivery Service Customers

<sup>1</sup>Energy Assistance Trust Fund Surcharge & Sustainable Energy Trust Fund Surcharge effective billing month of October 2008. Amounts billed to customers shall include a surcharge to recover costs of programs implemented pursuant to the DC Clean and Affordable Energy Act of 2008 and amended by the Residential Aid Subsidy Amendment Act of 2010. Charges are mandated by the DC Government. See *DC Code § 8-1774.11 Energy Assistance Trust Fund*, <http://dccode.org/simple/sections/8-1774.11.html>



## Washington Gas Revenue Normalization Adjustment

- **Billing Adjustment Mechanisms.** In **Maryland**, Washington Gas has a Revenue Normalization Adjustment (RNA) billing mechanism that is designed to stabilize the level of net revenues collected from Maryland customers by eliminating the effect of deviations in customer usage caused by variations in weather from normal levels and other factors such as conservation.
- In **Virginia**, Washington Gas has a Weather Normalization Adjustment (WNA) billing adjustment mechanism that is designed to eliminate the effect of variations in weather from normal levels on utility net revenues.
- Additionally in **Virginia**, as part of the Conservation and Ratemaking Efficiency (CARE) plan, Washington Gas has a Care Ratemaking Adjustment (CRA) mechanism, which, coupled with the WNA, eliminates the effect of both weather and other factors such as conservation for residential customers and beginning May 1, 2013 for small commercial and industrial customers in Virginia.
- For the RNA, WNA, and CRA mechanisms, warmer-than normal weather would generally result in increases in these surcharges to customers while colder-than-normal weather may result in Washington Gas refunding over-collected revenue to customers. However, factors such as volatile weather patterns and customer conservation may cause the RNA and the CRA mechanisms to function conversely because they adjust billed revenues to provide a designed level of net revenue per meter.



## Washington Gas Revenue Normalization Adjustment (Cont.)

- **WGL RNA DENIED—Formal Case No. 1079** – AOBA Successfully Challenges Washington Gas Multi-Million Dollar Revenue Guarantee in DC
- The DC Public Service Commission’s (PSC) Order of Dec. 17, 2010 denied the request by Washington Gas for approval of a Revenue Normalization Adjustment (RNA). The implementation of the RNA would have guaranteed the revenues of Washington Gas from decline due to energy efficiency, weather, and other factors that could result in lost revenues to the Company. If the Washington Gas RNA had been approved, ratepayers would have seen a \$0.05 cent per therm increase in monthly gas bills effective January 2011, guaranteeing millions in revenues for the Company.
- The PSC agreed with AOBA’s argument that it was more appropriate to consider the RNA in the next Washington Gas rate case with updated information, and not as a single issue ratemaking proposal. AOBA also opposed the implementation of the RNA because it was unnecessary, inappropriate and would increase charges to commercial customers. Further, AOBA argued that implementation of the RNA prior to Oct. 1, 2011 violated the terms of an earlier settlement agreement entered into between Washington Gas and AOBA and approved by the PSC.
- Washington Gas did not request an RNA in its next rate case, Formal Case No. 1093



# Washington Gas – District of Columbia

## Recent Purchased Gas Charges and Balancing Charges<sup>1</sup>

### Washington Gas Purchased Gas Costs\*

#### District of Columbia

Month, Year	Dollars Per Therm
Sep-12	\$0.5287
Oct-12	\$0.5287
Nov-12	\$0.5817
Dec-12	\$0.6035
Jan-13	\$0.6159
Feb-13	\$0.6545
Mar-13	\$0.6227
Apr-13	\$0.7491
May-13	\$0.7896
Jun-13	\$0.7539
Jul-13	\$0.6831
Aug-13	\$0.5648
Sep-13	\$0.5962
Oct-13	\$0.6380
Nov-13	\$0.6380
Dec-13	\$0.5646

### Washington Gas Balancing Charges

#### District of Columbia

Month, Year	Dollars Per Therm
Mar 2012 - Nov 2012	\$0.0183
Dec 2012 - Feb 2013	\$0.0096
Mar 2013 - Nov 2013	\$0.0070

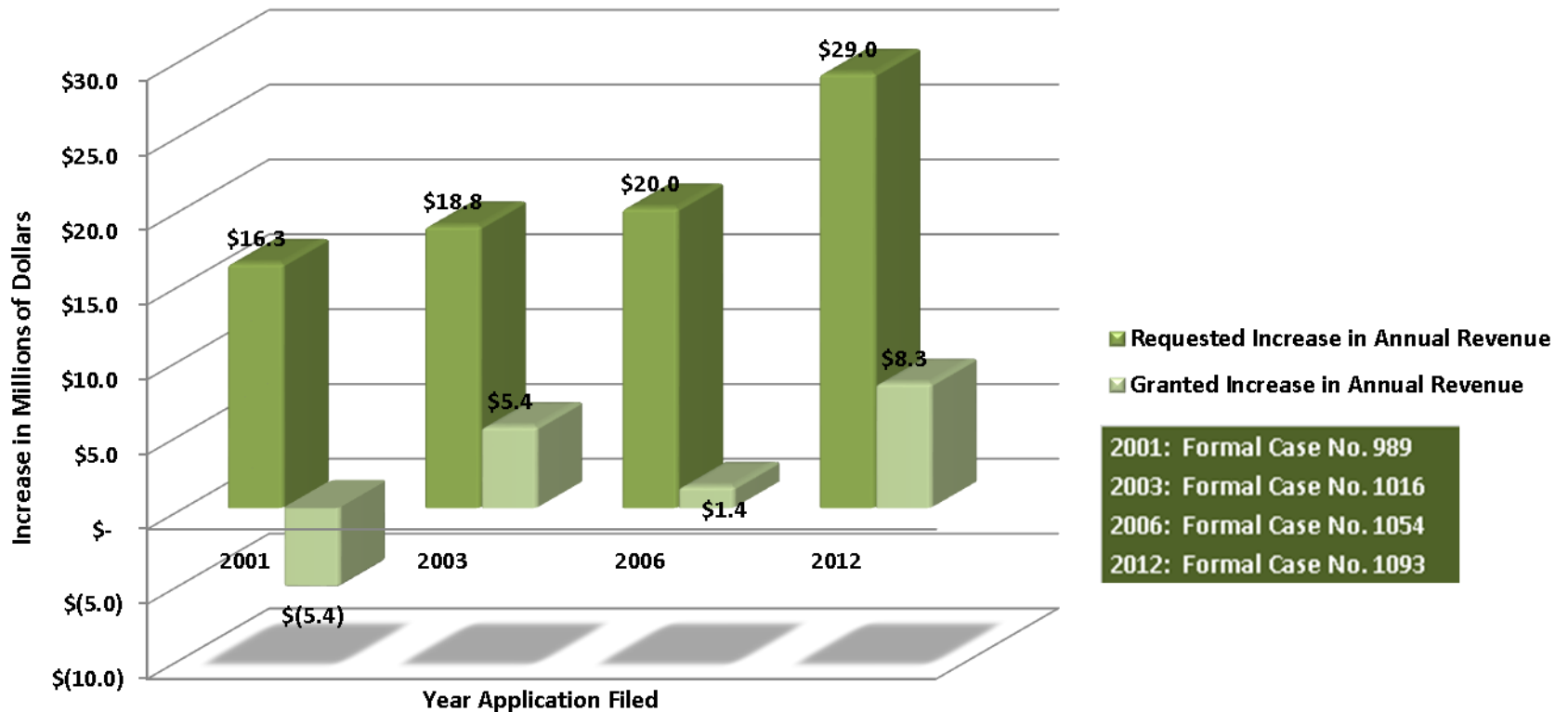
<sup>1</sup>Washington Gas DC Purchased Gas Costs and Balancing Charges

