



AOBA

Utility and Energy Market Update DC, Maryland, and Virginia

August 2, 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. AltaGas Acquisition of Washington Gas Light Holdings Inc.
- B. WG DC – Formal Case No. 1137, Decision issued March 3, 2017 & Updated Surcharge Rates
- C. WG MD - Case No. 9433, Rate Case Horizon & Updated Surcharge Rates
- D. WG VA – Case No. PUE-2016-00001, filed June 30, 2016, Settlement Agreement submitted April 18, 2017 and approved by Hearing Examiner June 30, 2017

IV. Potomac Electric Power Company (Pepco)

- A. Pepco DC – Formal Case No. 1139, filed June 30, 2016, Decision issued July 24, 2017 & Updated Surcharge Rates
- B. Pepco DC Formal Case No. 1145 –Application for Biennial Underground Infrastructure Improvement Projects Plan, filed July 3, 2017
- C. Pepco DC – Formal Case No. 1143 – Pepco Seeks Demand Management Program for Electric Vehicle Charging, filed April 21, 2017
- D. Pepco MD – Case No. 9443, filed March 24, 2017 & Updated Surcharge Rates

V. Dominion Energy Virginia – 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.

On April 24, 2017, AtlaGas Ltd and WGL Holdings, Inc. filed their Merger Application with the DC Public Service Commission, Formal Case No. 1142, the Maryland Public Service Commission, Case No. 9449 and with the Virginia State Corporation Commission, Case No. PUR-2017-00049.

AOBA has intervened in all three case and will be filing expert testimony in Maryland on August 14, 2017 and in DC on September 29, 2017. There is a different process in Virginia. AOBA will present more details on the merger after our testimony is filed.

AOBA does not expect a final decision on this acquisition until the second quarter 2018.



Washington Gas Light Company District of Columbia

Washington Gas District of Columbia – FC No. 1137 ¹

Background:

- 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 requested an increase in the Company's weather-normalized annual revenue of \$17.4 million and an opportunity to earn an overall ROR of 8.23% including a ROE of 10.25%
 - 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.
- Based on the approval of a Revenue Normalization Adjustment, AOBA recommended:
 - If the RNA is rejected, AOBA recommended 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 recommended an ROE of not greater than 9.00% and an overall rate or return of not greater than 7.30%

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

Commission Decision, Order No. 18712:

- On March 3, 2017, the District of Columbia Public Service Commission denied WG’s request for a \$17.4 million increase and authorized a rate increase in the amount of \$8,510,251 based on a return on equity of 9.25% and a rate of return of 7.57%.
- WG proposal to increase Customer Charges significantly for all classes – **APPROVED**
- WG also proposed a new rate design for Group Metered Apartment (GMA) customers - **APPROVED**
 - Prior rate design allowed for C&I and GMA customers to be billed on the same rate schedule which reflected the same charges
 - FC No.1137 proposed a separate rate schedule for C & I and GMA Customers
 - C&I customers would be billed under Schedules 2 (sales)& 2A (delivery)
 - GMA customers would be billed under Schedules 2B (sales) & 2C (delivery)
- WG proposed a Revenue Normalization Adjustment (RNA) - **DENIED**
- WG proposed to fund research and development (R&D) programs – **DENIED**
- **Interruptible customers will no longer have an option to purchase natural gas supply through Washington Gas. IT customers will be billed under Schedule 3A.** (WG Transition plan approved 4/6/17; Letters to customers sent 4/18/17)
- **WG filed its revised rates schedules on March 17, 2017. The new rates became effective for service rendered on and after March 24, 2017.**

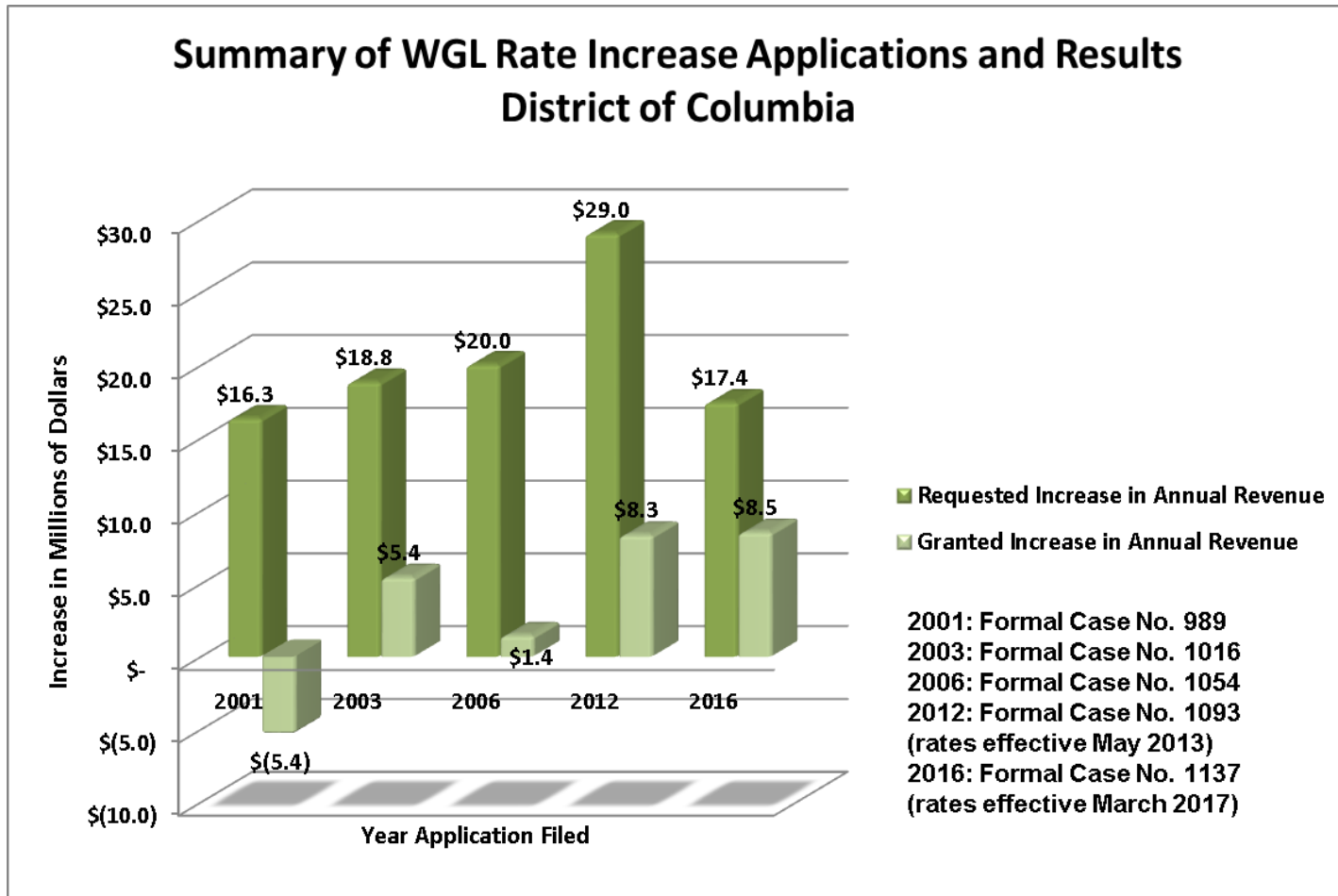
Washington Gas District of Columbia – FC No. 1137 ¹

