



AOBA Utility and Energy Market Update DC, Maryland, and Virginia February 15, 2017

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AOBA Utility & Energy Market Update

Agenda

I. DC Water Rate Update

II. Competitive Energy and Market Update

III. Washington Gas Light Company (WG)

- A. WG DC – Formal Case No. 1137, filed February 26, 2016 & Updated Surcharge Rates
- B. WG MD - Rate Case Horizon & Updated Surcharge Rates
- C. WG VA – Case No. PUE-2016-00001, filed June 30, 2016 & 2017 SAVE Rider rates
- D. Interruptible Customers and Analog Phone Line Issue

IV. Potomac Electric Power Company (Pepco)

- A. Pepco DC – Formal Case No. 1139, filed June 30, 2016 & Updated Surcharge Rates
- B. Pepco DC Formal Case No. 1116 & 1121 -Undergrounding of Pepco's Distribution Service – Update
- C. Pepco MD – Case No. 9418, filed April 19, 2016, Decision Issued Nov. 15, 2016 & Updated Surcharge Rates
- D. Pepco Exelon Proposed Merger, Formal Case No. 1119 & Case No. 9361

V. MD Renewable Portfolio Standard (RPS)

VI. Dominion Virginia Power – Updated Rate Riders

Washington Gas Light Company

AltaGas to Acquire Washington Gas Light for \$6.4 Billion

On January 25, 2017 WGL Holdings, Inc. and AltaGas Ltd. announced that the Board of Directors for both companies have approved an agreement and merger plan for AltaGas to acquire WGL for \$6.4 billion.

WGL has stated it will retain its headquarters in Washington DC to manage its utility business and will remain regulated by the Commissions in DC, MD, and VA.

Applications for approval of acquisition have not been filed in DC, MD, or VA at this time.



Washington Gas Light Company District of Columbia

Washington Gas

District of Columbia – FC No. 1137 ¹

- On February 26, 2016, WG filed its application for authority to increase existing rates and charges for gas service for customers in the District of Columbia
- **WG is requesting an increase in the Company's weather-normalized annual revenue of \$17.4 million**
 - Of the \$17.4 million revenue increase request, \$4.5 million represents costs associated with system upgrades previously approved by the PSC that are currently paid by customers through surcharges (PROJECTpipes, FC 1115 & mechanical coupling, FC 1027)
 - The requested rates are designed to collect ~\$171.7 million in total annual revenues.
- **WG is requesting an opportunity to earn an overall ROR of 8.23% including a ROE of 10.25%**
- **AOBA recommendations based on the approval of a Revenue Normalization Adjustment are:**
 - If the RNA is rejected, AOBA recommends an ROE of not greater than 9.25% and an overall rate of return of not greater than 7.39%
 - If the RNA is approved, AOBA recommends an ROE of not greater than 9.00% and an overall rate of return of not greater than 7.30%
- **New Rates effective on or about March 10, 2017**

¹ The Application for Washington Gas Light Company for Authority to increase exist rates and charges for gas service, page 1 & 3, February 26, 2016

Washington Gas

District of Columbia – FC No. 1137 ¹

- **WG is proposing to increase Customer Charges for all classes by 25%**
- **WG is also proposing a new rate design for Group Metered Apartment (GMA) customers**
 - The current rate design allows for C&I and GMA customers to be billed on the same rate schedule which reflected the same charges
 - FC No.1137 proposes a separate rate schedule for C & I and GMA Customers
 - C&I customers would be billed under Schedules 2 (delivery)& 2A (sales)
 - GMA customers would be billed under Schedules 2B (delivery) & 2C (sales)
- **WG is also proposing a Revenue Normalization Adjustment (RNA)**
 - The RNA is a billing adjustment which would calculate a credit or a charge to monthly distribution charges for firm customers based on the difference between the actual revenue received by WG and the level of revenue the Company is allowed to collect, based on this rate case.
 - The RNA is similar to Pepco's Bill Stabilization Adjustment (BSA).
- **WG is also proposing to fund research and development (R&D) programs**
 - R&D programs would be managed by the Gas Technology Institute

¹ The Application for Washington Gas Light Company for Authority to increase exist rates and charges for gas service, page 4 & 6, February 26, 2016

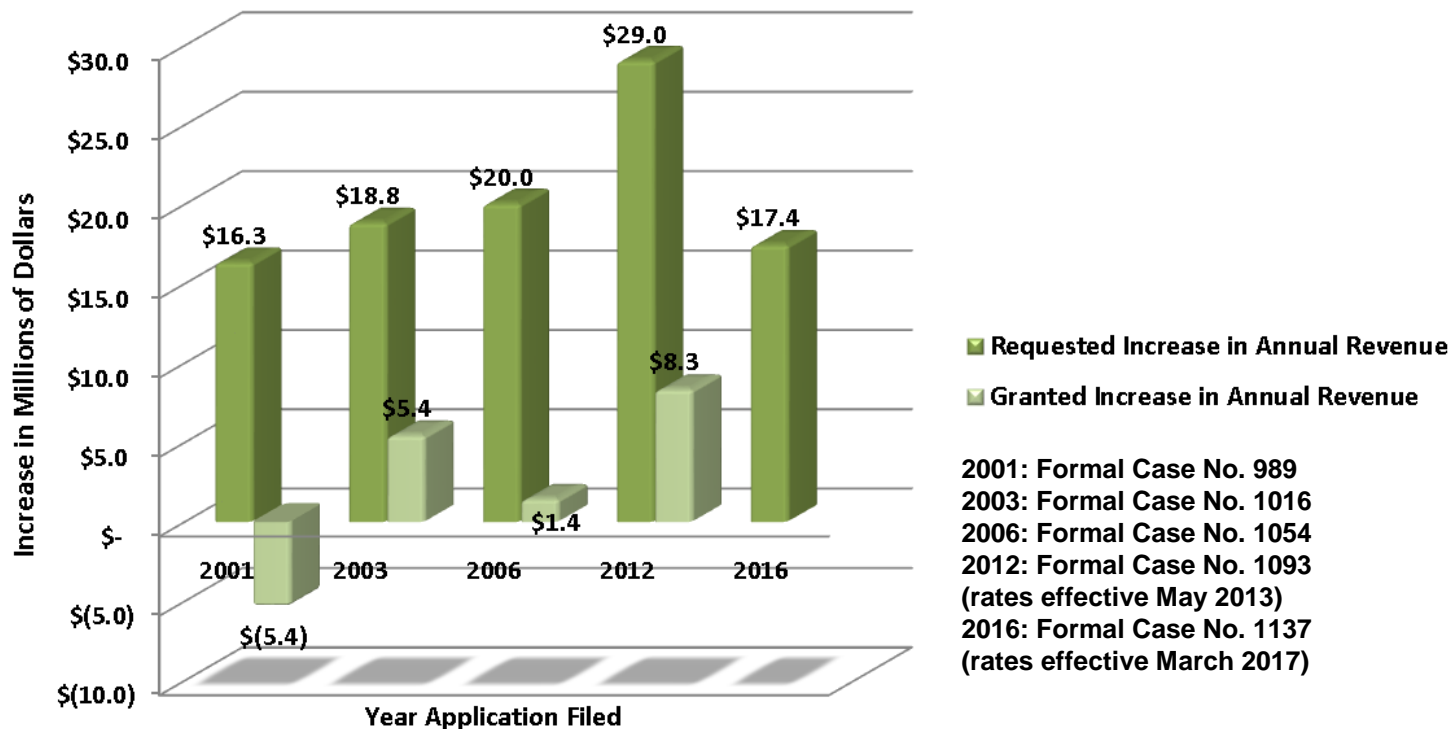
Washington Gas District of Columbia – FC No. 1137 ¹

Line No.	Description	Total Number of Bills B	Average Number of Customers C=B/12	Adjusted Annual Therms D a/	Operating Revenues (000's) Excluding Gas Cost				Operating Revenues (000's) Including Gas Cost					
					Present Rates	Proposed Rates	Increase Amount	Increase Percent	Present Rates	Proposed Rates	Increase Amount	Increase Percent		
					E	F	G=F-E	H=G/E	I	J	K=J-I	L=K/I		
1	SALE / DELIVERY OF GAS REVENUE													
2	Residential													
3	Heating and/or Cooling	1,556,397	129,700	105,593,255	\$ 71,129	\$ 83,520	\$ 12,391	17.4%	\$ 120,274	\$ 132,665	\$ 12,391	10.3%		
4	Non-heating and Non-cooling													
5	Individually Metered Apartments	142,141	11,845	754,335	1,175	1,430	255	21.7%	1,560	1,815	255	16.4%		
6	Other	46,546	3,879	1,732,127	1,268	1,504	236	18.6%	2,070	2,306	236	11.4%		
7	Commercial and Industrial													
8	Heating and/or Cooling													
9	Less than 3,075 therms	48,787	4,066	9,582,378	5,950	6,618	668	11.2%	9,488	10,156	668	7.0%		
10	3,075 therms or more	39,339	3,278	58,609,858	32,784	34,708	1,924	5.9%	45,203	47,127	1,924	4.3%		
11	Non-heating and Non-cooling	28,360	2,363	13,416,440	7,372	7,614	242	3.3%	10,411	10,653	242	2.3%		
12	Group Metered Apartments													
13	Heating and/or Cooling													
14	Less than 3,075 therms	6,140	512	1,384,357	833	866	33	4.0%	1,293	1,326	33	2.6%		
15	3,075 therms or more	19,475	1,623	26,962,117	14,964	16,134	1,170	7.8%	19,801	20,971	1,170	5.9%		
16	Non-heating and Non-cooling	9,939	828	4,349,914	2,409	2,543	134	5.6%	3,306	3,440	134	4.1%		
17	Total Firm	1,897,124	158,094	222,384,780	\$ 137,884	\$ 154,937	\$ 17,053	12.4%	\$ 213,406	\$ 230,459	\$ 17,053	8.0%		
18	Interruptible	1,937	161	86,251,174	11,234	11,273	39	0.4%	11,234	11,273	39	0.4%		
19	Total Sales / Delivery Revenue	1,899,061	158,255	308,635,954	\$ 149,118	\$ 166,210	\$ 17,092	11.5%	\$ 224,640	\$ 241,732	\$ 17,092	7.6%		
20	Other Operating Revenue								5,124	5,440	316	6.2%		
21	Total Operating Revenue								\$ 229,764	\$ 247,172	\$ 17,408	7.6%		

¹ The Application for Washington Gas Light Company for Authority to increase exist rates and charges for gas service, Exhibit WG (M)-1, Schedule C, Page 1 of 2, February 26, 2016

Washington Gas District of Columbia History of Overreaching

Summary of WGL Rate Increase Applications and Results
District of Columbia



Washington Gas – District of Columbia Surcharges

Residential Essential Service Surcharge Tariff (RES)

Formal Case No. 1127

- On July 13, 2016, the District of Columbia Public Service Commission (DC PSC) approved the Washington Gas Residential Essential Service Surcharge Tariff (RES) , Order No. 18263.
- Per Washington Gas General Service Provisions, No. 29:
 - The monthly charges billed under the Company's Rate Schedule Nos. 1, 1A, 2, 2A, 3, and 3A shall include an adjustment which is called a Residential Essential Service (RES) Surcharge
 - The RES Surcharge shall be applied to bills monthly and comprise of a current factor and a reconciliation factor
 - The current factor will be effective with the December billing period each year; billing of the reconciliation factor will also commence with the December billing period each year
 - The RES Surcharge shall be billed as a separate line item on customer's monthly bills
 - The RES Surcharge will be applied to all customer bills other than Residential Essential Service customers
- **The current factor to be used during the 2016-2017 heating season is \$0.0034 per therm**
- **The RES rate effective with the December 2016 billing period**

Washington Gas – District of Columbia Surcharges

PROJECTpipes, Formal Case No. 1115

(Previously named the Accelerated Pipe Replacement Plan (APRP))

- On January 29, 2015, the District of Columbia Public Service Commission approved the Joint Settlement Agreement between Washington Gas, Office of People’s Counsel, and AOBA for approval of a revised Accelerated Pipe Replacement Program (the “APRP”) for the first five years of the program, Order No. 17789.
- Distribution charges billed under Washington Gas Rate Schedule Nos. 1, 1A, 2, 2A, 3, 3A and 6 will be subject to an adjustment called a **PROJECTpipes** adjustment and will be applied monthly as a separate line item on customer’s natural gas distribution bills.
- The PROJECTpipes charge changes annually and is implemented with each October billing cycle. A financial reconciliation factor is applied to the current APRP charge annually and implemented with each March billing cycle.
- WG will file a revised current factor after the PSC Final Order in FC 1137 is issued and the Company will then transfer the amounts in the current surcharge to base rates.