<http://www.washgas.com/pages/DCCOMWashingtonGasPurchasedGasCosts>

*\*Reflects purchased gas costs less balancing charges listed below. Effective April 2001, the Balancing Charge is billed to third party suppliers by Washington Gas to recover a portion of Washington Gas' capacity and peaking operation's costs. The Balancing Charge does not include a portion of Washington Gas' storage costs, which are billed separately to third party suppliers.*

# Washington Gas – District of Columbia Case History

## Summary of WGL Rate Increase Applications and Results District of Columbia





Apartment and Office Building Association  
of Metropolitan Washington



# Washington Gas Light Company Virginia





# Washington Gas – Virginia

*Formal Case No. PUE 2010-00139*

- WGL filed a distribution rate increase request on January 31, 2011 with the State Corporation Commission ('SCC'), Formal Case No. PUE 2010-00139
- WGL requested an overall increase of \$28 million
- The Company's full requested increase became effective on October 1, 2011, subject to refund. With the Commission's final order, refunds will be provided.
- On July 2, 2012, WGL accepted the modifications to the \$20 million increase which provides no increase for GMA non-heating/non-cooling and C&I non-heating/non-cooling classes.
- Refunds were made in 2012 and for some customers in 2013
- We have no information at this time as to whether WGL will file a request for a rate increase in 2014



# Washington Gas – Virginia

## Surcharges:

### SAVE Rider (accelerated infrastructure replacement), Case No. PUE-2011-0010

- The SAVE Rider was mandated by the legislation passed by the General Assembly and signed by the Governor
- On November 28, 2011, the SCC approved 2012 Save Rider Charges for WGL totaling **\$3,847,432** to be recovered through bills rendered on and after January 1, 2012. The approved charges per therm for non-residential rate classifications are as follows:

Schedule 2 & 2A	\$0.0042/therm	Effective Jan. 1, 2012 – Sept. 30, 2012
Schedule 3 & 3A	\$0.0050/therm	Effective Jan. 1, 2012 – Sept. 30, 2012

- WGL requested to the Commission that they reconcile over-collection of the SAVE Rider revenue requirement in 2012 by not collecting for the Rider in the 4<sup>th</sup> quarter 2012

Schedule 2 & 2A	\$0.0000/therm	Effective Oct. 1, 2012 – Sept. 30, 2012
Schedule 3 & 3A	\$0.0000/therm	Effective Oct. 1, 2012 – Sept. 30, 2012



# Washington Gas – Virginia

## Surcharges:

### 2013 SAVE Rider (accelerated infrastructure replacement), Case No. PUE-2012-00105

➤ WGL's SAVE Rider Rates for 2013:

Schedule 2 & 2A	\$0.0024/therm	Effective Jan. 1, 2013 – Dec. 31, 2013
Schedule 3 & 3A	\$0.0028/therm	Effective Jan. 1, 2013 – Dec. 31, 2013

- The 2013 SAVE Rider rates reflect a decrease of ~ 75% over the 2012 SAVE Rider rates
- WGL files its rates in September of each year for the next calendar year



# Washington Gas – Virginia

## Surcharges:

**2014 SAVE Rider (accelerated infrastructure replacement), Case No. PUE-2013-00099**

➤ **WGL's SAVE Rider Rates for 2014:**

<b>Schedule 2 &amp; 2A</b>	<b>\$0.0089/therm</b>	<b>Effective Jan. 1, 2014 – Dec. 31, 2014</b>
<b>Schedule 3 &amp; 3A</b>	<b>\$0.00100/therm</b>	<b>Effective Jan. 1, 2014 – Dec. 31, 2014</b>
<b>Interruptible</b>	<b>\$0.0031/therm</b>	<b>Effective Jan. 1, 2014 – Dec. 31, 2014</b>

- Increase in SAVE Rider rates for 2014 due to greater infrastructure activity
- WGL files its rates in September of each year for the next calendar year
- 2015 SAVE Rider Rates will be filed in September 2014



# Washington Gas – Virginia

## Recent Purchased Gas Charges and Balancing Charges<sup>1</sup>

### Washington Gas Purchased Gas Costs\* Virginia

Month, Year	Commercial Customers Dollars per Therm*	Group Metered Apartments Customers Dollars per Therm*
Nov-12	\$0.5142	\$0.5733
Dec-12	\$0.4488	\$0.5746
Jan-13	\$0.4578	\$0.5835
Feb-13	\$0.4962	\$0.6220
Mar-13	\$0.4690	\$0.5929
Apr-13	\$0.5936	\$0.7175
May-13	\$0.6344	\$0.7583
Jun-13	\$0.6022	\$0.7177
Jul-13	\$0.5366	\$0.6521
Aug-13	\$0.4165	\$0.5320
Sep-13	\$0.4423	\$0.5582
Oct-13	\$0.4838	\$0.5996
Nov-13	\$0.4838	\$0.5996
Dec-13	\$0.5282	\$0.6773

*\*Reflects purchased gas costs minus the balancing charges listed below. Effective April 2001, the Balancing Charge is billed to third party suppliers by Washington Gas to recover a portion of Washington Gas' capacity and peaking operation's costs. The Balancing Charge does not include a portion of Washington Gas' storage costs, which are billed separately to third party suppliers.*

### Washington Gas Balancing Charges - Virginia Commercial Customers

Month, Year	Dollars Per Therm
Mar 2012 - Nov 2012	\$0.0101
Dec 2012 - Feb 2013	\$0.0061
Mar 2013 - Nov 2013	\$0.0069