Approved Rate Increases by Customer Class Effective March 24, 2017

For budgeting purposes, the approved rate increases are set forth in the chart below.

| Description | Operating Revenues (Delivery Service) | | Operating Revenues (Sales Service) | |
|-------------------------------------|--|-----------------|---------------------------------------|-----------------|
| | Increase % | | Increase % | |
| Residential | Proposed | Approved | Proposed | Approved |
| Heating and/or Cooling | 17.4% | 7.0% | 10.3% | 4.1% |
| Non-heating and Non-cooling | | | | |
| Individually Metered Apartments | 21.7% | 50.7% | 11.4% | 38.2% |
| Commercial & Industrial | | | | |
| Heating and/or Cooling | | | | |
| Less than 3,075 therms | 11.2% | 5.2% | 7.0% | 3.3% |
| 3,075 therms or more | 5.9% | 3.4% | 4.3% | 2.5% |
| Non-heating and Non-cooling | 3.3% | 3.8% | 2.3% | 2.7% |
| Group Metered Apartments | | | | |
| Heating and/or Cooling | | | | |
| Less than 3,075 therms | 4.0% | 5.5% | 2.6% | 3.6% |
| 3,075 therms or more | 7.8% | 4.6% | 5.9% | 3.5% |
| Non-heating and Non-cooling | 5.6% | 4.7% | 4.1% | 3.5% |
| Interruptible | 0.4% | 0.4% | 0.4% | 0.4% |
| Total Sales/Delivery Revenue | 11.5% | 5.6% | 7.6% | 3.7% |
| Total Operating Revenue | | | 7.6% | 3.7% |

Washington Gas District of Columbia History of Overreaching



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 November 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 period November 2016 to October 2017 is \$0.0029 per therm**

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 filed a revised current factor after the PSC Final Order in FC 1137 was issued and a portion of the amounts have been transferred to base rates.

Washington Gas – District of Columbia Surcharges

PROJECTpipes, Formal Case No. 1115

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

- As a result of the Commission’s Final Order in Formal Case No. 1137:
 - The PROJECTPipes surcharge will continue, however a portion of the PROJECTpipes plant has been transferred into base rates.
 - WG filed revised PROJECTpipes rates to be effective with the May 2017 billing cycle, see chart below.
 - There is a separate rate class for Group Metered Apartment (GMA) customers. The PROJECTPipes rate for GMA customers for **May to September 2017 is \$0.0090 per therm.**
- The new PROJECTpipes surcharge rates will be billed from May through September 2017. A reconciliation factor will be calculated after September for the 12 months ended September 30, 2017.
- On July 31st, WG filed its proposed PROJECTpipes surcharges for FY 2018. Implementation is pending Commission approval.

| | <u>Residential</u> | <u>Commercial</u> | <u>Group Metered Apartments</u> | <u>Interruptible</u> |
|--------------------------------|--------------------|--------------------|---------------------------------|----------------------|
| Mar. 2015 Billing Cycle | \$0.0094 per therm | \$0.0035 per therm | Billed at Commercial rate | \$0.0016 per therm |
| Oct. 2015 Billing Cycle | \$0.0157 per therm | \$0.0062 per therm | Billed at Commercial rate | \$0.0032 per therm |
| Mar. 2016 Billing Cycle | \$0.0188 per therm | \$0.0073 per therm | Billed at Commercial rate | \$0.0039 per therm |
| Oct. 2016 Billing Cycle | \$0.0324 per therm | \$0.0131 per therm | Billed at Commercial rate | \$0.0073 per therm |
| May 2017 Billing Cycle | \$0.0320 per therm | \$0.0095 per therm | \$0.0090 per therm | \$0.0038 per therm |
| Proposed FY 2018 | \$0.0282 per therm | \$0.0122 per therm | \$0.0124 per therm | \$0.0065 per therm |

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 June 2017 Billing Cycle | \$0.0367 per therm |

➤ 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 Fund¹

- **In its FY 2018 Budget, the DC Council raised the Energy Assistance Trust Fund Rate from \$0.0051 per therm to \$0.0083359 per therm. The new rate will take effect October 1, 2017.**

➤ 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 Therm |
|-------------|-------------------|
| 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 |
| Mar-17 | \$0.5237 |
| Apr-17 | \$0.5487 |
| May-17 | \$0.6471 |
| Jun-17 | \$0.6624 |
| Jul-17 | \$0.6204 |

Washington Gas Balancing Charges District of Columbia

| Month, Year | Dollars Per Therm |
|---------------------|-------------------|
| Dec 2016 - Feb 2017 | \$0.0009 |
| Mar 2017 - Nov 2017 | \$0.0087 |

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

**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 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**
 - Per Maryland statutory requirements, requests for increased rates must be decided within seven months of filing.
- 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 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 WG project would be financed by current ratepayers.
- AOBA intervened in the case to protect members' interests and filed testimony of its expert witnesses on March 1, 2017.
- Hearings were held on 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.
- On August 1, 2017, the Commission denied Washington Gas's request without prejudice to WG's ability to submit different proposals to expand access to natural gas but not at the total expense of current ratepayers.
- WG may request reconsideration within 30 days/August 31, 2017.

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 and were later revised to include an updated reconciliation factor effective with the May 2017 billing.**
- **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 | Approved 2017 STRIDE Reconciliation Factor | Revised 2017 STRIDE Factor Per Month |
|-------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|--------------------------------------|
| Residential Heating /Cooling | \$0.45 | \$1.22 | \$1.96 | \$0.07 | \$2.03 |
| Residential Non-Heating/Non-Cooling | \$0.25 | \$0.63 | \$1.01 | \$0.01 | \$1.02 |
| C&I Heating/Cooling < 3,000 | \$0.70 | \$1.92 | \$3.04 | \$0.06 | \$3.10 |
| C&I Heating/Cooling > 3,000 | \$4.59 | \$12.29 | \$20.66 | \$1.47 | \$22.13 |
| C&I Non-Heating/Non-Cooling | \$1.77 | \$4.83 | \$7.78 | \$0.27 | \$9.25 |
| GMA Heating/Cooling | \$6.18 | \$16.78 | \$27.34 | \$1.26 | \$28.60 |
| GMA Non-Heating/Non-Cooling | \$1.22 | \$3.37 | \$5.46 | \$0.24 | \$5.70 |
| Interruptible | \$50.20 | \$151.33 | \$252.70 | \$10.32 | \$263.02 |

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 | \$0.1740681 per therm |

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 | \$0.057534 per therm |

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 |
|-------------|-------------------|
| 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 |
| Mar-17 | \$0.5177 |
| Apr-17 | \$0.5451 |
| May-17 | \$0.6272 |
| Jun-17 | \$0.6386 |
| Jul-17 | \$0.5960 |

**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 2016 - Feb 2017 | \$0.0088 |
| Mar 2017 - Nov 2017 | \$0.0064 |

Washington Gas MD – Purchased Gas Costs and Balancing Charges

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

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 requested 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 requested an overall rate of return of 8.21% on rate base, including a return on common equity of 10.25%. WG also proposed 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 and Settlement Case No. PUE-2016-00001:

- WG also proposed 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 proposed 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
- **Interested parties, including AOBA, opposed this requested rate increase and after extended discussion and debate, the parties reached a settlement agreement reducing the rate increase to \$34 million, \$14.1 million net of SAVE PLAN costs.**
- On June 30, 2017, a settlement agreement or “Stipulation” was approved by the VASCC Hearing Examiner.
- The VASCC is expected to issue a decision by the end of the third quarter, 2017.