Washington Gas – District of Columbia Surcharges

PROJECTpipes, Formal Case No. 1115

(Previously named the Accelerated Pipe Replacement Plan (APRP))

	<u>Residential</u>	<u>Non-Residential</u>	<u>Interruptible</u>
Mar. 2015 Billing Cycle	\$0.0094 per therm	\$0.0035 per therm	\$0.0016 per therm
Oct. 2015 Billing Cycle	\$0.0157 per therm	\$0.0062 per therm	\$0.0032 per therm
Mar. 2016 Billing Cycle	\$0.0188 per therm	\$0.0073 per therm	\$0.0039 per therm
Oct. 2016 Billing Cycle	\$0.0324 per therm	\$0.0131 per therm	\$0.0073 per therm

This surcharge will change after the Commission issues its Final Order in Formal Case No 1137.

Washington Gas – District of Columbia Surcharges

➤ WGL Right of Way Surcharge (ROW), GT00-2¹

Rate Effective with the April 2012 Billing Cycle	\$0.0313 per therm
Rate Effective with the April 2013 Billing Cycle	\$0.0364 per therm
Rate Effective with the June 2013 Billing Cycle	\$0.0278 per therm
Rate Effective with the April 2014 Billing Cycle	\$0.0266 per therm
Rate Effective with the April 2015 Billing Cycle	\$0.0399 per therm
Rate Effective with the June 2016 Billing Cycle	\$0.0382 per therm
Rate Effective with the April 2017 Billing Cycle	TBD

➤ Sustainable Energy Trust Fund²

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

¹ 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. Case No. GT00-2.

² 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>. Charges are listed on WG's website under *Publications by Jurisdiction*.

Washington Gas – District of Columbia Surcharges

Additional Surcharges (cont.)

- Energy Assistance Trust Fund \$0.006/therm ¹

- Hexane Cost Adjustment
 - Implemented through Purchase Gas Charge (PGC) for Sales Service Customers
 - Implemented through Balancing Charges for Delivery Service Customers

¹Energy 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>. Charges are listed on WG's website under *Publications by Jurisdiction*.

Washington Gas – District of Columbia Purchased Gas Costs & Balancing Charges

Washington Gas Purchased Gas Costs* District of Columbia

Month, Year	Dollars Per
Feb-16	\$0.3210
Mar-16	\$0.4137
Apr-16	\$0.3612
May-16	\$0.4025
Jun-16	\$0.4699
Jul-16	\$0.5092
Aug-16	\$0.5092
Sep-16	\$0.4310
Oct-16	\$0.4310
Nov-16	\$0.4828
Dec-16	\$0.4149
Jan-17	\$0.4381
Feb-17	\$0.5023

**Reflects purchased gas costs less balancing charges listed. 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 District of Columbia

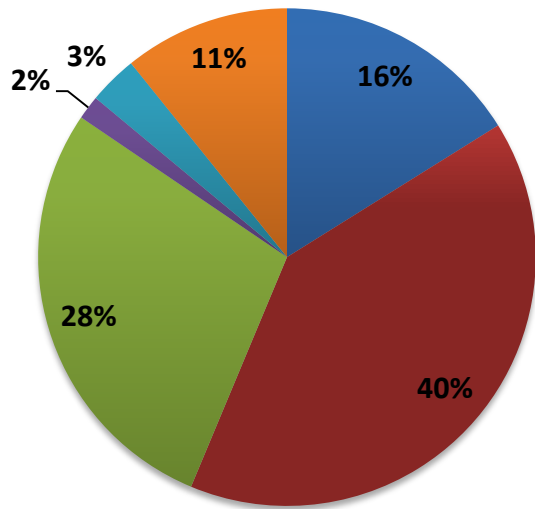
Month, Year	Dollars Per
Dec 2015 - Feb 2016	\$0.0129
Mar 2016 - Nov 2016	\$0.0058
Dec 2016 - Feb 2017	\$0.0009

Washington Gas DC Purchased Gas Costs and Balancing Charges
<http://www.washgas.com/pages/DCCOMWashingtonGasPurchasedGasCosts>

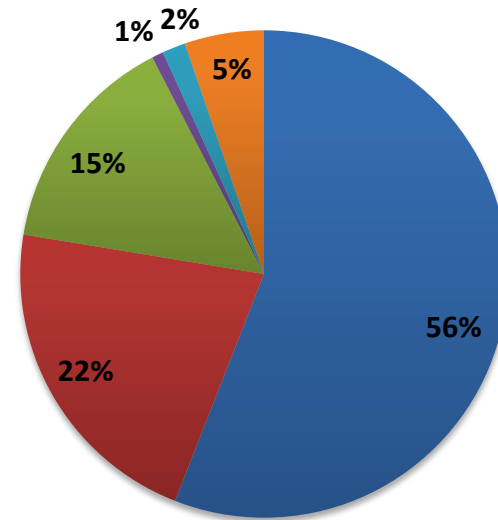
Washington Gas Bill Composition

District of Columbia

Residential: Heating and/or Cooling
Rate Schedule Nos. 1 and 1A



Residential: Non-Heating and/or Non-Cooling
Rate Schedule Nos. 1 and 1A



■ System Charge
■ PROJECTpipes

■ Distribution Charge
■ Plant Recovery

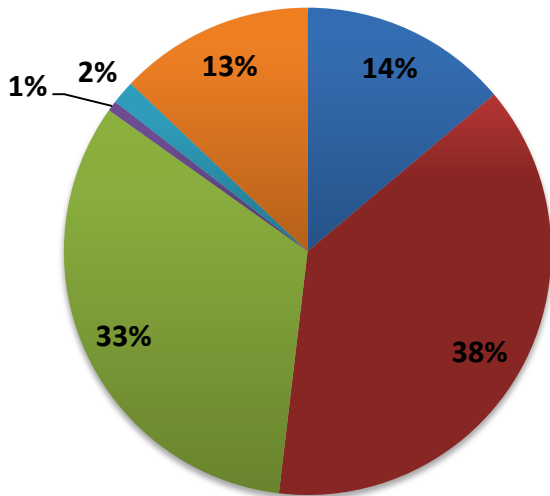
■ Gas Costs
■ Other Riders

Washington Gas Bill Composition

District of Columbia

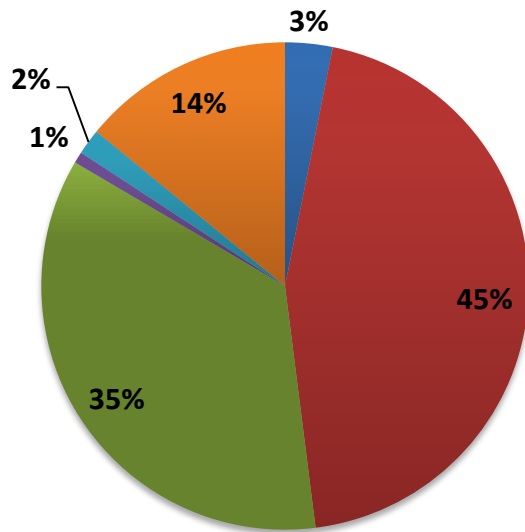
Group Metered Apartments

Heating and/or Cooling Less than 3,075 Therms
Rate Schedule Nos. 2 and 2A



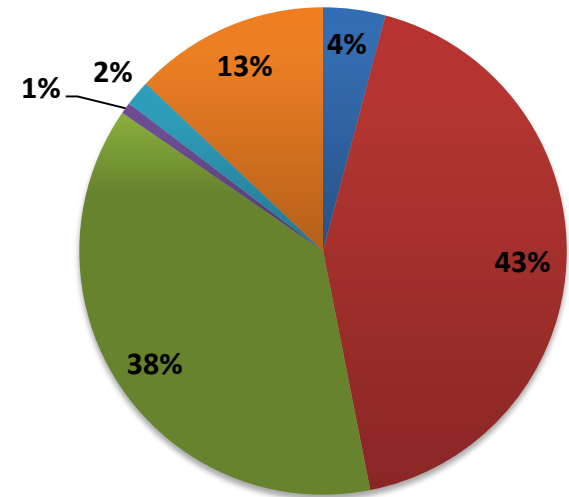
Group Metered Apartments

Heating and/or Cooling 3,075 Therms or more
Rate Schedule Nos. 2 and 2A



Group Metered Apartments

Non-Heating and/or Non-Cooling
Rate Schedule Nos. 2 and 2A



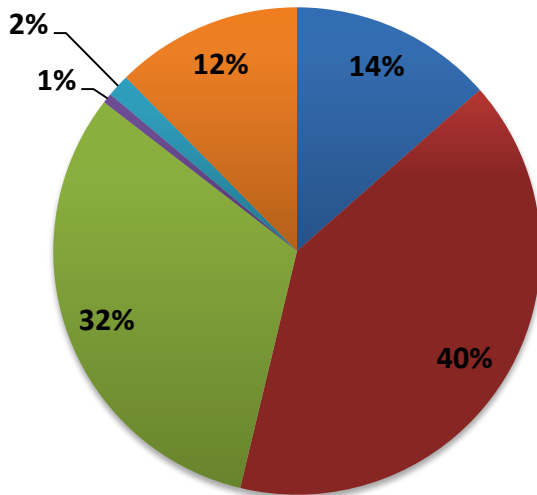
■ System Charge ■ Distribution Charge ■ Gas Costs
■ PROJECTpipes ■ Plant Recovery ■ Other Riders

Washington Gas Bill Composition

District of Columbia

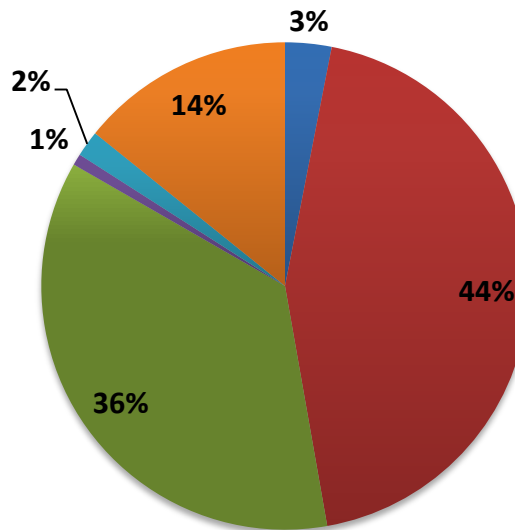
Commercial

Heating and/or Cooling Less Than 3,075 Therms
Rate Schedules Nos. 2 and 2A



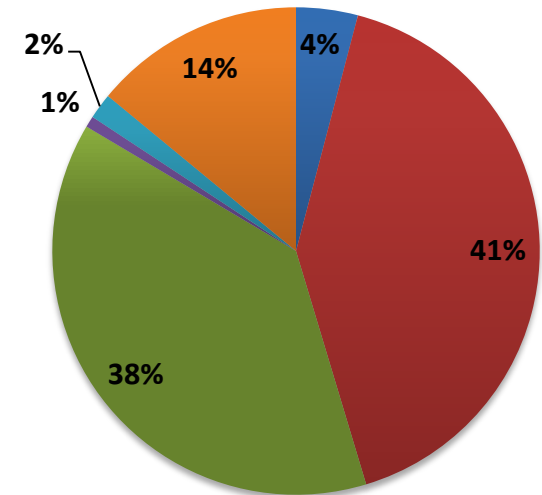
Commercial

Heating and/or Cooling 3,075 Therms or More
Rate Schedules Nos. 2 and 2A



Commercial

Non-Heating and/or Non-Cooling
Rate Schedules Nos. 2 and 2A



- System Charge
- Distribution Charge
- Gas Costs
- PROJECTpipes
- Plant Recovery
- Other Riders

Washington Gas Light Company Maryland

Washington Gas- Maryland Rate Case Horizon

- The STRIDE Case, Case No. 9335, requires WG to file a rate case prior to 2019
- **WG has stated in its regulatory filing that the Company plans to file a rate case in its fiscal third quarter, April, May, June 2018**
 - When WG files for a base rate increase, per MD statutory requirements, any potential increase would be expected to go into effect in seven months.
- On December 7, 2016, Washington Gas filed a petition for approval of revised tariffs that would facilitate its access to natural gas for customers that are currently unserved or underserved by Washington Gas, Case No. 9433.
- For budgeting purposes, members need to budget for the following surcharges:

Washington Gas Maryland

- STRIDE Rider
- Montgomery County Energy Tax & Prince Georges County Energy Tax
*** Represents substantial portion of total charges for commercial customers**

Washington Gas- Maryland Gas Expansion Case, Case No. 9433

- On December 7, 2016, Washington Gas filed a petition for approval of revised tariffs that would facilitate its access to natural gas for customers that are currently unserved or underserved by Washington Gas
- This project would be financed by current ratepayers.
- AOBA has intervened in the case to protect members' interests and will file testimony of expert witnesses on March 1, 2017.
- Hearings are scheduled for May 1st and 2nd.
- AOBA successfully challenged a similar proposal WG made before the Maryland General Assembly in 2016.
- WG then submitted the proposal again before the MD PSC Fall 2016.

Washington Gas – Maryland

Update: “STRIDE RIDER”, Case No. 9335 ¹

STRIDE Case Background:

- WG filed for approval of the “STRIDE Rider” on November 7, 2013
- WG proposed 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, WG requested Commission approval of the STRIDE Rider for a five year period to fund the initial \$200 million
- STRIDE Rider rates effective for meter readings on and after July 28, 2014, Order No. 86321. Periodic updates to rates expected.