### Washington Gas Balancing Charges - Virginia Group Metered Apartment Customers

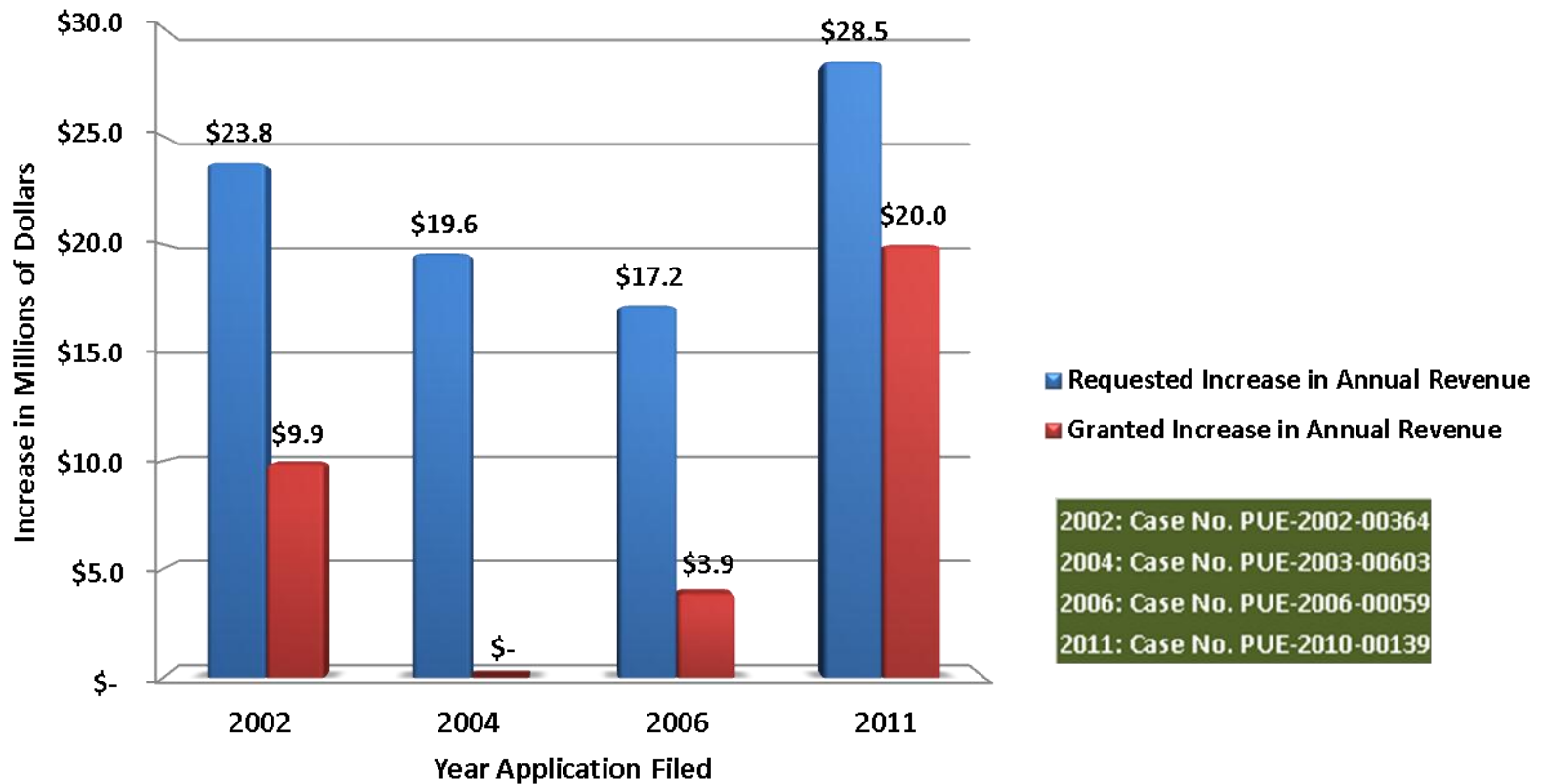
Month, Year	Dollars Per Therm
Mar 2012 - Nov 2012	\$0.0096
Dec 2012 - Feb 2013	\$0.0051
Mar 2013 - Nov 2013	\$0.0079

<sup>1</sup>Washington Gas VA Purchased Gas Cost and Balancing Charges

<http://www.washgas.com/pages/VACOMWashingtonGasPurchasedGasCosts>

# Washington Gas – Virginia Case History

## Summary of WGL Rate Increase Applications and Results Virginia





# **Dominion Virginia Power Biennial Rate Review & Riders**



# Dominion Virginia Power

## Case No. PUE-2013-00020

- Filed Biennial Review of Rates on March 28, 2013
- Filing states DVP earned a 10.11% ROE, which is below the 10.9% ROE approved by the Commission in the 2011 Biennial Review
- DVP states that if the SCC finds that DVP has earned under 11.4% in 2011-2012, base rates cannot be lowered until December 2017 at the earliest
- DVP is not seeking a base rate increase at this time
- DVP seeks 11.50% Return on Equity (ROE) to be applied to generation and distribution services for 2013-2014
- DVP also seeks approval of a new line extension plan
  - Plan would expand use of underground lines for new Residential services
  - Plan would also enhance opportunity to convert overhead service feeds to underground lines for existing customers





# Dominion Virginia Power

Case No. PUE-2013-00020 (Cont.)

## SCC Decision:

- On November 26, 2013, the SCC issued a final order in the 2011-2012 biennial rate case.
- The SCC determined that Dominion Virginia Power's **base rates will be reduced slightly** since three demand-side management programs are no longer offered by the company. Other decisions set forth in the SCC's final order become the basis for the next biennial review for calendar years 2013 and 2014
- Among the significant decisions included in the SCC Order:
  - DVP on average had earned an ROE of 10.25%, however, it was authorized to earn a minimum ROE of 10.4%
  - The SCC determined DVP experienced an under-recovery of ~\$22.7 million
  - The new **ROE for DVP is now 10%**
  - The SCC determined base rates should be reduced to account for three discontinued demand side management programs; **base rates are estimated to be lowered by ~ \$7.9 million**
- Changes were made to the tariffs and DVP has been directed to file revised tariff pages in accordance with the SCC Order



# Dominion Virginia Power – *Rate Riders*

## Current and Proposed Surcharges

<u>Rider</u>	<u>Description/Rate</u>	<u>Previous Rate</u>	<u>New Rate</u>	<u>Effective Date of New Rate</u>	<u>Percent Difference</u>
<b>S</b>	<b>New Coal Plant (VCHEC)<sup>1</sup> <i>Previous rates in effect 4/1/2012-3/31/2013</i></b>				
	<b>GS-1</b>	<b>0.335 ¢/kWh</b>	<b>0.343 ¢/kWh</b>	<b>4/1/2013</b>	<b>2%</b>
	<b>GS-2 Non-Dem</b>	<b>0.302 ¢/kWh</b>	<b>0.366 ¢/kWh</b>	<b>4/1/2013</b>	<b>2%</b>
	<b>GS-2 Demand</b>	<b>0.302 ¢/kWh</b>	<b>0.366 ¢/kWh</b>	<b>4/1/2013</b>	<b>2%</b>
	<b>GS-3</b>	<b>1.282 \$/kW</b>	<b>1.326 \$/kW <sup>2</sup></b>	<b>4/1/2013</b>	<b>3%</b>
	<b>GS-4 Primary</b>	<b>1.253 \$/kW</b>	<b>1.245 \$/kW <sup>2</sup></b>	<b>4/1/2013</b>	<b>(0.6)%</b>