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

Rates Effective November 28, 2016- Subject to Refund

| Line No. | Description | 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 | | |
| | A | | | | | | | | | | | | | |
| 1 | SALE / DELIVERY OF GAS REVENUE | | | | | | | | | | | | | 1 |
| 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 | | | | | | | | \$ 1,666 | \$ 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

Washington Gas – Virginia Case No. PUE-2016-0001 ¹

Hearing Examiner Approved Increase in Rates – Small credits to be issued

Washington Gas Light Company
Virginia

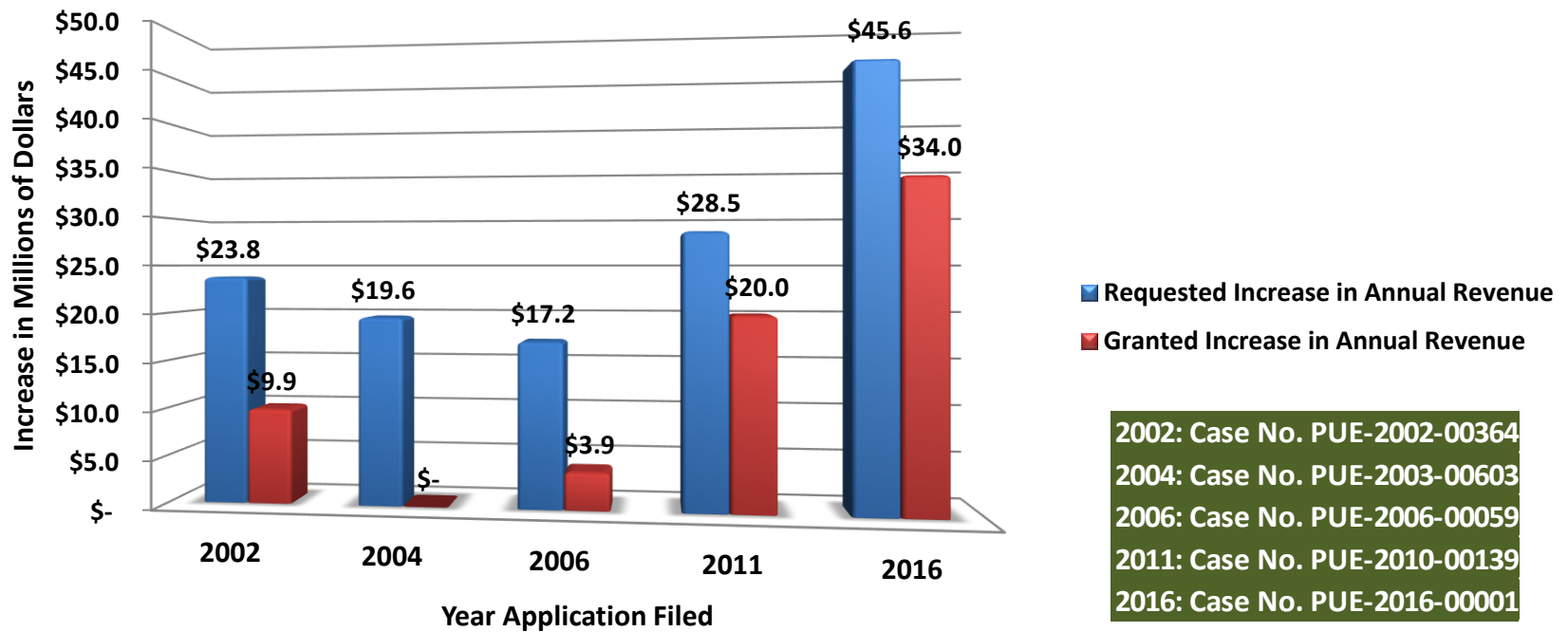
Determination of Present and Proposed Revenue by Customer Class
Amount and Percent Change Resulting From Proposed Rate Design

Based on 12 Months Ended September 30, 2015 - Ratemaking

| Line No. | Description A | Ratemaking Number of Bills B | Average Number of Customers C=B/12 | Ratemaking Annual Thrms D # | 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 | | | | | | | | | | | | | 1 |
| 2 | Residential | 5,945,394 | 495,450 | 385,089,788 | \$ 200,482 | \$ 225,356 | \$ 24,874 | 12.41% | \$ 374,101 | \$ 398,975 | \$ 24,874 | 6.65% | 2 | |
| 3 | Commercial and Industrial | | | | | | | | | | | | | |
| 4 | Heating and/or Cooling | 297,572 | 24,798 | 141,054,321 | 39,367 | 45,377 | 6,010 | 15.27% | 79,176 | 85,186 | 6,010 | 7.59% | 4 | |
| 5 | Non-heating and Non-cooling | 23,659 | 1,972 | 11,042,340 | 2,854 | 3,212 | 348 | 12.15% | 5,835 | 6,183 | 348 | 5.96% | 5 | |
| 6 | Large Customers | 1,210 | 101 | 23,781,930 | 3,571 | 3,950 | 379 | 10.61% | 4,610 | 4,989 | 379 | 8.22% | 6 | |
| 7 | Group Metered Apartments | | | | | | | | | | | | | 7 |
| 8 | Heating and/or Cooling | 20,326 | 1,694 | 27,581,223 | 7,164 | 8,304 | 1,140 | 15.91% | 13,213 | 14,353 | 1,140 | 8.63% | 8 | |
| 9 | Non-heating and Non-cooling | 17,678 | 1,473 | 5,719,185 | 1,642 | 1,854 | 212 | 12.91% | 2,746 | 2,958 | 212 | 7.72% | 9 | |
| 10 | Large Customers | 204 | 17 | 2,767,459 | 568 | 659 | 91 | 16.02% | 927 | 1,018 | 91 | 9.82% | 10 | |
| 11 | Total Firm Classes | 6,306,043 | 525,505 | 597,036,254 | 255,658 | 288,712 | 33,054 | 12.93% | 480,608 | 513,662 | 33,054 | 6.88% | 11 | |
| 12 | Interruptible (Total) | 2,145 | 179 | 57,263,286 | \$ 5,420 | 6,235 | 815 | 15.04% | 5,420 | 6,235 | 815 | 15.04% | 12 | |
| 13 | Total Sales of Gas Revenue | 6,308,188 | 525,684 | 654,299,541 | \$ 261,078 | \$ 294,947 | \$ 33,869 | 12.97% | \$ 486,028 | \$ 519,897 | \$ 33,869 | 6.97% | 13 | |
| 14 | OTHER OPERATING REVENUE | | | | | | | | | | | | | 14 |
| 15 | Late Payment Charges | | | | | | | | \$ 1,866 | \$ 1,997 | \$ 131 | | | 15 |
| 16 | Miscellaneous Tariff Charges | | | | | | | | 2,127 | 2,127 | - | | | 16 |
| 17 | Other | | | | | | | | 291 | 291 | - | | | 17 |
| 18 | Total Other Operating Revenue | | | | | | | | \$ 4,284 | \$ 4,415 | \$ 131 | 3.10% | 18 | |
| 19 | Total Revenue | | | | | | | | \$ 490,312 | \$ 524,312 | \$ 34,000 | 6.90% | 19 | |