¹ 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

Update: “STRIDE RIDER,” Case No. 9335 ¹

- WG filed its proposed increases in STRIDE charges for calendar year 2017 on November 1, 2016. The MD PSC approved the proposed increases for the 2017 STRIDE Surcharges on December 14, 2016.
- The updated surcharges went into effect with the **January 2017 billing cycle**.
- **The updated STRIDE surcharges are outlined in the chart below and are billed per month, per customer. The residential heating/cooling class is capped at \$2 per month, per customer.**

Cost Distribution	Approved 2015 STRIDE Factor Per Month	Approved 2016 STRIDE Factor Per Month	Approved 2017 STRIDE Factor Per Month
Residential Heating /Cooling	\$0.45	\$1.22	\$1.96
Residential Non-Heating/Non-Cooling	\$0.25	\$0.63	\$1.01
C&I Heating/Cooling < 3,000	\$0.70	\$1.92	\$3.04
C&I Heating/Cooling > 3,000	\$4.59	\$12.29	\$20.66
C&I Non-Heating/Non-Cooling	\$1.77	\$4.83	\$7.78
GMA Heating/Cooling	\$6.18	\$16.78	\$27.34
GMA Non-Heating/Non-Cooling	\$1.22	\$3.37	\$5.46
Interruptible	\$50.20	\$151.33	\$252.70

Washington Gas – Maryland Surcharges

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
Tax Rate Effective 7/1/13 - 6/30/14	\$0.1753900 per therm
Tax Rate Effective 7/1/14 - 6/30/15	\$0.1741142 per therm
Tax Rate Effective 7/1/15 - 6/30/16	\$0.1740825 per therm
Tax Rate Effective 7/1/16 - 6/30/17	\$0.1702600 per therm
Tax Rate Effective 7/1/17 – 6/30/18	TBD

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
Tax Rate Effective 7/1/13 - 6/30/14	\$0.061328 per therm
Tax Rate Effective 7/1/14 - 6/30/15	\$0.059118 per therm
Tax Rate Effective 7/1/15 - 6/30/16	\$0.065576 per therm
Tax Rate Effective 7/1/16 - 6/30/17	\$0.059196 per therm
Tax Rate Effective 7/1/17 – 6/30/18	TBD

Washington Gas – Maryland Surcharges

EmPower Maryland Surcharge

- WG filed for approval of the Company's 2017-2020 EmPower Maryland Regulatory Plan. The Commission denied the request.
- The EmPower Maryland surcharges effective with the November 2015 billing are still in effect and are as follows:
 - Residential Service: \$0.0005 per therm**
 - Commercial Service: \$0.0003 per therm**
- The EmPower Maryland surcharge is billed as a separate line item on customer's monthly natural gas bills

Washington Gas – Maryland Purchased Gas Costs & Balancing Charges

Washington Gas Purchased Gas Costs* Maryland

Month, Year	Dollars Per Therm
Feb-16	\$0.3418
Mar-16	\$0.4238
Apr-16	\$0.3706
May-16	\$0.4124
Jun-16	\$0.4807
Jul-16	\$0.5205
Aug-16	\$0.5205
Sep-16	\$0.4415
Oct-16	\$0.4415
Nov-16	\$0.4939
Dec-16	\$0.3899
Jan-17	\$0.4134
Feb-17	\$0.4784

**Reflects purchased gas costs minus balancing charges listed. 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
Dec 2015 - Feb 2016	\$0.0141
Mar 2016 - Nov 2016	\$0.0159
Dec 2016 - Feb 2017	\$0.0088

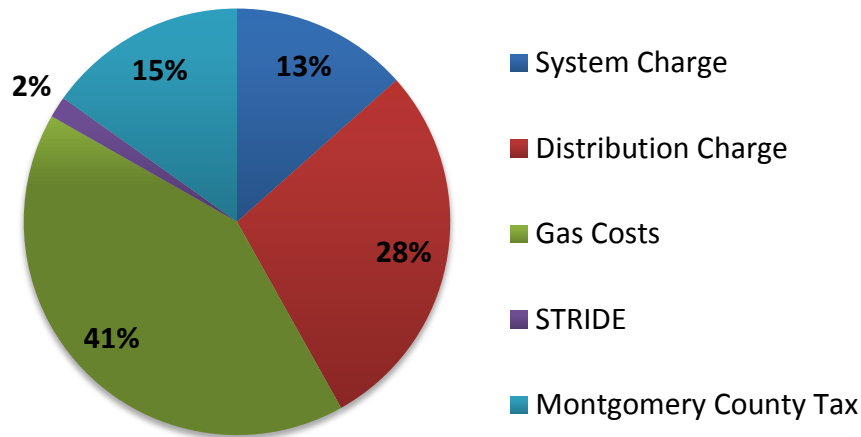
Washington Gas MD – Purchased Gas Costs and Balancing Charges

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

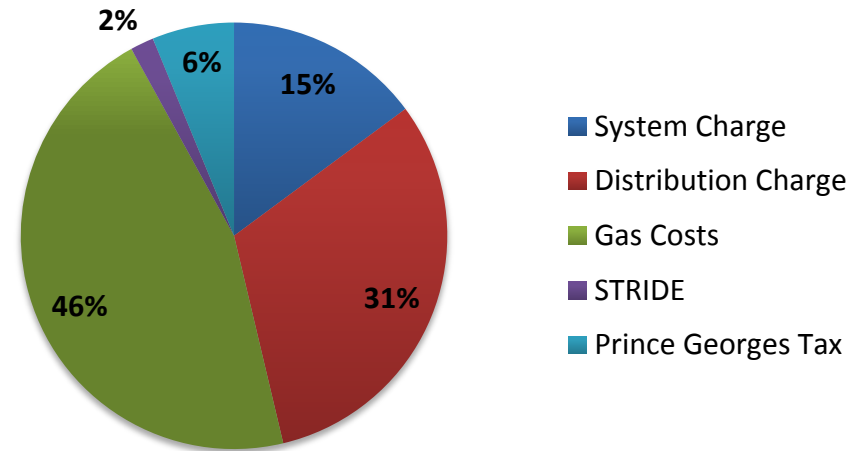
Washington Gas Bill Composition Maryland

Residential: Heating and/or Cooling
Rate Schedule Nos. 1 and 1A

Montgomery County



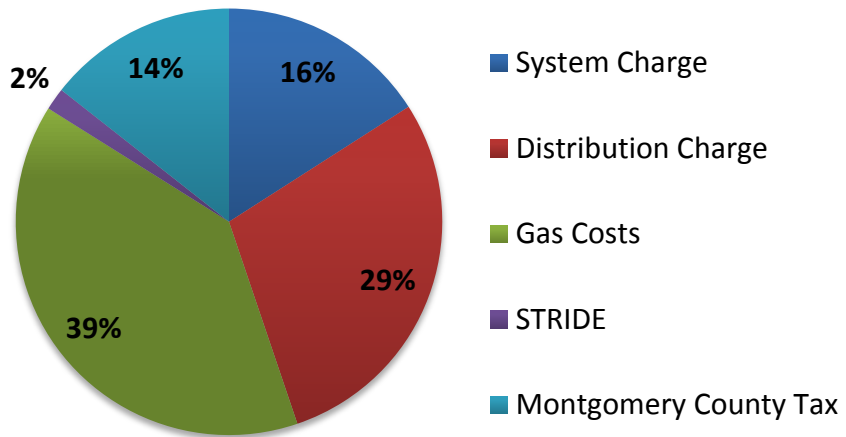
Prince Georges County



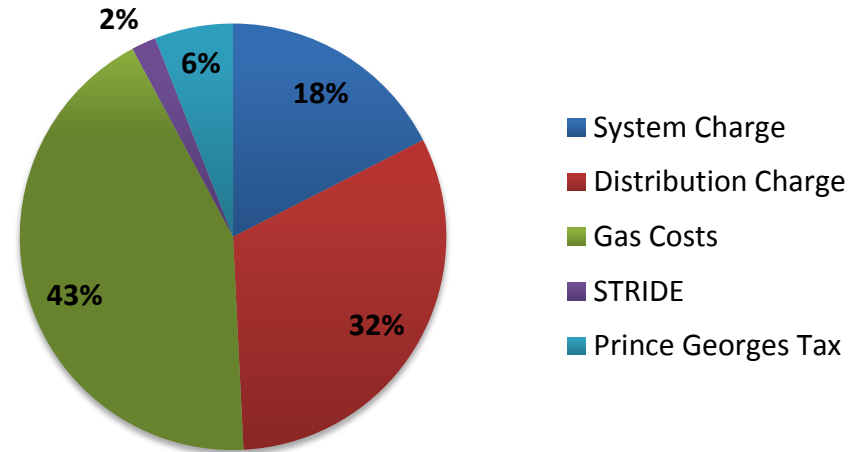
Washington Gas Bill Composition Maryland

Commercial: Normal Weather Annual Usage Less Than 3,000 Therms
Rate Schedule Nos. 2 and 2A

Montgomery County



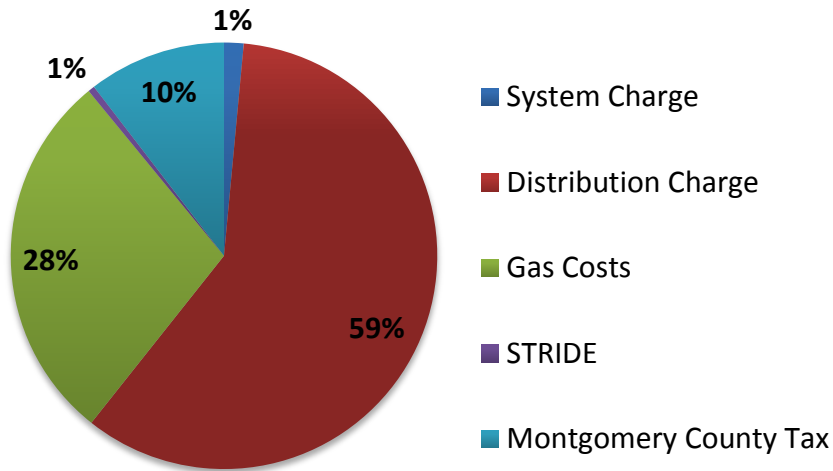
Prince Georges County



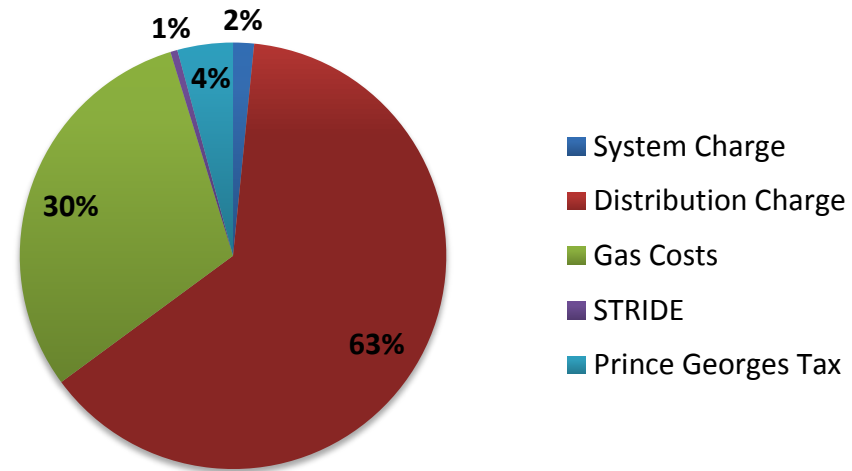
Washington Gas Bill Composition Maryland

Commercial: Normal Weather Annual Usage 3,000 Therms or More
Rate Schedule Nos. 2 and 2A

Montgomery County



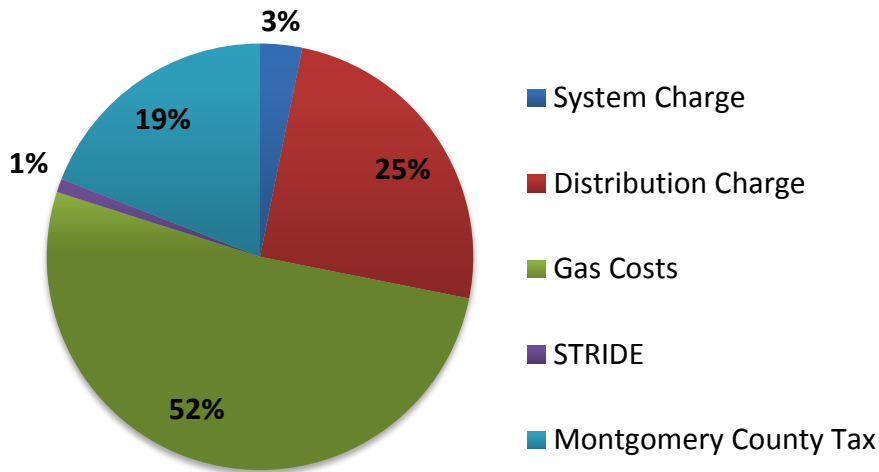
Prince Georges County



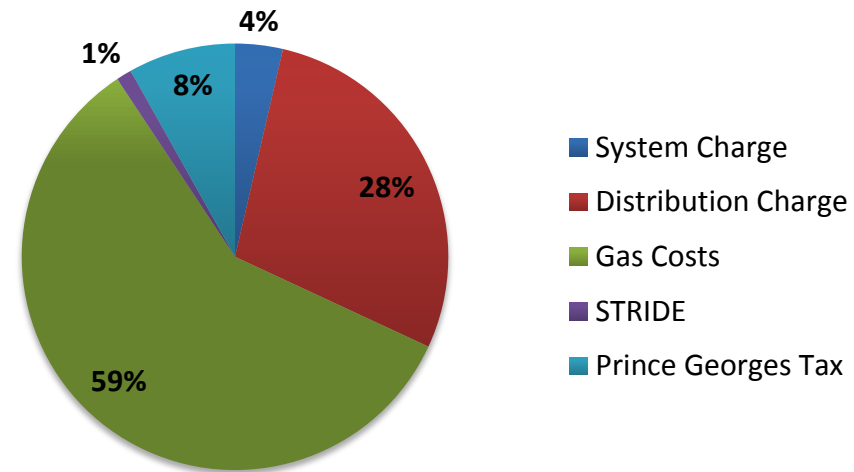
Washington Gas Bill Composition Maryland