1 Rates for Rider S and Rider R change annually on April 1<sup>st</sup>

2 Applied to On-Peak Electric Demand



# Dominion Virginia Power – Rate Riders

## ➤ Current and Proposed DVP Surcharges (Cont.)

<u>Rider</u>	<u>Description/Rate</u>	<u>Previous Rate</u>	<u>New Rate</u>	<u>Effective Date of New Rate</u>	<u>Percent Difference</u>
<b>R</b>	<b>Gas-Fired Generating Plant (Bear Garden)</b> <sup>1</sup> <i>Previous rates in effect 4/1/2012 – 3/31/13</i>				
	GS-1	0.101 ¢/kWh	0.108 ¢/kWh	4/1/2013	7%
	GS-2 Non-Dem	0.091 ¢/kWh	0.115 ¢/kWh	4/1/2013	26%
	GS-2 Demand	0.091 ¢/kWh	0.115 ¢/kWh	4/1/2013	26%
	GS-3	0.385 \$/kW	0.418 \$/kW <sup>2</sup>	4/1/2013	9%
	GS-4 Primary	0.366 \$/kW	0.392 \$/kW <sup>2</sup>	4/1/2013	7%
<b>T1</b>	<b>Transmission</b> <i>Previous rates in effect 4/1/2012 – 9/1/12</i>				
	GS-1	0.558 ¢/kWh	-0.053 ¢/kWh	9/1/12 <sup>3</sup>	
	GS-2 Non-Dem	1.239 ¢/kWh	-0.159 ¢/kWh	9/1/12 <sup>3</sup>	
	GS-2 Demand	1.674 \$/kW	-0.219 \$/kW	9/1/12 <sup>3</sup>	
	GS-3	2.077 \$/kW	-0.177 \$/kW	9/1/12 <sup>3</sup>	
	GS-4 Primary	1.527 \$/kW	-0.512 \$/kW	9/1/12 <sup>3</sup>	

1 Rates for Rider S and Rider R change annually on April 1<sup>st</sup>

2 Applied to On-Peak Electricity Supply Demand

3 Rates effective for usage on and after 4/1/12, on an interim basis, Rates from 3/31/12-8/31/12 were 0.00 ¢/kWh and 0.00 \$/kW. New Rates effective 9/1/12.



# Dominion Virginia Power – *Rate Riders*

## Current and Proposed DVP Surcharges (Cont.)

<u>Rider</u>	<u>Description/Rate</u>	<u>Current Rate</u>	<u>New Rate</u>	<u>Effective Date of New Rate</u>
<b>A</b>	<b>Fuel Charge Adjustment All Rates</b>	<i>As of 7-1-13</i> <b>2.942 ¢/kWh</b>	<i>Effective 12-1-13<sup>1</sup></i> <b>2.572 ¢/kWh</b>	<b>12/1/13</b>
<b>C1</b>	<b>Peak Shaving<sup>1</sup></b> <i>current rates in effect 1/27/12</i>			
	GS-1	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-2 Non-Dem	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-2 Demand	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-3	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-4 Primary	<b>0.000 ¢/kWh<sup>1</sup></b>		
<b>C2</b>	<b>Energy Efficiency<sup>1</sup></b> <i>current rates in effect 1/27/12</i>			
	GS-1	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-2 Non-Dem	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-2 Demand	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-3	<b>0.000 ¢/kWh<sup>1</sup></b>		
	GS-4 Primary	<b>0.000 ¢/kWh<sup>1</sup></b>		

<sup>1</sup> SCC Approved, Case No. PUE-2013-00042, updated November 20, 2013

<sup>2</sup> For C1 and C2, rates effective for usage on and after 1/27/12, on an interim basis.



# Dominion Virginia Power – *Rate Riders*

## ➤ Current and Proposed DVP Surcharges (Cont.)

<u>Rider</u>	<u>Description/Rate Class</u>	<u>Previous Rate</u>	<u>New Rate</u>	<u>Effective Date</u>	<u>% Difference</u>
<b>INCREMENT RIDERS –</b>					
<b>C1A</b>	<b>Peak Shaving Increment Rider</b>	<i>Previous rates effective 5/10/12 – 5/3/13</i>			
	GS-1	0.007 ¢/kWh <sup>1</sup>	0.005 ¢/kWh <sup>1</sup>	5/4/13	- 40%
	GS-2 Non-Dem	0.006 ¢/kWh <sup>1</sup>	0.005 ¢/kWh <sup>1</sup>	5/4/13	- 20%
	GS-2 Demand	0.006 ¢/kWh <sup>1</sup>	0.005 ¢/kWh <sup>1</sup>	5/4/13	- 20%
	GS-3	0.005 ¢/kWh <sup>1</sup>	0.004 ¢/kWh <sup>1</sup>	5/4/13	- 25%
	GS-4 Primary	0.005 ¢/kWh <sup>1</sup>	0.003 ¢/kWh <sup>1</sup>	5/4/13	- 67%
<b>C2A</b>	<b>Energy Efficiency Increment Rider</b>	<i>Previous rates effective 5/10/12 - 5/3/13</i>			
	GS-1	0.017 ¢/kWh <sup>1</sup>	0.034 ¢/kWh <sup>1</sup>	5/4/13	100%
	GS-2 Non-Dem	0.015 ¢/kWh <sup>1</sup>	0.031 ¢/kWh <sup>1</sup>	5/4/13	106%
	GS-2 Demand	0.015 ¢/kWh <sup>1</sup>	0.031 ¢/kWh <sup>1</sup>	5/4/13	106%
	GS-3	0.013 ¢/kWh <sup>1</sup>	0.027 ¢/kWh <sup>1</sup>	5/4/13	107%
	GS-4 Primary	0.010 ¢/kWh <sup>1</sup>	0.019 ¢/kWh <sup>1</sup>	5/4/13	90%

<sup>1</sup> This increment is not part of the Distribution kWh Charge included in the Distribution Service Charges section of the Rate Schedules, nor is this increment part of the Distribution kWh Charge included in the Other Monthly Charges section of the Special Contracts. Therefore, such increment shall be applied in addition to the Distribution rates stated in the Rate Schedules and the Special Contracts.