¹Report of Deborah V. Ellenberg, Chief Hearing Examiner, June 30, 2017, Attachment I, page 3 of 3.

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 |
| Schedule 2 & 2A | \$0.0166/ therm | Effective Jan. 1, 2016 – Dec. 31, 2016 |
| Schedule 3 & 3A | \$0.0192/therm | Effective Jan. 1, 2016 – Dec. 31, 2016 |
| Interruptible | \$0.0062/therm | Effective Jan. 1, 2016 – Dec. 31, 2016 |

Washington Gas – Virginia SAVE Rider

2017 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* |
|-------------|--|--|
| 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 |
| Mar-17 | \$0.4072 | \$0.5791 |
| Apr-17 | \$0.4381 | \$0.6100 |
| May-17 | \$0.5302 | \$0.7022 |
| Jun-17 | \$0.5433 | \$0.7159 |
| Jul-17 | \$0.5016 | \$0.6741 |

*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 2016 - Feb 2017 | \$0.0016 |
| Mar 2017 - Nov 2017 | \$0.0018 |

Washington Gas Balancing Charges - Virginia Group Metered Apartment Customers

| Month, Year | Dollars Per Therm |
|---------------------|-------------------|
| Dec 2016 - Feb 2017 | \$0.0025 |
| Mar 2017 - Nov 2017 | \$0.0060 |

| | |
|---|--|
| 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>



Pepco

District of Columbia

Pepco -District of Columbia Formal Case No. 1139 ¹

Case Background:

- On June 30, 2016, Pepco filed an application requesting authority for an increase of **\$85,477,000** in its electric distribution rates.
- Pepco requested an increase in the authorized return on equity (“ROE”) from the current 9.4% to 10.6%. Pepco 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 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% and be granted approximately a \$20,000,000 increase in revenue requirement.
- Evidentiary Hearings were held beginning March 15, 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

Commission Decision, Order No. 18846 :

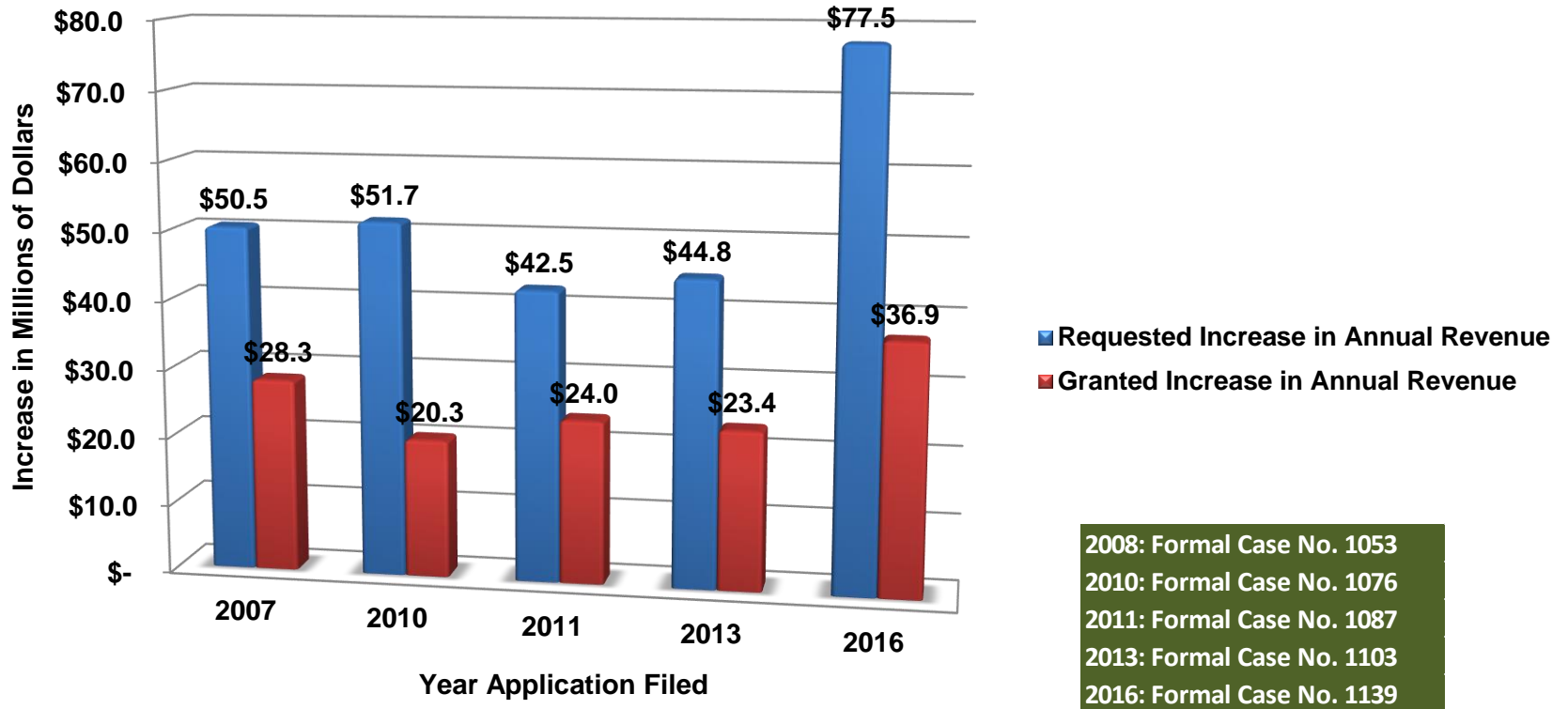
- On July 24, 2017, the DC PSC reduced Pepco's request for a \$77.49 million increase in rates by 52% to \$36.888 million.
- The Commission also reduced Pepco's requested return on equity from 10.6% to 9.5% and approved an overall rate of return of 7.46%.
- AOBA had recommended that the Commission authorize an ROE for Pepco of 9.25% and an overall rate of return for the Company of not greater than 7.33%.
- In Order No. 18846, the Commission stated it will use \$15 million of the funds from the \$25 million customer base rate credit that were provided to District ratepayers as a benefit of the Pepco/Exelon merger to offset the increase imposed on the residential class, including master metered apartments. The net result will provide residential and master metered apartment customers with a credit which is intended to offset the approved distribution increase costs for up to two years.
- Pepco must file revised rate schedules with the Commission no later than August 8, 2017. **New rates will become effective August 15, 2017.**
- Pepco has stated it may file another request for an increase in distribution rates between November 2017 and January 2018.