Commercial: Non-Heating and/or Non-Cooling
Rate Schedule Nos. 2 and 2A

Montgomery County



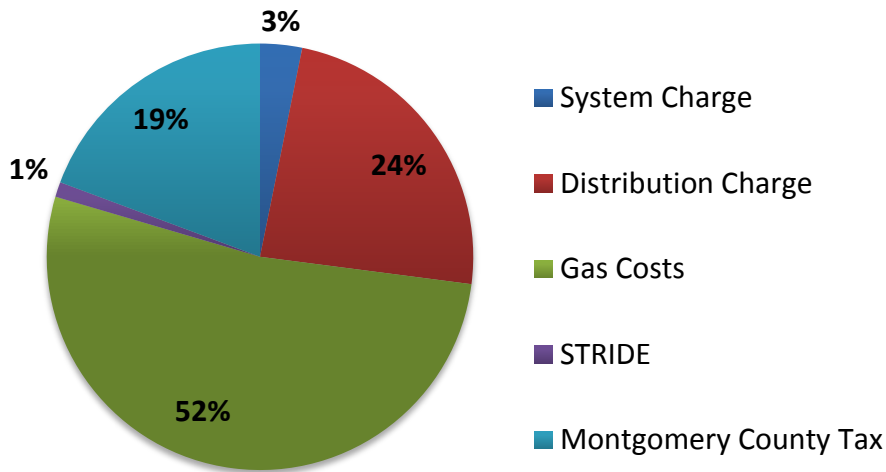
Prince Georges County



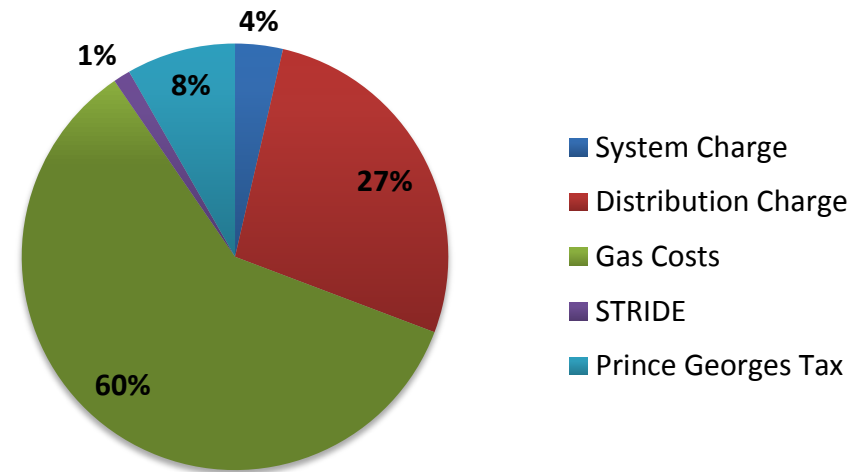
Washington Gas Bill Composition Maryland

Group Metered Apartments: Heating and/or Cooling
Rate Schedule Nos. 3 and 3A

Montgomery County



Prince Georges County



Washington Gas Light Company Virginia

Washington Gas –Virginia

Case No. PUE-2016-00001 ¹

➤ On June 30, 2016, Washington Gas Light Company (WG) filed an Application for authority to increase its existing rates and charges for gas service for its Northern Virginia and Shenandoah Gas Customers

➤ WG is requesting an increase of \$45.6 million, of which \$22.3 million relates to costs associated with investments in infrastructure replacements made pursuant to the SAVE Plan ²

➤ **New Rates became effective November 28, 2016, with the December 2016 billing cycle, subject to refund. Refunds will likely not be issued before 4th quarter 2017 and perhaps not until 1st quarter 2018.**

➤ Testimony filed by WG witnesses requests an overall rate of return of 8.21% on rate base, including a return on common equity of 10.25%

➤ WG proposes to increase firm service charges by 25% for most customer classes

¹ Application of Washington Gas Light Company, Case No. PUE-2016-00001, page 1, 5, 7, and 9

² Application of Washington Gas Light Company, Case No. PUE-2016-00001, page 1

³ Application of Washington Gas Light Company, Case No. PUE-2016-00001, page 9

Washington Gas –Virginia

Case No. PUE-2016-00001 ¹

➤ Additional Proposals include in Case No. PUE-2016-00001:

- WG is proposing a Revenue Normalization Adjustment (“RNA”) to replace its existing Weather Normalization Adjustment (“WNA”) and Care Rate Making Adjustment (“CRA”)
- The RNA is a billing adjustment which would calculate a credit or a charge to monthly distribution charges for firm customers based on the difference between the actual revenue received by WG and the level of revenue the Company is allowed to collect, based on this rate case.
- The RNA is similar to Pepco’s Bill Stabilization Adjustment (BSA).
- In its Application, WG is also proposing to fund research and development programs that are managed by the Gas Technology Institute (“GTI”) that would “benefit natural gas customers and improve Company operations “ ³
- AOBA has intervened in the case to protect its members interests and filed Testimony on January 31, 2017 of three witnesses.
- **A public hearing is scheduled for April 18, 2017 in Richmond.**

¹ Application of Washington Gas Light Company, Case No. PUE-2016-00001, page 1, 5, 7, and 9

² Application of Washington Gas Light Company, Case No. PUE-2016-00001, page 1

³ Application of Washington Gas Light Company, Case No. PUE-2016-00001, page 9

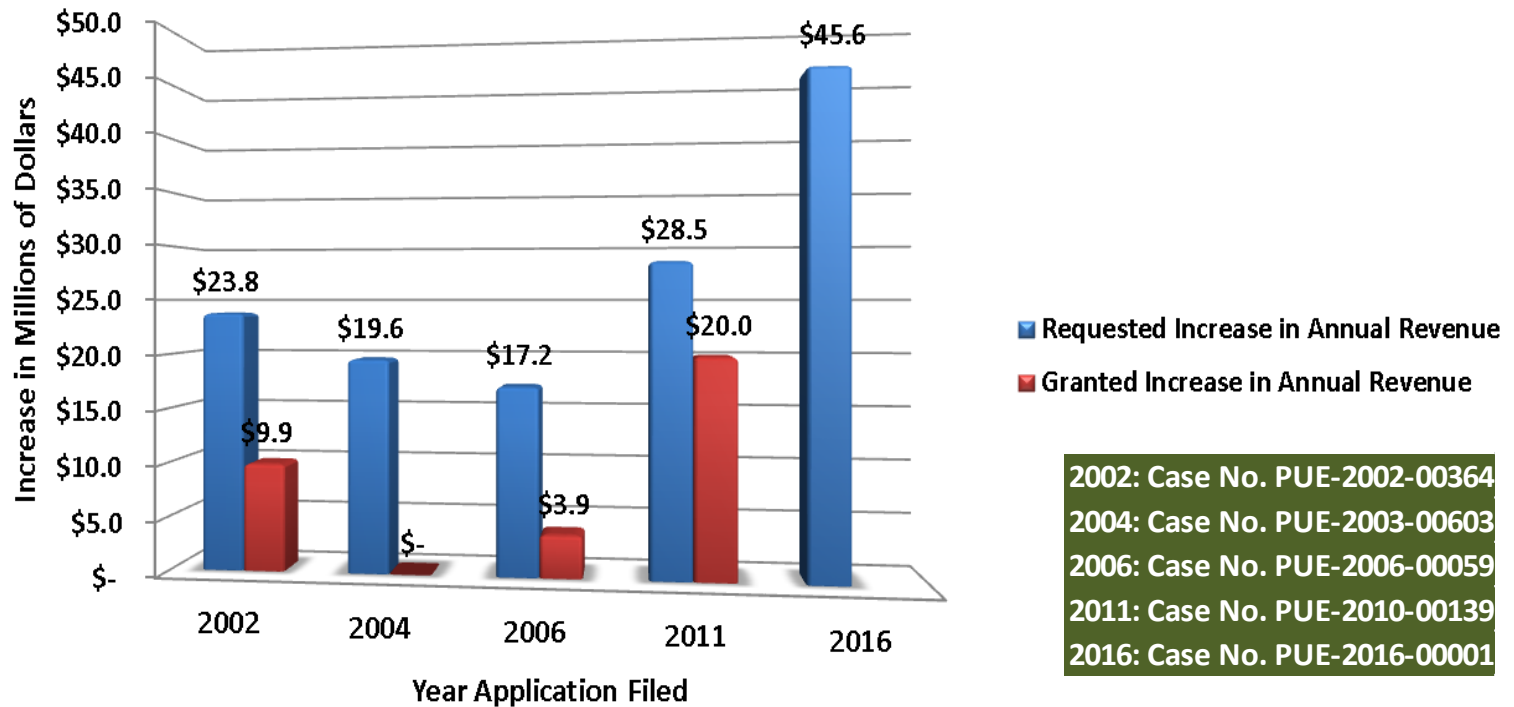
Washington Gas –Virginia

Case No. PUE-2016-0001 ¹

Line No.	Description A	Ratemaking Number of Bills B	Average Number of Customers C=B/12	Ratemaking Annual Therms D a/	Operating Revenues (000's) Excluding Gas Cost				Operating Revenues (000's) Including Gas Cost				Line No.	
					Present Rates E	Proposed Rates F	Increase Amount G=F-E	Increase Percent H=G/E	Present Rates I	Proposed Rates J	Increase Amount K=J-I	Increase Percent L=K/I		
1	SALE / DELIVERY OF GAS REVENUE													
2	Residential	5,945,394	495,450	385,089,788	\$ 200,482	\$ 236,316	\$ 35,834	17.87%	\$ 374,101	\$ 409,935	\$ 35,834	9.58%	2	
3	Commercial and Industrial													
4	Heating and/or Cooling	297,572	24,798	141,054,321	39,367	45,643	6,276	15.94%	79,176	85,452	6,276	7.93%	4	
5	Non-heating and Non-cooling	23,659	1,972	11,042,340	2,864	3,414	550	19.20%	5,835	6,385	550	9.43%	5	
6	Large Customers	1,210	101	23,781,938	3,571	3,951	380	10.64%	4,610	4,990	380	8.24%	6	
7	Group Metered Apartments													
8	Heating and/or Cooling	20,326	1,694	27,581,223	7,164	8,372	1,208	16.86%	13,213	14,421	1,208	9.14%	8	
9	Non-heating and Non-cooling	17,678	1,473	5,719,185	1,642	1,914	272	16.57%	2,746	3,018	272	9.91%	9	
10	Large Customers	204	17	2,767,459	568	693	125	22.01%	927	1,052	125	13.48%	10	
11	Total Firm Classes	6,306,043	525,505	597,036,254	255,658	300,303	44,645	17.46%	480,608	525,253	44,645	9.29%	11	
12	Interruptible (Total)	2,145	179	57,263,286	\$ 5,420	6,237	817	15.07%	5,420	6,237	817	15.07%	12	
13	Total Sales of Gas Revenue	6,308,188	525,684	654,299,541	\$ 261,078	\$ 306,540	\$ 45,462	17.41%	\$ 486,028	\$ 531,490	\$ 45,462	9.35%	13	
14	OTHER OPERATING REVENUE													
15	Late Payment Charges								\$ 1,866	\$ 2,042	\$ 176		14	
16	Miscellaneous Tariff Charges								2,127	2,127	-		15	
17	Other								291	291	-		16	
18	Total Other Operating Revenue								\$ 4,284	\$ 4,460	\$ 176	4.10%	17	
19	Total Revenue								\$ 490,312	\$ 535,950	\$ 45,638	9.30%	18	

¹ The Application for Washington Gas Light Company for Authority to increase exist rates and charges for gas service, JBW, Schedule 42, Page 3 of 7, June 30, 2016

Summary of Washington Gas Rate Increase Applications and Results Virginia



Washington Gas – Virginia SAVE Rider

- The SAVE Rider was mandated by the legislation passed by the General Assembly and signed by the Governor