# Dominion Virginia Power - Rate Riders

## Current and Proposed DVP Surcharges (Cont.)

<u>Rider</u>	<u>Description/Rate</u>	<u>Previous Rate</u>	<u>Current Rate</u>	<u>Effective Date</u>	<u>%Difference</u>
<b>W</b>	<b>Warren Co. Power Station</b>	<i>Previous rates in effect 4/1/2012 – 3/31/13</i>			
	GS-1	0.046 ¢/kWh	0.115 ¢/kWh	4/1/2013	150%
	GS-2 Non-Dem	0.042 ¢/kWh	0.122 ¢/kWh <sup>1</sup> , 0.449 \$/kW <sup>1</sup>	4/1/2013	190%
	GS-2 Demand	0.042 ¢/kWh	0.122 ¢/kWh <sup>2</sup> , 0.449 \$/kW <sup>2</sup>	4/1/2013	190%
	GS-3	0.177 \$/kW <sup>3</sup>	0.444 \$/kW <sup>3</sup>	4/1/2013	151%
	GS-4 Primary	0.173 \$/kW <sup>3</sup>	0.417 \$/kW <sup>3</sup>	4/1/2013	141%
<b>B</b>	<b>Biomass Conversions</b>	<i>Previous rates in effect 4/1/2012 – 3/31/13</i>			
	GS-1	0.009 ¢/kWh	0.017 ¢/kWh	4/1/2013	89%
	GS-2 Non-Dem	0.008 ¢/kWh	0.018 ¢/kWh <sup>1</sup> , 0.067 \$/kW <sup>1</sup>	4/1/2013	125%
	GS-2 Demand	0.008 ¢/kWh	0.018 ¢/kWh <sup>2</sup> , 0.067 \$/kW <sup>2</sup>	4/1/2013	125%
	GS-3	0.034 \$/kW <sup>3</sup>	0.066 \$/kW <sup>3</sup>	4/1/2013	94%
	GS-4 Primary	0.033 \$/kW <sup>3</sup>	0.062 \$/kW <sup>3</sup>	4/1/2013	88%

<sup>1</sup>If the monthly Load Factor is less than or equal to 50%, the Energy Rate (kWh) applies; otherwise the Demand Charge (kW) applies to the kW of Demand. Load Factor is calculated as Monthly Total kWh ÷ the number of Days in the Billing Month ÷ 24 ÷ the Maximum Measured kW of Demand.

<sup>2</sup> If the monthly Load Factor is less than or equal to 50%, the Energy Rate (kWh) applies; otherwise the Demand Charge (kW) applies to the On-Peak Electricity Supply Demand. Load Factor is calculated as Monthly Total kWh ÷ the number of Days in the Billing Month ÷ 24 ÷ the Maximum Measured kW of Demand.

<sup>3</sup>Applied to On-Peak Electricity Supply Demand.



# Dominion Virginia Power

## *NEW Rate Riders*

### Current and Proposed DVP Surcharges (Cont.)

<u>Rider</u>	<u>Description/Rate</u>	<u>Rate</u>	<u>Effective Date</u>
<b>BW Brunswick County Power Station</b>			
	GS-1	0.059 ¢/kWh	9/1/2013
	GS-2 Non-Dem	0.063 ¢/kWh <sup>1</sup> , \$0.230/ \$/kW <sup>1</sup>	9/1/2013
	GS-2 Demand	0.063 ¢/kWh, \$0.230/ \$/kW <sup>2</sup>	9/1/2013
	GS-3	0.229 \$/kW <sup>3</sup>	9/1/2013
	GS-4 Primary	0.217 \$/kW <sup>3</sup>	9/1/2013

<sup>1</sup>If the monthly Load Factor is less than or equal to 50%, the Energy Rate (kWh) applies; otherwise the Demand Charge (kW) applies to the kW of Demand. Load Factor is calculated as Monthly Total kWh ÷ the number of Days in the Billing Month ÷ 24 ÷ the Maximum Measured kW of Demand.

<sup>2</sup> If the monthly Load Factor is less than or equal to 50%, the Energy Rate (kWh) applies; otherwise the Demand Charge (kW) applies to the On-Peak Electricity Supply Demand. Load Factor is calculated as Monthly Total kWh ÷ the number of Days in the Billing Month ÷ 24 ÷ the Maximum Measured kW of Demand.

<sup>3</sup>Applied to On-Peak Electricity Supply Demand.



# Pepco DC Undergrounding Status District of Columbia



# Pepco Undergrounding Status

## District of Columbia

- On May 15, 2013, the District of Columbia Mayor accepted the recommendations in an interim report presented by the Power Line Undergrounding Task Force (established in August 2012)
  - A seven year, \$1 billion program to underground up to 60 high voltage distribution feeder lines, which historically have been most impacted by storms and overhead related outages
  - The implementation of the recommendations is expected to result in 95% improved reliability for customers served by those power lines
- Funding would be split 50/50 between Pepco and the District of Columbia (District)
  - Pepco's funding will be approximately 50% debt and 50% equity (from parent) totaling \$500 million
  - District's funding will be \$375 million in securitized bonds and \$62-\$125 million in District Department of Transportation improvement funds
  - Pepco cost recover through a consumer surcharge until assets are moved to rate base
  - For residential customers, the rat impact will start at about \$1.50 per month and will increase to a maximum of \$3.25 after seven years, or about a 3.23% increase in total bill
- Next steps – to execute recommendations, enabling legislation is required to:
  - Authorize the securitization financing mechanism
  - Direct the Public Service Commission (PSC) to establish a surcharge to recover debt payments associated with the securitized bonds
  - Direct the PSC to establish a surcharge to allow Pepco timely recovery of costs associated with the undergrounding work

## AOBA Assessment of Rate Impacts for DC Undergrounding Plan

*Pepco Financing Assumptions*

	Pepco Financing	Securitized Bonds	Total
Invested Capital	\$ 500,000,000	\$ 375,000,000	\$ 875,000,000
Assumed Rate of Return	6.50%	2.50%	
Return on Investment	\$ 32,500,000	\$ 9,375,000	\$ 41,875,000
Taxes on Equity Return	\$ 8,418,508		\$ 8,418,508
Depreciation/Loan Amort Period	50 yrs	15 yrs	
Depreciation/Loan Amortization	\$ 10,000,000	\$ 20,912,421	\$ 30,912,421
Total Revenue Requirement	\$ 50,918,508	\$ 30,287,421	<b>\$ 81,205,929</b>

Pepco Capital Cost for Incremental Financing			Composite Tax Factor	Tax Adjusted Cost Rate
	Cost Rate	Weighted Cost Rate		
Long-Term Debt	50.00%	3.50%	1.75%	1.75%
Common Equity	<u>50.00%</u>	9.50%	<u>4.75%</u>	<u>8.12%</u>
Total	100.00%	6.50%	58.51625%	9.87%

Allocation by Class	FC 1087 Compliance Filing		Undergrounding Revenue Requirement	Percent Base Rate Increase
Commercial	\$ 236,178,302	78.09%	\$ 63,413,619	22.66%
MMA	\$ 12,284,996	4.06%	\$ 3,298,508	34.17%
Residential (Excl RAD)	\$ 46,410,209	15.35%	\$ 12,461,091	20.02%
Other (Metro/Blue Plains/St Lgts)	\$ 7,570,649	2.50%	\$ 2,032,711	23.15%
Total	\$ 302,444,156	100.00%	<b>\$ 81,205,929</b>	22.23%