Pepco -District of Columbia Formal Case No. 1139

- For budgeting purposes, Pepco’s proposed increases and the approximate approved increases (based on class revenue) to distribution rates for each customer class are shown in the chart below. Compliance rates will be filed on August 8, 2017.
- **Please remember that the approximate 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. Further, the component charges of your rate were increased at different percentages, and you must consider the individual component charges.**

| Rate Schedule | Proposed Increase | Approximate Approved Increase |
|----------------|-------------------|-------------------------------|
| Residential | 24.28% | 9.95% |
| RES-AE | 19.44% | 9.41% |
| RTM | 23.58% | 11.3% |
| MMA | 18.27% | 7.24% |
| GS LV | 22.12% | 9.62% |
| GS HV | 20.17% | 14.3% |
| GT LV | 24.55% | 10.8% |
| GT 3B | 22.17% | 10.5% |
| GT 3A | 23.81% | 10.4% |
| Metro | 25.25% | 11.0% |
| SL E | 53.07% | 0.0% |
| Traffic Signal | 24.15% | 0.0% |
| ST Light | 7.75% | 0.0% |
| TN | 0.00% | 8.3% |
| Total | 23.65% | 10.2% |

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 – Pending Approval, expected effective date January 1, 2018**
- **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

Effective for Fiscal Year 2018

\$0.0002322 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

\$0.00209 per kWh

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 |
| Effective for Service On and After Feb. 17, 2017 | \$0.000442 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

- 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
- Both Formal Case Nos. 1116 & 1121 did not proceed as scheduled.
- **Pepco, DDOT, OPC, and the DC PSC negotiated changes in the initial DC undergrounding law which became effective May 17, 2017. Thereafter, the DC PSC instituted Formal Case No. 1145.**

Pepco Files New Biennial Undergrounding Plan for the District Formal Case No. 1145

- As a result of an emergency amendment (Electric Company Infrastructure Improvement Financing Amendment Act of 2017) signed by the Mayor on May 17, 2017, the DC Public Service Commission opened a new proceeding to consider applications for Biennial Underground Infrastructure Improvement Projects.
- On July 3, 2017, Pepco and DDOT filed a Joint Application for Approval of the First Biennial Underground Infrastructure Improvement Projects Plan. The Biennial Plan identified six feeders that DDOT and Pepco plan to place underground.
- The Application also requests approval of an Underground Project Charge (UPC) to recover the costs Pepco incurs during the undergrounding of the feeders.
- In addition to the Joint Application, Pepco included an application for a Commission issued financing order that would allow Pepco to recover the costs DDOT will incur as a result of the undergrounding of the designated feeders specified in the Biennial Plan.
- AOBA has intervened in this proceeding and will file testimony opposing the Joint Application and Pepco's financing order request on September 13, 2017.
- A final Commission decision is expected on or about **November 7, 2017**.

Pepco Files New Biennial Undergrounding Plan for the District Formal Case No. 1145

Five Year Review -

The new legislation requires that by December 31, 2022, the Mayor, PSC, OPC and Pepco jointly file a report assessing the effectiveness of the DC PLUG program i.e. whether it improved reliability and reduced the frequency of electric outages, its impact on the tree canopy, its impact on customers' bills, and recommends whether the Council should continue the DC PLUG and authorize more investment.

Table 1. Comparison of the Original DC PLUG plan and the DC PLUG plan authorized through this Amendment

| | Original – 2014 Legislation | Committee Print |
|---|---|---|
| <i>Electric Company</i> | \$500 million funded through debt and equity; funding recovered via the Underground Project Charge (surcharge on customers) | \$250 million funded through debt and equity; funding recovered via the Underground Project Charge (surcharge on customers) ¹⁹ |
| <i>District Government</i> | \$375 million funded through securitized District bonds, with the cost recovered via the DDOT Underground Electric Company Infrastructure Improvement Charge (surcharge on customers) | Electric company funds \$187.5 million through a pay-as-you-go structure with no District bond issuance. \$30 million a year charge imposed on the electric company and recovered via the Underground Rider (on all distribution service customers) ²⁰ |
| <i>DDOT Capital Budget</i> | \$62 - \$125 million funding via DDOT's capital improvement program | \$62.5 million |
| <i>Amount of Feeders to be Undergrounded</i> | 50 - 60 | 25-30 |
| <i>Length of time to complete Phase 1 of the project</i> | 7-10 years | 6-7 years |
| <i>Total Cost to the Average Customer</i> | \$1.50 per month in the first year rising to a peak of \$3.25 ²¹ | \$1.23 per month in the first year rising to a peak of \$3.04 per month |

Pepco Files New Biennial Undergrounding Plan for the District Formal Case No. 1145

There will be two electric distribution rate surcharges:

1. Pepco Underground Project Charge (“UPC”) – Effective January 2018, pending approval

- A cents/kWh surcharge billed by Pepco for costs associated with the undergrounding project vary according to customer rate class
- The Underground Project Charge (UPC) is designed to recover the costs Pepco incurs during the undergrounding of the feeders.
- **The Application states the UPC will remain in effect for two years and will collect \$5,602,940 in total revenues.**

2. The Underground Rider - Effective January 2018, pending approval

- An adjusting cents/kWh surcharge that will change as necessary
- If granted, the financing order would permit Pepco to recover the DDOT costs through an additional charge, i.e., an Underground Rider charge.
- **The Underground Rider will also remain in effect for two years and is designed to collect \$30 million per year.**

Pepco Files New Biennial Undergrounding Plan for the District Formal Case No. 1145