Historical Save Rider Rates

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
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
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
Schedule 2 & 2A	\$0.00890/therm	Effective Jan. 1, 2014 – Dec. 31, 2014
Schedule 3 & 3A	\$0.00100/therm	Effective Jan. 1, 2014 – Dec. 31, 2014
Interruptible	\$0.00310/therm	Effective Jan. 1, 2014 – Dec. 31, 2014
Schedule 2 & 2A	\$0.0116/therm	Effective Jan. 1, 2015 – July 31, 2015
Schedule 3 & 3A	\$0.0147/therm	Effective Jan. 1, 2015 – July 31, 2015
Interruptible	\$0.0038/therm	Effective Jan. 1, 2015 – July 31, 2015
Schedule 2 & 2A	\$0.0126 therm	Effective August 2015 billing cycle
Schedule 3 & 3A	\$0.0166/therm	Effective August 2015 billing cycle
Interruptible	\$0.0048/therm	Effective August 2015 billing cycle

Washington Gas – Virginia SAVE Rider

SAVE Rider Rates 2016

SAVE Rider (accelerated infrastructure replacement), Case No. PUE- 2015-00091

- On August 18, 2015, WG filed an application for approval of the SAVE Rider for calendar year 2016
- On November 9, 2015, the SCC approved the WG's proposed SAVE Rider rates for calendar year 2016.
- **Approved SAVE Rider factors for 2016 in effect Jan. 1, 2016 – Dec. 31, 2016:**

C & I Schedule 2 & 2A	\$0.0166 therm
GMA Schedule 3 & 3A	\$0.0192/therm
Interruptible	\$0.0062/therm
- The SAVE Rider is billed monthly as a separate line item under “All Applicable Riders”
- WG files its rates in September of each year for the next calendar year

Washington Gas – Virginia SAVE Rider

SAVE Rider Rates 2017– In Effect

SAVE Rider (accelerated infrastructure replacement), Case No. PUE- 2016-00083

- On August 17, 2016, WG filed an application to revise its SAVE Rider for calendar year 2017.
- The Company requested a total 2017 SAVE Rider revenue requirement of \$1,531,448.
- **On November 8, 2016, the Commission approved the SAVE Rider factors for 2017 Rates Effective Jan. 1, 2017 – Dec. 31, 2017 :**

Table showing Current and Reconciliation Factors and SAVE Rider Rate for 2017

	Current Factor	Reconciliation Factor	SAVE Rider Rate
Residential	\$0.0080	(\$0.0054)	\$0.0026
Commercial and Industrial	\$0.0041	(\$0.0032)	\$0.0009
Group Metered Apartment	\$0.0044	(\$0.0034)	\$0.0010
Interruptible	\$0.0013	\$0.0022	\$0.0035

Washington Gas – Virginia Purchased Gas Costs & Balancing Charges

Washington Gas Purchased Gas Costs*		
Virginia		
Month, Year	Commercial Customers Dollars per Therm*	Group Metered Apartments Customers Dollars per Therm*
Feb-16	\$0.2670	\$0.3655
Mar-16	\$0.3526	\$0.4474
Apr-16	\$0.2911	\$0.3859
May-16	\$0.6286	\$0.4235
Jun-16	\$0.3839	\$0.4791
Jul-16	\$0.4223	\$0.5176
Aug-16	\$0.4223	\$0.5176
Sep-16	\$0.3642	\$0.4595
Oct-16	\$0.3642	\$0.4595
Nov-16	\$0.4223	\$0.5176
Dec-16	\$0.2630	\$0.4377
Jan-17	\$0.2905	\$0.4651
Feb-17	\$0.3663	\$0.5409

**Reflects purchased gas costs minus the balancing charges listed. 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
Dec 2015 - Feb 2016	\$0.0118
Mar 2016 - Nov 2016	\$0.0074
Dec 2016 - Feb 2017	\$0.0016

Washington Gas Balancing Charges - Virginia Group Metered Apartment Customers

Month, Year	Dollars Per Therm
Dec 2015 - Feb 2016	\$0.0082
Mar 2016 - Nov 2016	\$0.0079
Dec 2016 - Feb 2017	\$0.0025

Washington Gas VA Purchased Gas Cost and Balancing Charges

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

REMINDER- Washington Gas - Interruptible Service Tariffs DC, MD, & VA

Through the active participation of AOBA members with Washington Gas in a working group for interruptible natural gas customers in DC, MD, and VA, the District of Columbia Public Service Commission, the Maryland Public Service Commission and the State Corporation Commission accepted the recommendations of AOBA and the working group and approved revised, interruptible service tariffs in all three jurisdictions.

District of Columbia

- On October 23, 2015, the District of Columbia Service Commission approved the proposed changes to the Interruptible service tariffs, Schedules 3 and 3A, in DC. The Commission approved the final report that WG submitted on May 26, 2015 that contained the recommendations of AOBA and the interruptible working group. The revised tariffs went into effect for natural gas customers in DC on October 23, 2015.

Maryland

- On October 20, 2015, WG filed the final revisions to the proposed interruptible tariffs with the Maryland Public Service Commission. The final revisions contained the recommendations of AOBA and the working group. The MD PSC approved the revisions to the interruptible tariffs at the Commission's Administrative Meeting on November 18, 2015 with an effective date of November 19, 2015.

Virginia

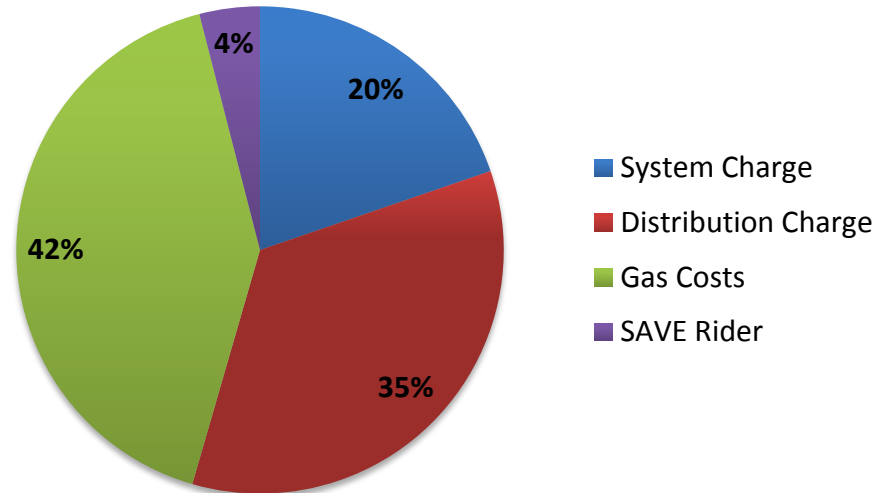
- On October 26, 2015, the State Corporation Commission issued an order approving the revised tariffs that contained the recommendations of AOBA and the interruptible working group. The revised tariffs went into effect for Virginia customers on October 26, 2015.

The Interruptible service tariffs are on the Washington Gas website:

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

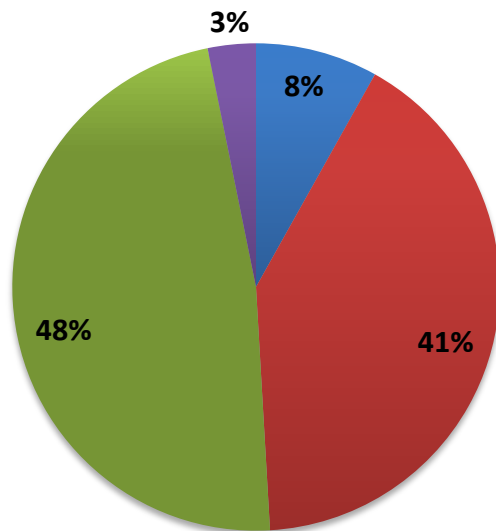
Washington Gas Bill Composition Virginia

Residential: Heating and/or Cooling
Rate Schedule Nos. 1 and 1A

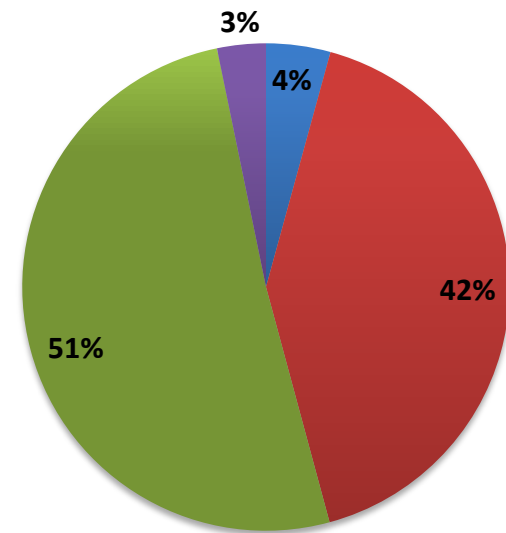


Washington Gas Bill Composition Virginia

Commercial: Heating and/or Cooling
Rate Schedule Nos. 2 and 2A



Commercial: Non-Heating and/or Non-Cooling
Rate Schedule Nos. 2 and 2A

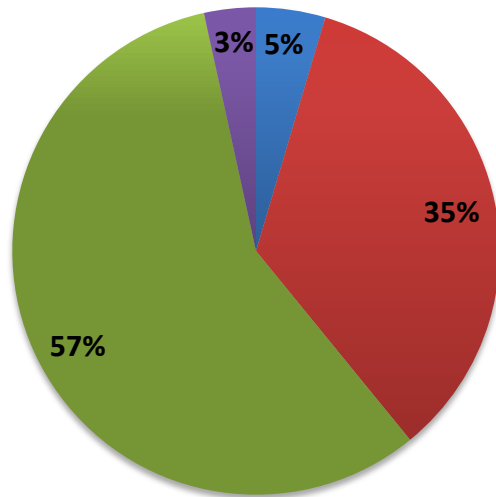


■ System Charge ■ Distribution Charge ■ Gas Costs ■ SAVE Rider

Washington Gas Bill Composition Virginia

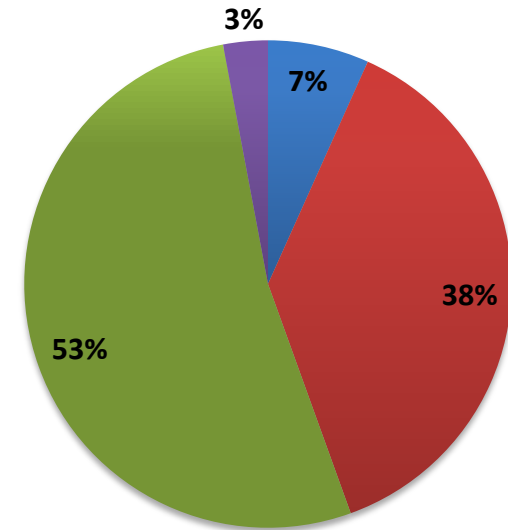
Group Metered Apartments:

Heating and/or Cooling
Rate Schedule Nos. 3 and 3A



Group Metered Apartments:

Non-Heating and/or Non-Cooling
Rate Schedule Nos. 3 and 3A

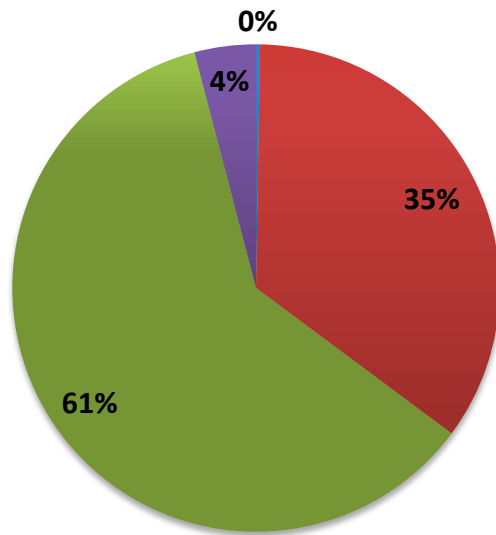


■ System Charge
 ■ Distribution Charge
 ■ Gas Costs
 ■ SAVE Rider

Washington Gas Bill Composition Virginia

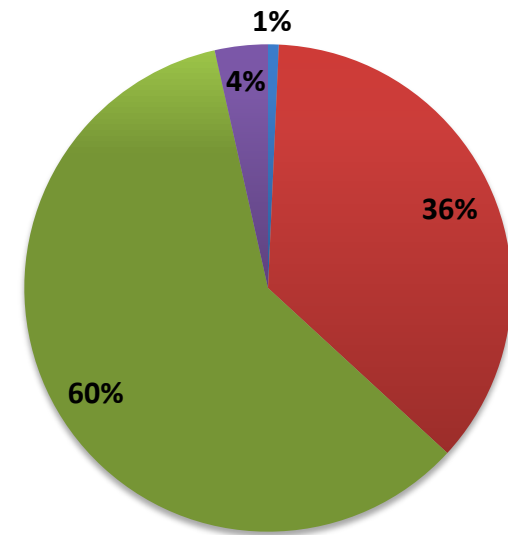
Large Commercial and Industrial Service:

Heating and/or Cooling
Rate Schedule Nos. 5 and 5A



Large Group Metered Apartments:

Non-Heating and/or Non-Cooling
Rate Schedule Nos. 6 and 6A



■ System Charge ■ Distribution Charge ■ Gas Costs ■ SAVE Rider



Pepco

District of Columbia

Pepco -District of Columbia Formal Case No. 1139 ¹

- On June 30, 2016, Pepco filed an application requesting authority for an increase of **\$85,477,000** in its electric distribution rates
- Pepco is requesting an increase in the authorized return on equity (“ROE”) from the current 9.4% to 10.6%.
- Pepco has proposed an overall rate of return (“ROR”) of 8.0%, an increase from the ROR of 7.65% authorized in the last rate case, FC No.1103.
- **AOBA has recommended the Commission should authorize an ROE for Pepco of 9.25% and an overall rate of return for the Company of not greater than 7.33%.**
- **AOBA recommended that Pepco be granted approximately a \$20,000,000 increase in revenue requirement**
- Evidentiary Hearings will begin March 15, 2017
- AOBA anticipates that any potential increase will most likely be effective July, 2017

¹ Application of Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service. Formal Case No. 1139, Filed June 30, 2016

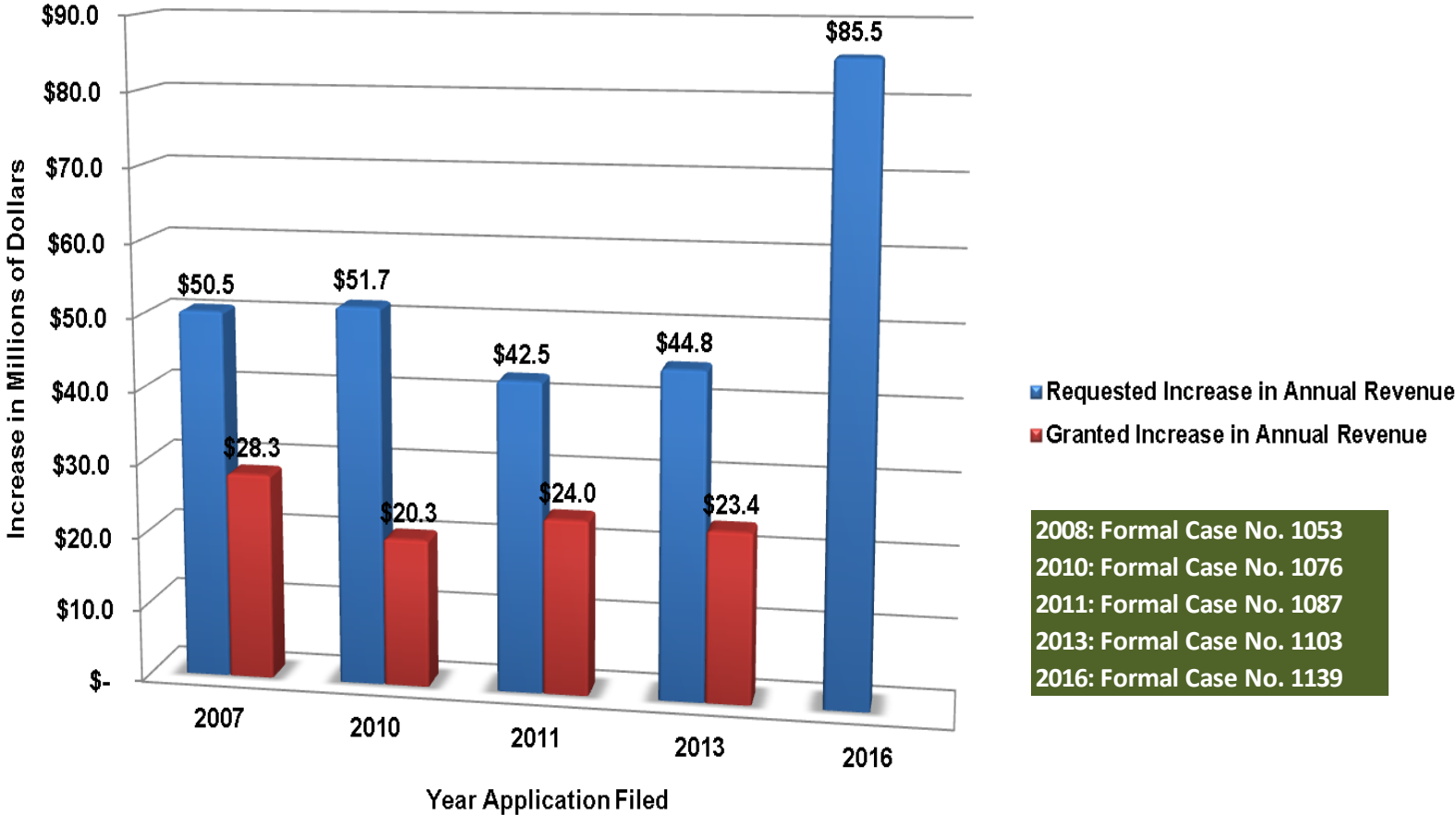
Pepco -District of Columbia Formal Case No. 1139 ¹

- Pepco's proposed increases to **distribution rates** for each customer class are shown in the chart below.

Rate Schedule	Proposed Increase
Residential	24.28%
RES-AE	19.44%
RTM	23.58%
MMA	18.27%
GS_LV	22.12%
GS_HV	20.17%
GT_LV	24.55%
GT_3B	22.17%
GT_3A	23.81%
Metro	25.25%
SL_E	53.07%
Traffic Signal	24.15%
ST Light	7.75%
TN	0.00%
Total	23.65%

¹ Application of Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service. Formal Case No. 1139, Filed June 30, 2016, Pepco G(1) page 1 of 19

Summary of Pepco Rate Increase Applications and Results District of Columbia



Pepco -District of Columbia

Formal Case No. 1139

- For **budgeting purposes**, members also need to budget for the following surcharges:

Pepco– District of Columbia

- **Underground surcharges – Underground Project Charge & DDOT Infrastructure Improvement Charge – On Hold**
- **Energy Assistance Trust Fund & Sustainable Energy Trust Fund**
- **Public Space Occupancy Surcharge, Delivery Tax Surcharge, & Residential AID Surcharge (RADS)**

Pepco DC - Surcharges

Energy Assistance Trust Fund & Sustainable Energy Trust Fund

The Energy Assistance Trust Fund and the Sustainable Energy Trust Fund charges became effective with the October 2010 billing month. The amounts billed to customers are used to recover the costs of programs pursuant to the District of Columbia Clean and Affordable Energy Act of 2008. Rates are set by the DC Public Service Commission.

Energy Assistance Trust Fund Surcharge

Effective for Billing Months of October 2010 & After \$0.0000607 per kWh

Sustainable Energy Trust Fund Surcharge

Rate Effective October 1, 2010 \$0.00150 per kWh

Rate Effective Fiscal Year 2017 and after \$0.001612 per kWh

Public Space Occupancy

Effective March 1, 2011 and is used to recover all payments made by Pepco to the District of Columbia for the rental of public structures in public spaces. Pepco proposes the surcharge rate and the DC PSC must approve. This surcharge changes each year on March 1st.

Public Space Occupancy Surcharge

Rate Effective March 1, 2011 \$0.00194 per kWh

Rate Effective March 1, 2013 \$0.00199 per kWh

Rate Effective March 1, 2014 \$0.00205 per kWh

Rate Effective March 1, 2015 \$0.00204 per kWh

Rate Effective March 1, 2016 \$0.00204 per kWh

Rate Effective March 1, 2017 TBD

Pepco DC - Surcharges

Residential Aid Surcharge (RAD)

Effective for service on and after June 1, 2011. This surcharge is billed to customers to recover costs of funding the discount provided to customers participating in the Residential Aid Discount program.

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
Effective for Service On and After March 14, 2014	\$0.000294 per kWh
Effective for Service On and After Jan. 19, 2016	\$0.00159 per kWh

Delivery Tax

Became effective January 1, 2005. The Delivery tax is charged to customers to recover the delivery tax imposed on Pepco by the District of Columbia City Council.

Delivery Tax Surcharge

Rate Effective February 20, 2008	\$0.0077 per kWh
----------------------------------	------------------

Pepco Undergrounding Update

Formal Case Nos. 1116 & 1121

Background:

- Pursuant to the undergrounding legislation, Pepco and the District of Columbia Department of Transportation (“DDOT”) filed a joint Application on June 17, 2014, requesting:
 - ✓ Authority to implement a project to underground certain distribution feeders in DC to commence with the first three years of the undergrounding project
 - ✓ Approval of an Underground Project Charge (“UPC”) to be charged by Pepco for Underground Project costs incurred by the Company
 - ✓ The first three years of the project (2015-2017) include plans to underground 21 electric distribution feeders
- The undergrounding project as presently conceived was expected to take between 7-10 years to complete at a cost of approximately \$1 billion
- **AOBA’s review of Pepco’s budgeted capital expenditures, including the undergrounding program costs, and planned reliability expenditures and operation and maintenance costs from 2017 through 2020 shows that DC ratepayers’ costs will increase by more than 120%.**
 - **Example: For most office buildings in DC, the distribution bill is approximately one third of the total electricity bill. Therefore, an office building’s electric rates will increase 40% between 2017 and 2020. This estimate assumes GSA pays their portion of the DDOT surcharge.**

Pepco Undergrounding Update

Formal Case Nos. 1116 & 1121

There are two electric distribution rate surcharges:

1. Pepco Underground Project Charge (“UPC”) - Formal Case No. 1116

- A cents/kWh surcharge billed by Pepco for costs associated with the undergrounding project vary according to customer rate class
- **Rates for the Underground Project Charge published as effective January 1, 2015 – Not implemented at this time**

2. DDOT Infrastructure Improvement Charge - Formal Case No. 1121 –

Not Implemented at this time

- An adjusting cents/kWh surcharge that will change as necessary
- Will recover the financing costs of bonds issued by the District as well as the cost of the Commission’s financial advisor
- DDOT’s construction costs will be financed using securitized bonds and non-bypassable surcharges for electric distribution service
- **Infrastructure Improvement Charges published as effective 1st Quarter 2015**

Pepco Undergrounding Update

Formal Case Nos. 1116 & 1121

Update:

- In June 2015, GSA challenged the DDOT surcharge stating it is a “tax” from which the Federal Government is immune
- This issue has not yet been resolved and the District’s bond issuance has been delayed
- As a result of the District’s inability to issue bonds, the undergrounding project is delayed
- Per Pepco’s project update letter to the District Government dated July 11, 2016, DDOT and Pepco have “initiated the following activities as mitigation for the delays”:
 - Pepco started civil designs of the first two feeders – 308 and 14261
 - DDOT and Pepco are discussing the possibility of Pepco doing a limited amount of additional civil design; and
 - DDOT and Pepco are working cooperatively to expedite the program schedule
 - Pepco and the District state that they are currently exploring ways to mitigate the impact of the GSA issue on DC PLUG

During a DC Council Public Hearing on proposed Amendments to the Undergrounding Legislation, Pepco stated it will distribute the federal government's portion of the DDOT surcharge to all other customers in commercial rate classes, the private business community, if GSA does not pay.

- Both Formal Case Nos. 1116 & 1121 are not proceeding as scheduled.



An Exelon Company

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December 1, 2016

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission of the District of Columbia
1325 G Street, N.W.
Suite 800
Washington, D.C. 20005

Re: Formal Case No. 1116

Dear Ms. Westbrook-Sedgwick:

Order No. 17697 requires Pepco and DDOT to hold semi-annual meetings with the parties to review progress in considering design alternatives, to present design work for upcoming feeders, and to discuss the bases for including or excluding various alternatives in the design and construction plans.¹ Further, Order No. 17697 requires Pepco and DDOT to submit a 30-day report summarizing each semi-annual meeting.² By this letter, Potomac Electric Power Company ("Pepco") and the District Department of Transportation ("DDOT") seek waiver from the Public Service Commission of the District of Columbia ("Commission") of these requirements above for the remainder of 2016 and file this letter summarizing the current status.

On September 30, 2016, Pepco and DDOT jointly filed an application for approval of the Triennial Underground Infrastructure Improvement Projects Plan ("Second Triennial Plan") in Formal Case No. 1116. On October 27, 2016, the Commission granted the request of Pepco and DDOT to hold the Second Triennial Plan in abeyance until Pepco and DDOT file an amendment pursuant to Section 312 of the Electric Company Infrastructure Improvement Financing Act of 2014.³ As Order No. 18585 recognized, litigation and other unresolved issues have prevented the District of Columbia Government from securing the financing necessary to implement the First Triennial Plan and delayed the District of Columbia Power Line Undergrounding initiative. Thus, there has been no progress since the last Semi-Annual Meeting held on June 22, 2016, as discussed further below.

¹ *In the Matter of the Application for Approval of Triennial Underground Infrastructure Improvement Projects Plan*, Formal Case No. 1116, Order No. 17697 ("Order No. 17697") at P. 195.

² Order No. 17697 at P. 195.