### Residential Surcharge Revenue (Per Press Release)

	Rate	Annual Cost Per Customer	No. of Customers	Annual Revenue
Year 1	\$ 1.50	\$ 18.00	215,600	\$ 3,880,800
Years 6 - 9	\$ 3.25	\$ 39.00	247,657	\$ 9,658,609
Residential Full Implementation (Yr 6-9) Revenue Requirement				\$ 12,461,091
Residential Revenue Shortfall				\$ 2,802,482
Percent Revenue Shortfall				29.0%
Adjusted Year 7 Rate per Customer per Month				\$ 4.19
Adjusted Year 7 Revenue per Residential Customer				\$ 50.32



# **Pepco**

## **Rate Increase Request**

### **District of Columbia**



## **Pepco DC - *Formal Case No. 1103***

- Base Rate Increase Request – Filed March 8, 2013
- The Company is seeking:
  - ✓ **\$52.1 Million** rate increase request, revised from the original request of **\$51.745 Million**, further revised to **\$44.1 million**
  - ✓ An **8.07% Rate of Return (ROR)**, Revised from the original request of **8.23%**. Currently authorized ROR is **8.03%**
  - ✓ A **10.25% Return of Equity (ROE)**, an increase from the currently authorized ROE of **9.5%**
- **Drivers:**
  - ✓ Pepco argues a rate increase is needed to pay for reliability investments and to improve service to customers
- **Hearings have concluded. PSC Final Order Expected - 1<sup>st</sup> Quarter 2014**



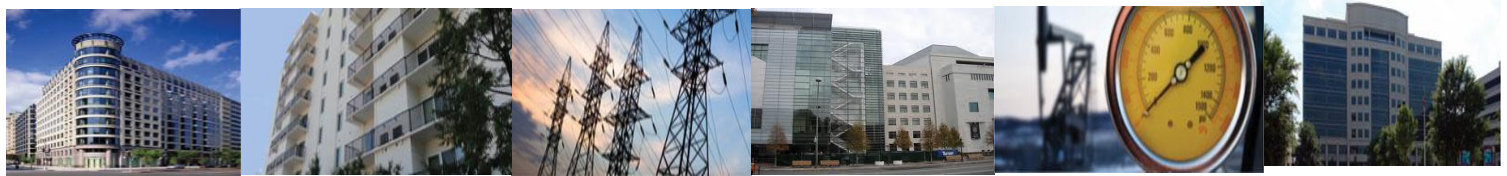
# Pepco DC - *Formal Case No. 1103*

## Potential Budget Impacts

### Requested Distribution Increases by Rate Class<sup>1</sup>:

<u>Rate Class</u>	<u>Increase in Distribution Over Present Rates</u>
Residential	33.1%
RAD	22.1%
RTM	15.9%
RES-AE	31.2%
Master Metered Apts (MMA)	-21.5%
GS-LV	14.1%
GS-HV	12.0%
GT-LV	15.8%
GT-3B	16.4%
GT-3A	15.4%
METRO	16.2%
SL-E	24.9%
ST LGHT-s	16.6%
TN	12.9%
<b>Overall Increase</b>	<b>16.6%</b>

<sup>1</sup> Increase percentages from Pepco Application Filed on March 8, 2013, Pepco (I)-1, p 1 of 19



# Pepco - DC

## Other Charges:

### Energy Assistance Trust Fund Surcharge

Effective for Billing Months of October 2010 & After \$0.00006070 per kWh

### Public Space Occupancy Surcharge

Rate Effective March 1, 2011 \$0.00194 per kWh

Rate Effective March 1, 2013 \$0.00199 per kWh

### Delivery Tax Surcharge

Rate Effective February 20, 2008 \$0.0077 per kWh

### Residential AID Surcharge (RADS)

Effective for Service On and After June 1, 2011 \$0.000691 per kWh

Effective for Service On and After October 1, 2012 \$0.000515 per kWh

### Sustainable Energy Trust Fund Surcharge

Rate Effective October 1, 2010 \$0.00150 per kWh



# Pepco – DC

## Bill Stabilization Adjustment (\$/kWh)

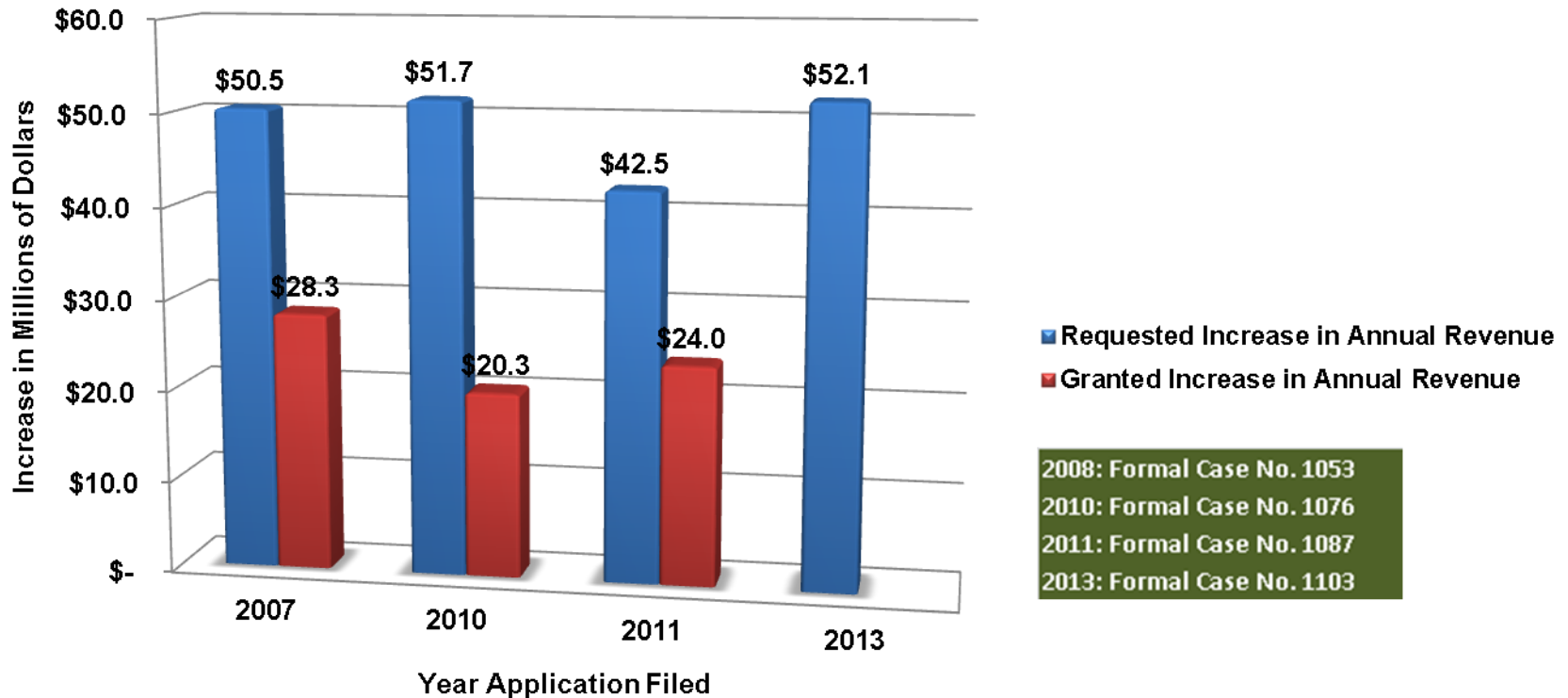
Recomputed Monthly; charges can vary noticeably from month-to-month .