- The surcharges for the initial year of the Plan are shown in the chart below.
- The effect of the proposed rates on any particular customer is dependent upon the actual usage of the customer. Increases shown are for customers with average monthly usage. (FC 1145 DC PSC Public Notice, July 6, 2017)

| Rate Schedule | Underground Rider (per kWh) | UPC Charge (per kWh) | Combined Rate Underground Rider + UPC Charge | Average Monthly Charge (based on Average Monthly Usage * Underground Rider + UPC) |
|---------------|-----------------------------|----------------------|--|---|
| R | \$0.00155 | \$0.00021 | \$0.00176 | \$1.13 |
| AE | \$0.00124 | \$0.00016 | \$0.00140 | \$0.90 |
| RTM | \$0.00481 | \$0.00064 | \$0.00545 | \$19.59 |
| GS ND | \$0.00296 | \$0.00039 | \$0.00335 | \$4.38 |
| T | \$0.00296 | \$0.00039 | \$0.00335 | \$25.06 |
| GS LV | \$0.00568 | \$0.00076 | \$0.00644 | \$66.94 |
| GS 3A | \$0.00288 | \$0.00038 | \$0.00326 | \$66.75 |
| GT LV | \$0.00352 | \$0.00047 | \$0.00399 | \$495.27 |
| GT 3A | \$0.00209 | \$0.00028 | \$0.00237 | \$3,142.25 |
| GT 3B | \$0.00020 | \$0.00003 | \$0.00023 | \$2,765.96 |
| RT | \$0.00218 | \$0.00029 | \$0.00247 | \$61,572.73 |
| SL | \$0.00078 | \$0.00010 | \$0.00088 | \$5,277.73 |
| TS | \$0.00078 | \$0.00010 | \$0.00088 | \$703.86 |
| TN | \$0.00170 | \$0.00023 | \$0.00193 | \$0.80 |

Pepco Seeks Approval for Demand Management Program for Electric Vehicle Charging Formal Case No. 1143

- On April 21, 2017, Pepco filed a proposal with the DC Public Service Commission seeking approval for a limited and voluntary demand management program for plug-in electric vehicle charging.
- The proposed program would run through the third quarter of 2019.
- Included in Pepco's request for an EV pilot project was the ability of Pepco to include the costs of the pilot in a "regulatory asset" which would be tantamount to the PSC pre-approving Pepco's costs without examination.
- Further, allowing Pepco to include these costs in rates would stifle the competitive market for Electric Vehicle charging that already exists in the District of Columbia.
- AOBA filed comments and reply comments, on May 22nd and June 5th, respectively, urging the Commission to reject Pepco's proposed EV pilot program and consider it in the PSC's on-going proceeding considering grid modernization.



Pepco Maryland

Pepco's Request for \$68 million Increase

Case No. 9443

- On March 24, 2017, Pepco filed an Application for a **\$68,619,00 increase** in its Maryland distribution rates and **an authorized rate of return on equity of 10.10%**.
 - Pepco's last base increase request for a \$102,751,00 million increase in distribution rates was the largest ever requested in Maryland by Pepco. On November 15, 2016, the MD PSC reduced Pepco's request to \$52,535,000 (Case No. 9418). Rates became effective Nov. 15th.
- Based on the Company's requested 10.10% return on equity, Pepco is requesting a rate of return of 7.79%.
- In its Application, Pepco explains the reason for the rate increase request is to recover costs incurred to replace and enhance the distribution system infrastructure and to recover costs for planned spending on reliability improvements.
- Based on testimony and analyses completed by AOBA's expert witnesses, AOBA has recommended the Commission should approve a revenue increase for Pepco of not greater than \$26,326,000. AOBA also recommended an authorized return on equity of not greater than 9.10% and an overall rate of return of 7.27%.
- New rates are expected to become effective on or about October 20, 2017.

Pepco's Request for \$68 million Increase, Case No. 9443

- For budgeting purposes, Pepco's proposed rates are set forth in the chart below. Please remember that the proposed 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.

| Rate Schedule | Proposed Increase to Distribution Rates |
|---------------|---|
| Residential | 15.98% |
| RTM | 15.98% |
| GS LV | 10.62% |
| MGT LV | 10.62% |
| MGT 3A | 15.98% |
| GT LV | 9.61% |
| GT 3B | 32.64% |
| GT 3A | 5.29% |
| TM RT | 4.54% |
| SL | 3.97% |
| SSL | 7.24% |
| TN | 18.34% |
| Total | 13.9% |

Pepco Maryland Surcharges

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 |

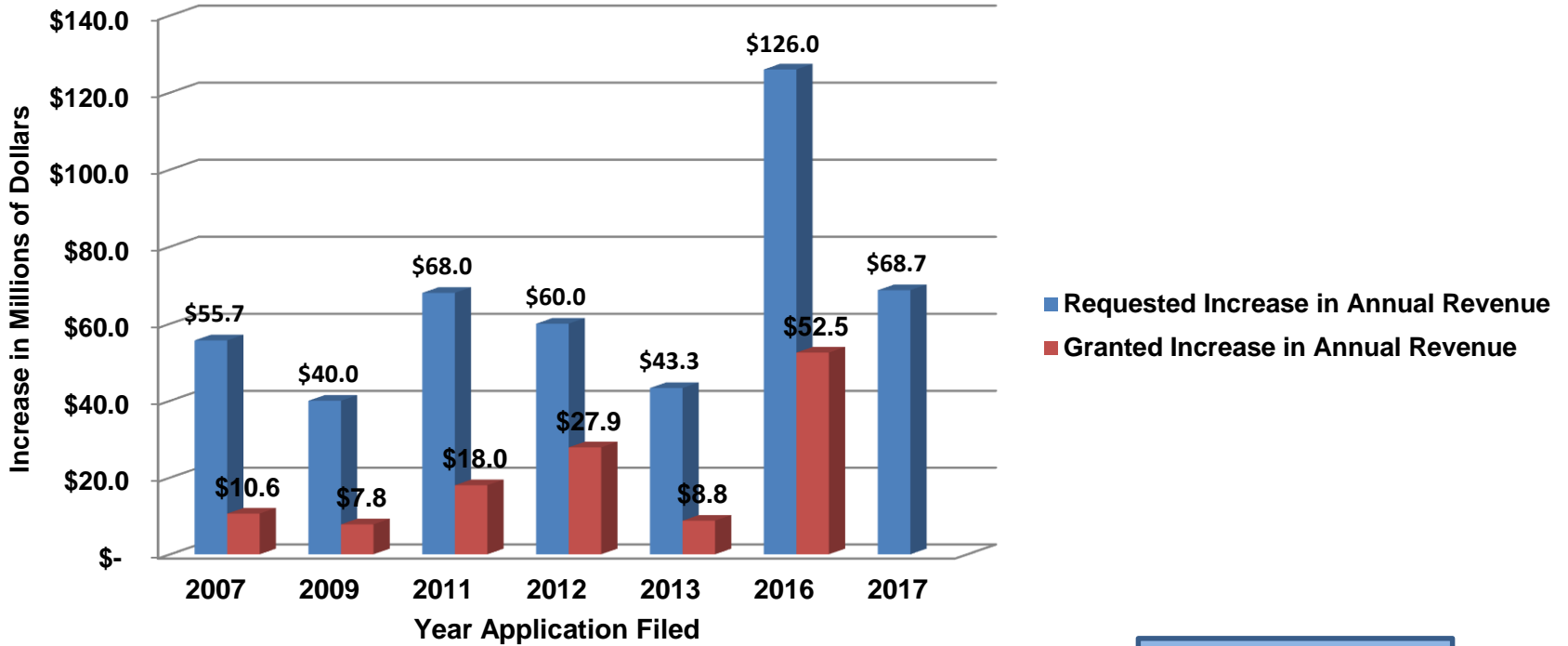
High Pressure Sodium

| | | |
|----------|--------|--------------------|
| 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
 2017: Case No. 9443