³ *In the Matter of the Applications for Approval of Triennial Underground Infrastructure Improvement Projects Plan*, Formal Case No. 1116, Order No. 18585 ("Order No. 18585") at P 7 (Oct. 27, 2016).

Ms. Brinda Westbrook-Sedgwick

Page 2
December 1, 2016

Feeder 308

On June 22, 2016, Pepco and DDOT held the first Semi-Annual Meeting of 2016 and submitted to the Commission the required 30-Day Report on July 22, 2016. In the 30-Day Report and during the Semi-Annual Meeting, Pepco and DDOT explained to the Commission and interested parties that the procurement of civil construction services for Feeder 308 has been delayed by the need for DDOT to update the specifications in its ("IFB") for the construction of Feeder 308. As a result, DDOT cancelled its IFB for the civil construction of Feeder 308 on February 5, 2016. As of the 30-Day Report, DDOT was revising its specifications to reflect additional information related to the anticipated cost of the work required and the program as a whole. As of this letter, DDOT has not yet completed that work. Therefore, there is no progress to report on the construction of Feeder 308. DDOT plans to reissue the IFB once those revisions and updated cost estimates have been completed.

Pepco and DDOT will report on the progress of civil construction activities for Feeder 308 at the next Semi-Annual Meeting, currently anticipated to be held in mid-2017.

Remaining Feeders

In the Second Triennial Plan, Pepco and DDOT stated that the civil construction of all of the feeders in the First Triennial Plan, except for Feeder 308, and any feeders selected in subsequent triennial plans are contingent upon securing funding through the District's bond issuance. Because of the U.S. General Services Administration's challenge to the DDOT surcharge, the funding necessary for DDOT and Pepco to move forward on the civil construction of feeders selected for placement underground (except for Feeder 308) has not yet been secured. As a result, Pepco and DDOT have been unable to move forward on construction of the remaining 20 feeders from the First Triennial Plan and opted not to select feeders for placement underground in the Second Triennial Plan. In addition, DDOT and Pepco requested that the Commission hold the Second Triennial Plan application in abeyance, which request was granted in Order No. 18585.

Please contact me if you have any further questions.

Sincerely,

Andrea H. Harper

Enclosure

cc: All Parties of Record

Pepco/Exelon Merger Formal Case No. 1119

- As part of the Merger Commitment by Exelon, there are funds available for solar projects for commercial and multi-family customers in the District of Columbia
- The incentives are available in calendar year 2017 for implementation before December 31, 2018
- Candidates for solar projects in the District should meet the following criteria:
 - Building must be under eight stories
 - Building must have 30,000 square feet of usable roof space or if it is a campus environment, 20,000 – 25,000 square feet spread across multiple buildings
 - Open parking lots and rooftop parking lots are also candidates for solar

Please call the April Kreller at the AOBA office for more details.



Pepco Maryland

Pepco's Request for \$126.8 million Increase, Maryland Case No. 9418 ¹

- On April 19, 2016, Pepco filed an Application for a **\$126.8 million increase** in its Maryland distribution rates and **an authorized rate of return on equity of 10.60%**
 - Pepco's request for a \$126.8 million increase in distribution rates is the largest ever requested in Maryland by Pepco. Pepco later reduced its requested increase to \$102,751,000.
- **Commission Decision:**
 - On November 15, 2016, the MD PSC issued its decision on Pepco's requested increase and reduced the request to **\$52,535,000**.
 - AOBA submitted testimony and filed pleadings recommending a revenue requirement of no more than \$51,462,000.
 - Additionally, Pepco requested an increase in its authorized return on equity from 9.6% to 10.60%.
 - Pepco's return on equity was reduced from 9.6% to 9.55%. When applied to the Company's capital structure, the approved rate of return is 7.49% which was reduced from Pepco's 8.01% requested rate of return.
- AOBA anticipates that another Pepco rate case will be filed by the end of the 1st quarter 2017.

¹ Application for Adjustment to its Retail Rates for the Distribution of Electric Energy and Supporting Testimony and Schedules Case No. 9418, Filed April 19, 2016

Pepco's Request for \$126.8 million Increase, Maryland Case No. 9418

- For budgeting purposes, Pepco's approved rates are set forth in the chart below. Please remember that the below increases are only on distribution rates which on average are approximately one third of your total electric bill, depending on your load factor and your competitive energy supply contracts.
- In it's Order (Order No. 87884), the Commission developed the rates for each customer class by first setting the customer charge to increase **by 2.84% for each customer class.**
- **The remainder of the revenue requirement was allocated to the demand and volumetric rate components on an equal percentage basis.** (see Pepco's Compliance Filing, Case No. 9418, November 23, 2016)
- Thus the **PSC rejected Pepco's proposal to increase demand charges for commercial customers from 90% – 100%**

Rate Schedule	Proposed Increase	Approved Increase
Residential	34.18%	13.60%
RTM	37.0%	13.60%
GS_LV	28.75%	13.60%
MGT_LV	22.0%	9.97%
MGT_3A	22.0%	9.97%
GT_LV	22.0%	9.97%
GT_3B	0.0%	0.00%
GT_3A	22.0%	9.97%
TM_RT	22.0%	9.97%
SL	27.7%	9.97%
SSL	22.0%	9.97%
TN	0.0%	0.00%
Total	29.1%	12.1%

Pepco's Request for \$126.8 million Increase, Maryland Case No. 9418

Grid Resiliency Surcharge (“GRC”)

- Separate from the requested adjustment to distribution rates, Pepco is requesting to continue the Grid Resiliency Charge (“GRC”) that was approved in the last base rate case, Case No. 9311
- Pepco proposed to accelerate improvement to priority feeders and is requesting an additional \$31.6 million over two years, \$15.8 million per each year²
- In the last base rate case, the MD PSC has authorized a “GRC” surcharge for Pepco which approved accelerated reliability infrastructure investments
- Of the \$192 million in “GRC” surcharges that Pepco originally requested in the last rate case, the PSC authorized a \$24 million “GRC” and determined that the original request by Pepco was inappropriate.
- Pepco's Grid Resiliency Charge was effective beginning in January 2014 and was expected to be in effect for three years (*December 31, 2016*).
- **The PSC denied Pepco's request for an extension of its Grid Resiliency Program for a surcharge to concurrently recover costs in the amount of \$31.6 million for 2 years, which would add approximately another \$15.8 million a year to rates.**

² Application for Adjustment to its Retail Rates for the Distribution of Electric Energy and Supporting Testimony and Schedules. Case No. 9418, p. 5, Filed April 19, 2016

Pepco's Request for \$126.8 million Increase , Maryland Case No. 9418

Grid Resiliency Charge Rider – Rider “GRC” – Effective for Usage on and After November 15, 2016

- Pepco's Grid Resiliency Charge was effective beginning in January 2014.
- Increases in the GRC were approved for implementation for usage on and after November 15, 2016.

MONTHLY CHARGES AND RATES:

Rate Schedule

"R"	\$0.00012 per kwhr
"R-TM"	\$0.00010 per kwhr
"GS", "T", "EV"	\$0.00012 per kwhr
"MGT LV II", "MGT LV III"	\$ 0.0300 per kw of maximum demand
"MGT 3A II", "MGT 3A III"	\$ 0.0460 per kw of maximum demand
"GT LV"	\$ 0.0318 per kw of maximum demand
"GT 3A"	\$ 0.0221 per kw of maximum demand
"GT 3B"	\$ 0.0135 per kw of maximum demand
"TM-RT"	\$ 12.88 per month per delivery point
"SL"	\$0.00009 per kwhr
"TN"	\$0.00009 per kwhr
"OL"	

Mercury Vapor

175 Watt	\$0.01	per lamp per month
250 Watt	\$0.01	per lamp per month
400 Watt	\$0.02	per lamp per month

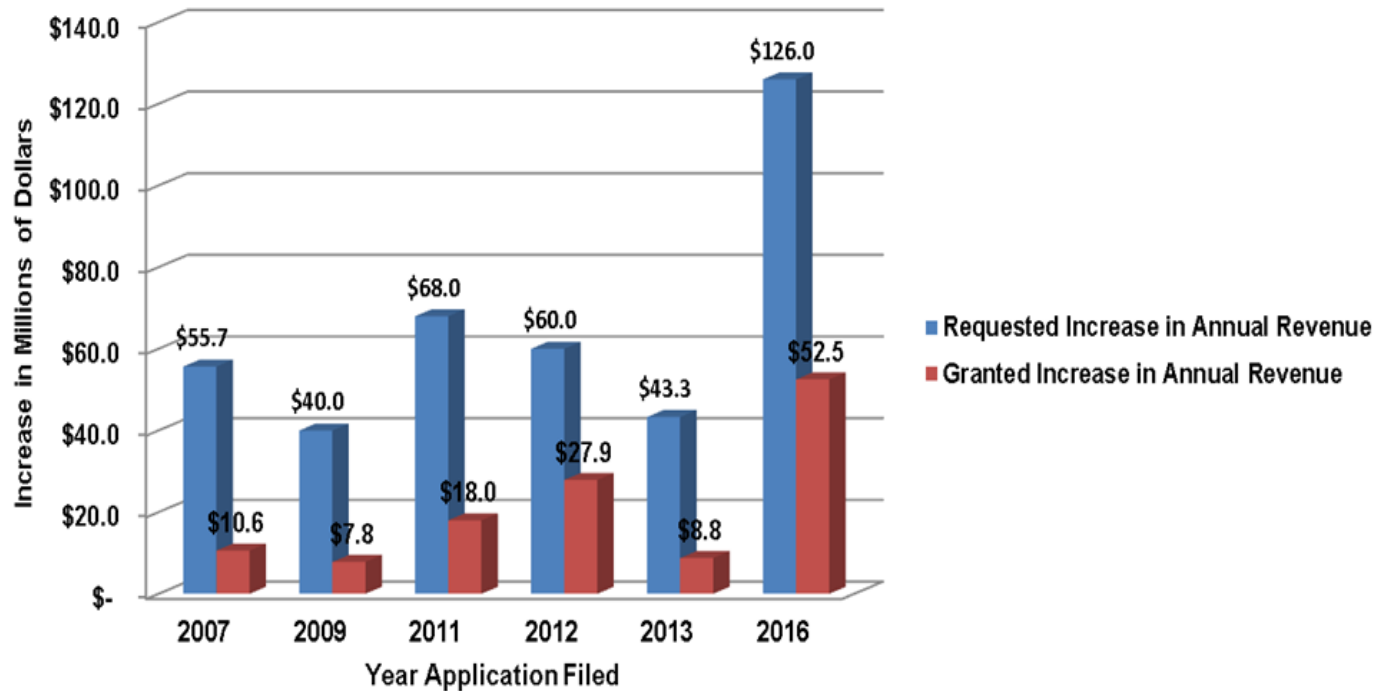
High Pressure Sodium

100 Watt	\$0.00	per lamp per month
150 Watt	\$0.01	per lamp per month
250 Watt	\$0.01	per lamp per month

Date of Issue: December 22, 2016

Date Effective: Usage on and after
November 15, 2016

Summary of Pepco Rate Increase Applications and Results Maryland



2007: Case No. 9092
 2009: Case No. 9217
 2011: Case No. 9286
 2013: Case No. 9336
 2016: Case No. 9418

Pepco Maryland Surcharges

Montgomery County Energy Tax

Commercial Rates:

Tax Rate as of 6-30-10	\$0.01384 per kWh
Tax Rate Effective 7-1-10 through 6-30-11	\$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
Tax Rate Effective 7-1-14 through 6-30-15	\$0.0202278 per kWh
Tax Rate Effective 7-1-15 through 6-30-16	\$0.02022408 per kWh
Tax Rate Effective 7-1-16 through 6-30-17	\$0.0202253 per kWh
Tax Rate Effective 7-1-17 through 6-30-18	TBD

Montgomery County Energy Tax

Residential Rates:

Rate Effective 7/1/14	\$0.01131040 per kWh
Rate Effective 7/1/15	\$0.01130831 per kWh
Rate Effective 7/1/16	\$0.0113090 per kWh
Rate Effective 7/1/17	TBD

Pepco Maryland Surcharges

Prince Georges County Energy Tax

Rate Effective 7/1/12	\$0.0064890 per kWh
Rate Effective 7/1/13	\$0.0059080 per kWh
Rate Effective 7/1/14	\$0.007790 per kWh
Rate Effective 7/1/15	\$0.008377 per kWh
Rate Effective 7/1/16	\$0.009366 per kWh
Rate Effective 7/1/17	TBD

Pepco Maryland Surcharges

EmPower Maryland

Effective Billing Month of February, 2014

Commercial Rate \$0.001967 per kWh

Effective Billing Month of February, 2015

Commercial Rate \$0.005385 per kWh

Effective Billing Month of February, 2016

Commercial Rate \$0.007875 per kWh

Effective Billing Month of January, 2017

Commercial Rate \$0.006905 per kWh

Maryland Environmental Surcharge (Rider “MES”)