The monthly charge is capped at 10% of base distribution charge. Any amount in excess of the cap is deferred for recovery in a future month.

<u>Rate Class</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>
R	0.002797	0.002863	0.001525
AE	0.000738	0.001571	0.001409
RTM	0.004602	0.004726	0.004656
GS ND	(0.005232)	(0.004787)	(0.004590)
GSD	0.005010	0.004282	0.004241
GS HV	(0.004611)	(0.003775)	(0.003787)
GTLV	0.002970	0.003117	0.002959
GT3A	0.001323	0.000267	0.000961
GT3B	0.000201	0.000211	0.000174

# Pepco– District of Columbia Case History

Summary of Pepco Rate Increase Applications and Results  
District of Columbia







# Pepco Rate Increase Request Maryland



# Pepco Maryland

## *Case No. 9311*

- Base Rate Increase Request – Filed November 30, 2012
- The Company is seeking:
  - ✓ A **\$60.8 Million** rate increase
  - ✓ Approval of a Separate Infrastructure Surcharge, or **Grid Resiliency Charge** to fund accelerated investments in reliability
    - Surcharge would permit the Company to pass-through additional rate increases without having to file a rate case before the MD PSC
  - ✓ A **ROR of 8.06%** based on a **10.25%** Return on Equity (ROE), an increase from the currently authorized ROE of **9.31%**



# Pepco Maryland

*Case No. 9311*

## Commission Decision and Results:

- On July 12, 2013, the MD PSC approved a **\$27.883 Million** increase, Order No. 85724. The Company requested a rate increase of **\$60.827 Million**.
- Pepco may earn a **9.36%** Return on Equity; Pepco requested a **10.25%** Return on Equity
- In recognition of Governor O'Malley's Task Force Report, PSC approved \$24 million for a Priority Feeders project to accelerate the hardening of 24 feeders that are prone to outages during major storm events, 12 feeders each in 2014 and 2015, with conditions – rejected \$151 million selective undergrounding (further study necessary –may help in DC), and \$17 million accelerated vegetation management
- **New Case Filed December 4, 2013, Case No. 9336**



# Pepco Maryland - Case No. 9311

## Budget Impacts

### Distribution Increases by Rate Class:

<u>Rate Class</u>	<u>Proposed Increase in Distribution Over Present Rates<sup>1</sup></u>	<u>Approved Increase in Distribution Over Present Rates<sup>2</sup></u>
Residential	19.47%	8.92%
RTM	19.47%	8.92%
GS-LV	12.13%	5.56%
MGT-LV	12.13%	5.56%
MGT-3A	0.00%	0.00%
GT-LV	12.13%	5.56%
GT-3B	0.00%	0.00%
GT-3A	12.13%	5.56%
TM-RT	12.13%	5.56%
SL	12.13%	5.56%
SSL	12.13%	5.56%
TN	0.00%	0.00%
<b>Overall Increase</b>	<b>16.0%</b>	<b>7.30%</b>

<sup>1</sup> Increase percentages from Pepco Application Filed on November 26, 2012

<sup>2</sup> Pepco Compliance Filing, Case No. 9311, Attachment B, page 1 of 18



# Pepco Maryland

**NEW** Case No. 9336

- **NEW** Base Rate Increase Request – Filed December 4, 2013
- The Company is seeking:
  - ✓ A \$43,343,000 million increase in distribution rates
  - ✓ An authorized rate of return on equity of 10.25%, an increase from the current ROE of 9.36%
  - ✓ New rates effective **July 4, 2014**



# Pepco Maryland - *Case No. 9336*

## Potential Budget Impacts

### Distribution Increases by Rate Class:

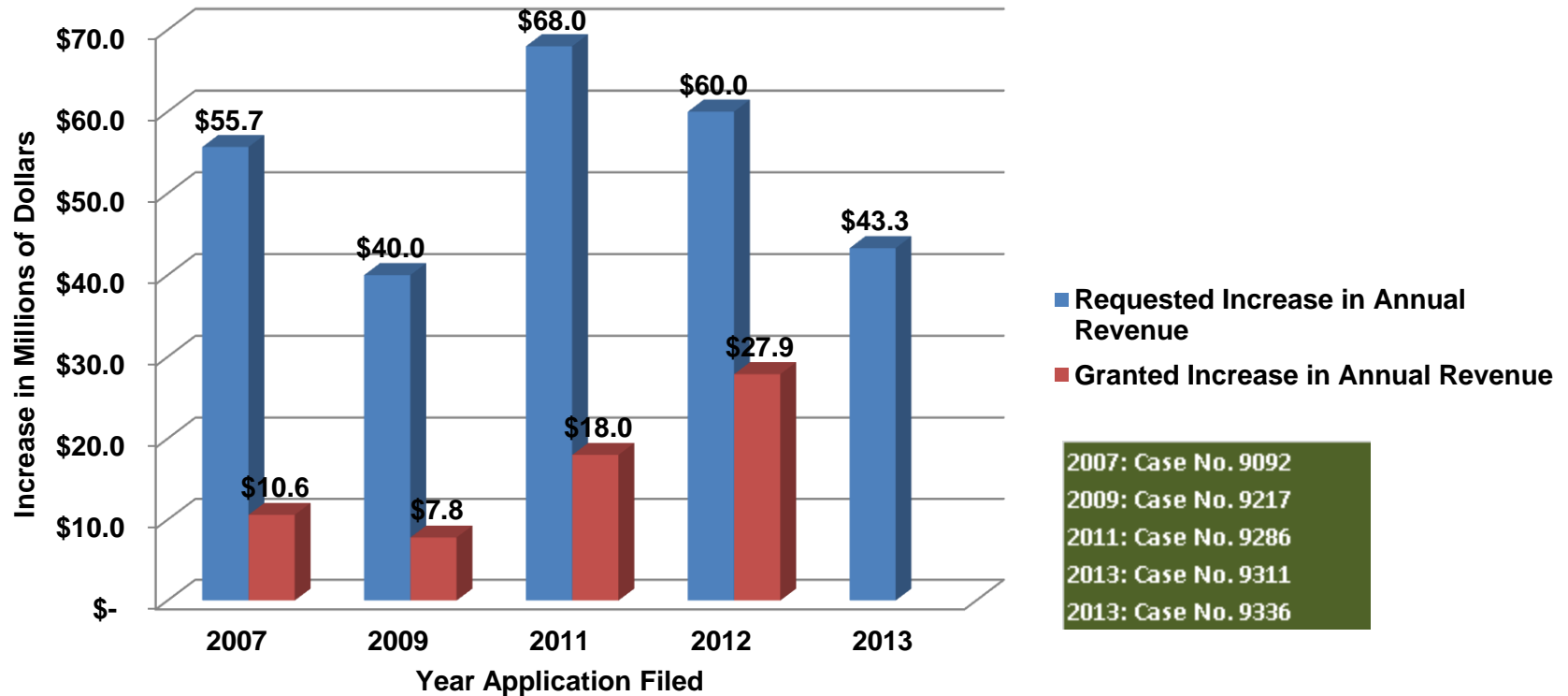
<u>Rate Class</u>	<u>Proposed Increase in Distribution Over Present Rates<sup>1</sup></u>
Residential	12.28%
RTM	12.28%
GS-LV	8.04 %
MGT-LV	8.04%
MGT-3A	0.00%
GT-LV	8.04 %
GT-3B	0.00 %
GT-3A	12.28 %
TM-RT	8.04%
SL	8.04 %
SSL	12.28 %
TN	0.00 %
<b>Overall Increase</b>	<b>10.6 %</b>