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 | \$0.0202224 per kWh |
| Tax Rate Effective 7-1-17 through 6-30-18 | \$0.0202224 per kWh |

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 | \$0.0113074 per kWh |

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 | \$0.009908 per kWh |

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

Effective 7/1/17 \$0.000149 per kWh

Delivery Tax

\$0.000620 per kWh

Dominion Energy Rate Rider Updates

*** As of May 10, 2017, Dominion Virginia Power changed its name to Dominion Energy Virginia**

Dominion Energy Virginia 2015 Biennial Review Summary & Senate Bill 1349 Background

- 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 Energy Virginia Rate Riders

- **Effective for usage on and after July 1, 2017, the fuel rate for DVP customers was increased from the fuel factor of 1.971 cents/kWh to 2.383 cents/kWh. (approximately 21% increase)**
- On July 17, 2017 the SCC approved Dominion’s proposed rate adjustment to its transmission rates. **New Rates have not been filed at this time.**
- **The Rider Schedule for DVP is as follows:**

| Rider | Description | Effective For Usage On and After | Applicable Service Type |
|-------|------------------------------------|----------------------------------|-------------------------|
| A | Fuel Charge Rider A | 07-01-17 | Electricity Supply |
| B | Biomass Conversions | 04-01-17 | Electricity Supply |
| BW | Brunswick County Power Station | 09-01-16 | Electricity Supply |
| C1A | Peak-Shaving Increment Rider | 07-01-17 | Distribution |
| C2A | Energy Efficiency Increment Rider | 07-01-17 | Distribution |
| GV | Greenville Power Station | 04-01-17 | Electricity Supply |
| R | Bear Garden Generating Station | 04-01-17 | Electricity Supply |
| S | Virginia City Hybrid Energy Center | 04-01-17 | Electricity Supply |
| T1 | Transmission | 11-01-16 | Electricity Supply |
| U | Strategic Underground Program | 11-01-16 | Distribution |
| US-2 | 2016 Solar Projects | 01-01-17 | Electricity Supply |
| W | Warren County Power Station | 04-01-17 | Electricity Supply |

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

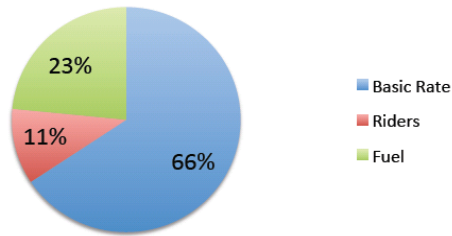
| Rider | Description | Effective For Usage On and After | Applicable Service Type |
|-------|-----------------------------------|----------------------------------|-------------------------|
| C1A | Peak-Shaving Increment Rider | 07-01-17 | Distribution |
| C2A | Energy Efficiency Increment Rider | 07-01-17 | Distribution |
| T1 | Transmission | 11-01-16 | Electricity Supply |
| U | Strategic Underground Program | 11-01-16 | Distribution |

Dominion Energy Virginia

Budget Impacts by Rate Class

Last Updated 2016 when Fuel Factor was 2.406 cents per kWh
New Riders Since 2016 Update – Rider GV, U, US-2

Rate Schedule GS-1

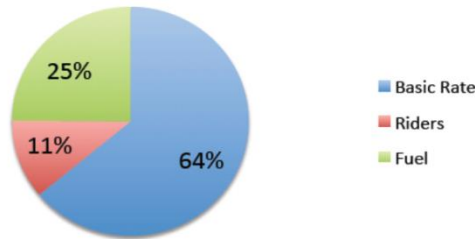


Rate Schedule GS-1

| | Basic Rate | Riders | Fuel | Total Bill |
|---------------------|------------|----------|-----------|------------|
| Bill Percentage | 66% | 11% | 23% | 100% |
| Sample Bill Amounts | \$ 404.51 | \$ 66.84 | \$ 144.36 | \$ 615.71 |

Based on: Summer, 15 KW; 6,000 kWh; 56% Load Factor.
 Source: PUE-2015-00027, DVP Volume 14, Schedule 43, page 12 of 40.

Rate Schedule GS-2

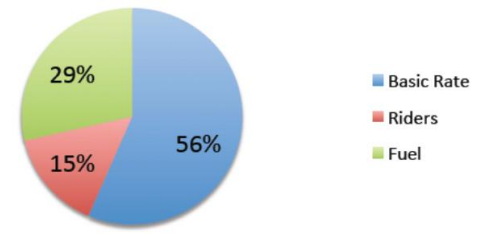


Rate Schedule GS-2

| | Basic Rate | Riders | Fuel | Total Bill |
|---------------------|-------------|-----------|-----------|-------------|
| Bill Percentage | 64% | 11% | 25% | 100% |
| Sample Bill Amounts | \$ 1,854.72 | \$ 323.00 | \$ 721.80 | \$ 2,899.52 |

Based on: Summer, 100 KW; 30,000 kWh; 42% Load Factor.
 Source: PUE-2015-00027, DVP Volume 14, Schedule 43, page 15 of 40.

Rate Schedule GS-3



Rate Schedule GS-3

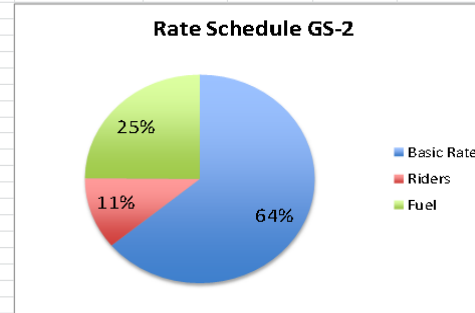
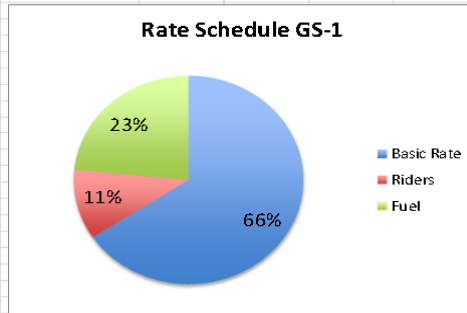
| | Basic Rate | Riders | Fuel | Total Bill |
|---------------------|--------------|-------------|-------------|--------------|
| Bill Percentage | 56% | 15% | 29% | 100% |
| Sample Bill Amounts | \$ 16,642.45 | \$ 4,395.00 | \$ 8,421.00 | \$ 29,458.45 |

Based on: 1,000 KW; 210,000 On-Peak kWh and 140,000 Off-Peak kWh;
 49% Load Factor.
 Source: PUE-2015-00027, DVP Volume 14, Schedule 43, page 20 of 40.