Effective 7/1/12 through 6/30/15 \$0.000150 per kWh

Effective 7/1/15 \$0.000147 per kWh

Effective 7/1/16 \$0.000146 per kWh

Delivery Tax

\$0.000620 per kWh

Maryland
Renewable Portfolio Standard
(“RPS”)
Important
HB 1106

Maryland

Renewable Portfolio Standard (“RPS”)

- HB1106 will alter the renewable portfolio standard percentage for energy derived from a solar source and also alter the compliance fees for suppliers that fail to meet the renewable portfolio standards.
- Governor Hogan vetoed this legislation last year however the State House and Senate passed an override to the Governor’s veto on Thursday, February 2, 2017. **The legislation will take effect 30 days from the date of the override.**
- The legislation does include a provision that grandfathers customer supply contracts existing before the effective date of the legislation.
- Rough estimates of cost impacts of RPS increases are as follows (subject to change based on actual market and regulatory dynamics) :
 - 2017 : ~\$0.05/MWh
 - 2018 : ~\$0.05/MWh
 - 2019 : ~\$0.25 - \$0.50/MWh
 - 2020 and beyond : ~\$0.50 - \$1/MWh

District of Columbia Renewable Portfolio Standard ("RPS") *Reminder*

District of Columbia

Renewable Portfolio Standard (“RPS”)

- DC Renewable Energy Portfolio Standard Legislation Effective October 8, 2016 with Grandfathering Amendment
- The bill increased the renewable portfolio standard (RPS) requirement for suppliers while also increasing the compliance fees for suppliers that can't meet the proposed RPS requirements.
- The new legislation keeps the compliance fee at fifty cents through 2023 for each kilowatt-hour of shortfall from required solar energy sources. The additional funds will be used in part to fund improvements to residential energy efficiency.
- The prior legislation allowed for a gradual decrease in compliance fees beginning in 2017 and each year thereafter until 2023. The compliance fees were as follows: Fifty cents in 2011 through 2016; thirty five cents in 2017; thirty cents in 2018; twenty cents in 2019 through 2020; fifteen cents in 2021-2022; and five cents in 2023 and thereafter for each kilowatt-hour of shortfall from required solar energy assets
- AOBA urged an Amendment that would grandfather the compliance fees set forth under the prior legislation for existing customer supply contracts for five years. The law was enacted with the grandfathering amendment included.



Dominion Virginia Power Biennial Review & Rate Rider Updates

Dominion Virginia Power 2015 Biennial Review Summary & Senate Bill 1349

- The Virginia State Corporation Commission conducted a Biennial review of Virginia Power's base rates and in the November 23, 2015 Order, required a modest refund to customers of \$19.7 million because the company over-earned during the 2013-2014 period, Case No. PUE-2015-00027
- Customer credits were issued beginning on January 19, 2016 and were amortized over a period of 6 months
- By legislation, Senate Bill 1349, the 2015 Biennial Review was the last Biennial Review of the Company's rates until 2022. Dominion's base rates will be maintained at their present levels for the next seven years. However, new surcharges may be added and existing surcharges may be changed during this period.

Dominion Virginia Power Rate Riders

- Effective April 1, 2016, the fuel rate for DVP customers was reduced from the fuel factor of 3.018 cents/kWh to 2.406 cents/kWh, a decrease of 0.612 cents/kWh.
- The fuel rider was further reduced to **1.971 cents/kWh effective for the July 1, 2016 - June 30, 2017 period**, a decrease of \$0.435 cents/kWh from the current fuel factor.
- **The Rider Schedule for DVP is as follows:**

Rider	Description	Effective For Usage On and After	Applicable Service Type
A	Fuel Charge Rider A	07-01-16	Electricity Supply
B	Biomass Conversions	04-01-16	Electricity Supply
BW	Brunswick County Power Station	09-01-16	Electricity Supply
C1A	Peak-Shaving Increment Rider	05-01-16	Distribution
C2A	Energy Efficiency Increment Rider	05-01-16	Distribution
GV	Greensville Power Station	04-01-16	Electricity Supply
R	Bear Garden Generating Station	04-01-16	Electricity Supply
S	Virginia City Hybrid Energy Center	04-01-16	Electricity Supply
T1	Transmission	09-01-16	Electricity Supply
U	Strategic Underground Program	09-01-16	Distribution
US-2	2016 Solar Projects	01-01-17	Electricity Supply
W	Warren County Power Station	04-01-16	Electricity Supply

II. The riders listed below are applicable to Virginia Electric and Power Company's Filed Rate Schedules SCR - GS-3 and SCR - GS-4.

Rider	Description	Effective For Usage On and After	Applicable Service Type
C1A	Peak-Shaving Increment Rider	05-01-16	Distribution
C2A	Energy Efficiency Increment Rider	05-01-16	Distribution
T1	Transmission	09-01-16	Electricity Supply

Dominion Virginia Power Rate Riders

<u>Rider</u>	<u>Current Rate</u>
C1A Peak Shaving Increment Rider ¹ <i>current rates in effect 11-1-2016</i>	
GS-1	- 0.0012 ¢/kWh ¹
GS-2 Non-Dem	- 0.0011 ¢/kWh ¹
GS-2 Demand	- 0.0011 ¢/kWh ¹
GS-3	- 0.0009 ¢/kWh ¹
GS-4 Primary	- 0.0008 ¢/kWh ¹
C2A Energy Efficiency Increment Rider ¹ <i>current rates in effect 11-1-2016</i>	
GS-1	0.0699 ¢/kWh ¹
GS-2 Non-Dem	0.0629 ¢/kWh ¹
GS-2 Demand	0.0629 ¢/kWh ¹
GS-3	0.0561 ¢/kWh ¹
GS-4 Primary	0.0489 ¢/kWh ¹

¹ 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

<u>Rider</u>	<u>Description/Rate</u>	<u>Previous Rate</u>	<u>Current Rate</u>	<u>Effective Date</u>
W	Warren Co. Power Station <i>Previous rates in effect 3/31/15 – 3/31/16</i>			
	GS-1	0.203 ¢/kWh	0.1624 ¢/kWh	4/1/2016
	GS-2 Non-Dem	0.213 ¢/kWh ¹ , 0.770 \$/kW ¹	0.1727 ¢/kWh ¹ , 0.619 \$/kW ¹	4/1/2016
	GS-2 Demand	0.213 ¢/kWh ² , 0.770 \$/kW ²	0.1727 ¢/kWh ² , 0.619 \$/kW ²	4/1/2016
	GS-3	0.794 \$/kW ³	0.636 \$/kW ³	4/1/2016
	GS-4 Primary	0.785 \$/kW ³	0.673 \$/kW ³	4/1/2016
B	Biomass Conversions <i>Previous rates in effect 4/1/15 – 3/31/16</i>			
	GS-1	0.013 ¢/kWh	0.0408 ¢/kWh	4/1/2016
	GS-2	0.014 ¢/kWh ¹ , 0.050 \$/kW ¹	0.0434 ¢/kWh ¹ , 0.155 \$/kW ¹	4/1/2016
	GS-2T	0.014 ¢/kWh ² , 0.050 \$/kW ²	0.0434 ¢/kWh ² , 0.155 \$/kW ²	4/1/2016
	GS-3	0.052 \$/kW ³	0.160 \$/kW ³	4/1/2016
	GS-4 Primary	0.051 \$/kW ³	0.169 \$/kW ³	4/1/2016

¹If 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.

² 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.

³Applied to On-Peak Electricity Supply Demand.

Dominion Virginia Power Rate Riders

<u>Rider</u>	<u>Description/Rate</u>	<u>Previous Rate</u>	<u>New Rate</u>	<u>Effective Date of New Rate</u>
S	New Coal Plant (VCHEC)¹ Previous rates in effect 4/1/2015-3/31/2016			
	GS-1	0.368 ¢/kWh	0.3459 ¢/kWh	4/1/2016
	GS-2	0.387 ¢/kWh	0.3675 ¢/kWh, \$1.320/kW¹	4/1/2016
	GS-2T	0.387 ¢/kWh	0.3675 ¢/kWh , \$1.320/kW²	4/1/2016
	GS-3	1.441 \$/kW ³	1.355 \$/kW ³	4/1/2016
	GS-4 Primary	1.4254 \$/kW ³	1.432 \$/kW ³	4/1/2016
R	Gas-Fired Generating Plant (Bear Garden)¹ Previous rates in effect 4/1/2015 – 3/31/2016			
	GS-1	0.1257 ¢/kWh	0.1024 ¢/kWh	4/1/2016
	GS-2	0.1324 ¢/kWh	0.1087 ¢/kWh, \$0.391/ kW¹	4/1/2016
	GS-2T	0.1324 ¢/kWh	0.1087 ¢/kWh, \$0.391/ kW²	4/1/2016
	GS-3	0.492 \$/kW ³	0.401 \$/kW ³	4/1/2016
	GS-4 Primary	0.487 \$/kW ³	0.424 \$/kW ³	4/1/2016

¹If 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.

² 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.

³Applied to On-Peak Electricity Supply Demand.

Dominion Virginia Power Rate Riders

<u>Rider</u>	<u>Description/Rate</u>	<u>Previous Rate</u>	<u>New Rate</u>	<u>Effective Date</u>
T1	Transmission <i>Previous rates in effect 9/1/2015 – 8/31/16</i>			
	GS-1	0.3051 ¢/kWh	0.2596 ¢/kWh	9/1/16
	GS-2 Non-Demand	0.5211 ¢/kWh	0.5313 ¢/kWh	9/1/16
	GS-2 Demand	0.638 \$/kW²	0.644 \$/kW²	9/1/16
	GS-3	1.080 \$/kW³	1.009 \$/kW³	9/1/16
	GS-4 Primary	1.051 \$/kW³	0.771 \$/kW³	9/1/16

<u>Rider</u>	<u>Description/Rate</u>	<u>Previous Rate</u>	<u>New Rate</u>	<u>Effective Date</u>
BW	Brunswick County Power Station <i>Previous rates in effect 5-1-16-8/31/16</i>			
	GS-1	0.215 ¢/kWh	0.1627 ¢/kWh	9/1/2016
	GS-2	0.227 ¢/kWh¹, \$0.821/ \$/kW¹	0.1725 ¢/kWh, \$0.621/kW¹	9/1/2016
	GS-2T	0.227 ¢/kWh, \$0.821/ \$/kW²	0.1725 ¢/kWh, \$0.621/kW²	9/1/2016
	GS-3	0.849 \$/kW³	0.638 \$/kW³	9/1/2016
	GS-4 Primary	0.839 \$/kW³	0.681 \$/kW³	9/1/2016

¹If 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.

² 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.

³Applied to On-Peak Electricity Supply Demand.

Dominion Virginia Power

New Rate Riders

Greensville Power Station, Rider GV

- On March 29, 2016, the SCC granted approval for the Greensville Power Station
- The \$1.3 billion power plant will be built in Southern Virginia on 55 acres near the Greensville/Brunswick County line. Construction is expected to begin later this year

<u>Rider</u>	<u>Description/Rate</u>	<u>Current Rate</u>	<u>Effective Date</u>
GV	Greensville Power Station		
	GS-1	0.0556 ¢/kWh	4/1/2016
	GS-2	0.0591 ¢/kWh ¹ , \$0.212/ \$/kW ¹	4/1/2016
	GS-2T	0.0591 ¢/kWh, \$0.212/ \$/kW ²	4/1/2016
	GS-3	0.218 \$/kW ³	4/1/2016
	GS-4 Primary	0.230 \$/kW ³	4/1/2015

¹If 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.

² 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.

³Applied to On-Peak Electricity Supply Demand.

Dominion Virginia Power

New Rate Riders ¹

- On December 1, 2015, Dominion filed with the SCC an Application and direct testimony for establishment for the first phase of a **Strategic Undergrounding Program**, Rider U, for the rate year September 1, 2016 to August 31, 2017, Case No. PUE-2015-00114.
 - The Company's total investment for Phase One is \$140 million with cost recovery through Rider U limited to \$122.5 million.
 - This results in an approved revenue requirement for rate year September 1, 2016-August 31, 2017 of \$19.5 million for recovery through Rider U

<u>Rider</u>	<u>Description/Rate</u>	<u>Current Rate</u>	<u>Effective Date</u>
U	Strategic Undergrounding Program		
	GS-1	0.0342 ¢/kWh	9/1/2016
	GS-2 Non-Dem	0.0216 ¢/kWh	9/1/2016
	GS-2 Demand	0.078 \$/kW²	9/1/2016
	GS-3	0.000 \$/kW	9/1/2016
	GS-4 Primary	0.000 \$/kW	9/1/2016
US-2	2016 Solar Projects		
	GS-1	0.0046 ¢/kWh	1/1/2017
	GS-2	0.0049 ¢/kWh, 0.017 \$/kW²	1/1/2017
	GS-3	0.018 \$/kW	1/1/2017
	GS-4 Primary	0.019 \$/kW	1/1/2017

¹ Application of Virginia Electric Power Company For establishment of a rate adjustment clause: Rider U, new underground distribution facilities, for the Rate Year commencing September 1, 2016, Case No. PUE-2015-00114, filed December 1, 2015

² Case No. PUE 2015-00114, Witness GAP Schedule 5

³ Applied to kW of Demand