<sup>1</sup> Increase percentages from Pepco Application Filed on December 3, 2013

# Pepco– Maryland

## Case History

### Summary of Pepco Rate Increase Applications and Results Maryland





# Pepco Other Charges Maryland





# Pepco Maryland

## NEW - Grid Resiliency Charge Rider – Rider “GRC”<sup>1</sup>

### MONTHLY CHARGES AND RATES:

<u>Rate Schedule</u>	<u>Effective January 1, 2014</u>
“R”	\$0.00006 per kwhr
“R-TM”	\$0.00004 per kwhr
“GS”, “T”, “EV”	\$0.00006 per kwhr
“MGT LV II”, “MGT LV III”	\$0.0135 per kw of maximum demand
“MGT 3A II”, “MGT 3A III”	\$0.0127 per kw of maximum demand
“GT LV”	\$0.0143 per kw of maximum demand
“GT 3A”	\$0.0095 per kw of maximum demand
“GT 3B”	\$0.0066 per kw of maximum demand
“TM-RT”	\$5.92 per month per delivery point
“SL”	\$0.00004 per kwhr
“TN”	\$0.00004 per kwhr
“OL”	

The Grid Resiliency Charge is currently expected to remain in effect for approximately three years beginning in January 2014, and thereafter will continue in effect until the completion of the first rate case filed after all of approved grid resiliency-related projects are placed into service.

<sup>1</sup> Pepco MD Electric Tariff, Original Page No. 56,  
Based on \$25 million from Case No. 9311



# Pepco Maryland

## Monthly BSA Charges (\$/kWh)

- ✓ Since first implementation in 2007, Commercial classes frequently subject to Maximum Monthly 10% Adjustment
- ✓ Large Deferred Balances have accumulated for MGT-3A, GT-LV, and MGT-LV classes
- ✓ Those Large Deferred Balances ensure that identified classes will continue to pay Maximum Monthly (10%) rate adjustments well into the future

<u>Rate Class</u>	<u>Oct-13</u>	<u>Nov-13</u>	<u>Dec-13</u>
R	0.005140	0.003503	0.003248
R-TM	0.003564	0.003734	0.003430
GS	0.003850	(0.000437)	0.003351
MGT-LV	0.001791	0.001437	0.001568
MGT-3A	0.002129	0.001492	0.001431
GT-LV	0.002348	0.001690	0.001626
GT-3A	0.001374	0.000969	0.000941
GT-3B	0.000897	0.000644	0.000649
T	0.006871	0.003237	0.003146
EV	(0.001057)	(0.000805)	(0.000839)



# Pepco Maryland

## Montgomery County Energy Tax

Tax Rate as of 6-30-10	\$0.01384 per kWh
Tax Rate Effective 7-1-10 through 6-30-12	\$0.02210 per kWh
Tax Rate Effective 7-1-11 through 6-30-12	\$0.02259 per kWh
Tax Rate Effective 7-1-12 through 6-30-13	\$0.0217063 per kWh
Tax Rate Effective 7-1-13 through 6-30-14	\$0.020370 per kWh

## Prince Georges County Energy Tax

Rate Effective 7/1/12	\$0.0064890 per kWh
Rate Effective 7/1/13	\$0.0059080 per kWh

## Maryland Environmental Surcharge (Rider "MES")

Effective 7/1/12 through 6/30/14	\$0.000150 per kWh
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## Delivery Tax

\$0.000620 per kWh

## Fuel/Energy Tax Estimates Montgomery County, Maryland Through FY 2019

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19
<u>Current Law</u>								
Collect	\$226,148,664							
% change	-3.1%							
<b>Forecast</b>	<b>FORECAST</b>							
December '12 Update	\$224,730,000	\$228,030,000	\$231,810,000	\$235,280,000	\$237,220,000	\$238,070,000	\$240,790,000	
FY14 Budget (3/13)	\$219,060,000	\$222,300,000	\$225,970,000	\$229,550,000	\$232,030,000	\$233,430,000	\$234,750,000	
Difference	(\$5,670,000)	(\$5,730,000)	(\$5,840,000)	(\$5,730,000)	(\$5,190,000)	(\$4,640,000)	(\$6,040,000)	
Growth Factor	-3.1%	1.5%	1.7%	1.6%	1.1%	0.6%	0.6%	
<u>% change</u>								
December '12 Update		-0.6%	1.5%	1.7%	1.5%	0.8%	0.4%	1.1%
FY14 Budget (3/13)		-3.1%	1.5%	1.7%	1.6%	1.1%	0.6%	0.6%
<u>Growth Factors :</u>								
- Households (Calendar Year)		1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
- Businesses (1)		0.9%	1.7%	2.0%	1.8%	1.1%	0.3%	0.3%
Total		2.0%	2.8%	3.0%	2.9%	2.2%	1.4%	1.4%
<u>Weighted Average</u>								
Growth Factor :		1.0%	1.5%	1.7%	1.6%	1.1%	0.6%	0.6%
- Add factor (weather and consumption)		0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Agricultural Adjustment		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rate change		-4.6%						
Total		-3.1%	1.5%	1.7%	1.6%	1.1%	0.6%	0.6%

	FY12 est.	FY13 est.	FY14 est.	FY15 est.	FY16 est.	FY17 est.	FY18 est.	FY18 est.
Energy Tax from Residential	\$83,756,972	\$75,892,830	\$77,015,320	\$78,286,783	\$79,527,066	\$80,386,256	\$80,871,283	\$81,328,594
Number of households	360,960	368,840	372,840	377,000	381,090	385,220	389,400	389,400
Average Tax per Household	\$232	\$206	\$207	\$208	\$209	\$209	\$208	\$209
Energy Tax from Non-Residential	\$142,391,692	\$143,167,170	\$145,284,680	\$147,683,217	\$150,022,934	\$151,643,744	\$152,558,717	\$153,421,406

Montgomery County Department of Finance: February 2013