Dominion Energy Virginia Estimated Budget Impacts by Rate Class

Composition of Virginia Dominion Powers Bills by Rate Class

Rates Effective as of April 1, 2015.



Rate Schedule GS-1

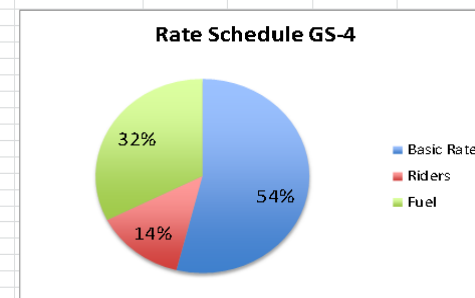
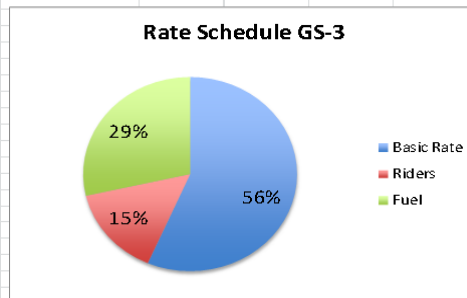
| | Basic Rate | Riders | Fuel | Total Bill |
|---------------------|------------|----------|-----------|------------|
| Bill Percentage | 66% | 11% | 23% | 100% |
| Sample Bill Amounts | \$ 404.51 | \$ 66.84 | \$ 144.36 | \$ 615.71 |

Based on: Summer, 15 KW; 6,000 kWh; 56% Load Factor.
Source: PUE-2015-00027, DVP Volume 14, Schedule 43, page 12 of 40.

Rate Schedule GS-2

| | Basic Rate | Riders | Fuel | Total Bill |
|---------------------|-------------|-----------|-----------|-------------|
| Bill Percentage | 64% | 11% | 25% | 100% |
| Sample Bill Amounts | \$ 1,854.72 | \$ 323.00 | \$ 721.80 | \$ 2,899.52 |

Based on: Summer, 100 KW; 30,000 kWh; 42% Load Factor.
Source: PUE-2015-00027, DVP Volume 14, Schedule 43, page 15 of 40.



Rate Schedule GS-3

| | Basic Rate | Riders | Fuel | Total Bill |
|---------------------|--------------|-------------|-------------|--------------|
| Bill Percentage | 56% | 15% | 29% | 100% |
| Sample Bill Amounts | \$ 16,642.45 | \$ 4,395.00 | \$ 8,421.00 | \$ 29,458.45 |

Based on: 1,000 KW; 210,000 On-Peak kWh and 140,000 Off-Peak kWh;
49% Load Factor.
Source: PUE-2015-00027, DVP Volume 14, Schedule 43, page 20 of 40.

Rate Schedule GS-4

| | Basic Rate | Riders | Fuel | Total Bill |
|---------------------|-------------|-------------|-------------|--------------|
| Bill Percentage | 54% | 14% | 32% | 100% |
| Sample Bill Amounts | \$ 7,987.45 | \$ 2,011.00 | \$ 4,812.00 | \$ 14,810.45 |

Based on: 500 KW; 120,000 On-Peak kWh and 80,000 Off-Peak kWh;
56% Load Factor.
Source: PUE-2015-00027, DVP Volume 14, Schedule 43, page 21 of 40.

Dominion Energy Virginia Rate Riders

| <u>Rider</u> | <u>Current Rate</u> |
|--|---|
| C1A Peak Shaving Increment Rider | ¹ Current rates in effect 4-1-17 |
| GS-1 | - 0.0003 ¢/kWh ¹ |
| GS-2 Non-Dem | - 0.0003 ¢/kWh ¹ |
| GS-2 Demand | - 0.0003 ¢/kWh ¹ |
| GS-3 | - 0.0002 ¢/kWh ¹ |
| GS-4 Primary | - 0.0002 ¢/kWh ¹ |
| | |
| C2A Energy Efficiency Increment Rider | ¹ Current rates in effect 4-1-17 |
| GS-1 | 0.0412 ¢/kWh ¹ |
| GS-2 Non-Dem | 0.0357 ¢/kWh ¹ |
| GS-2 Demand | 0.0357 ¢/kWh ¹ |
| GS-3 | 0.0320 ¢/kWh ¹ |
| GS-4 Primary | 0.0263 ¢/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 Energy Virginia 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 3/31/16 – 3/31/17</i> | | | |
| | GS-1 | 0.1624 ¢/kWh | 0.1650 ¢/kWh | 4/1/2017 |
| | GS-2 Non-Dem | 0.1727 ¢/kWh ¹ , 0.619 \$/kW ¹ | 0.1689 ¢/kWh ¹ , 0.612 \$/kW ¹ | 4/1/2017 |
| | GS-2 Demand | 0.1727 ¢/kWh ² , 0.619 \$/kW ² | 0.1689 ¢/kWh ² , 0.612 \$/kW ² | 4/1/2017 |
| | GS-3 | 0.636 \$/kW ³ | 0.627 \$/kW ³ | 4/1/2017 |
| | GS-4 Primary | 0.673 \$/kW ³ | 0.636 \$/kW ³ | 4/1/2017 |
| B | Biomass Conversions <i>Previous rates in effect 4/1/16 – 3/31/17</i> | | | |
| | GS-1 | 0.0408 ¢/kWh | 0.0372 ¢/kWh | 4/1/2017 |
| | GS-2 | 0.0434 ¢/kWh ¹ , 0.155 \$/kW ¹ | 0.0382 ¢/kWh ¹ , 0.138 \$/kW ¹ | 4/1/2017 |
| | GS-2T | 0.0434 ¢/kWh ² , 0.155 \$/kW ² | 0.0382 ¢/kWh ² , 0.138 \$/kW ² | 4/1/2017 |
| | GS-3 | 0.160 \$/kW ³ | 0.142 \$/kW ³ | 4/1/2017 |
| | GS-4 Primary | 0.169 \$/kW ³ | 0.143 \$/kW ³ | 4/1/2017 |

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 Energy Virginia 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 4/1/2016-3/31/2017 | | | |
| | GS-1 | 0.3459 ¢/kWh | 0.3321 ¢/kWh | 4/1/2017 |
| | GS-2 | 0.3675 ¢/kWh, \$1.320/kW¹ | 0.3399 ¢/kWh, \$1.233/kW¹ | 4/1/2017 |
| | GS-2T | 0.3675 ¢/kWh, \$1.320/kW¹ | 0.3399 ¢/kWh, \$1.233/kW² | 4/1/2017 |
| | GS-3 | 1.355 \$/kW³ | 1.262 \$/kW³ | 4/1/2017 |
| | GS-4 Primary | 1.432 \$/kW³ | 1.279 \$/kW³ | 4/1/2017 |
| R | Gas-Fired Generating Plant (Bear Garden)¹ Previous rates in effect 4/1/2015 – 3/31/2016 | | | |
| | GS-1 | 0.1024 ¢/kWh | 0.0985 ¢/kWh | 4/1/2017 |
| | GS-2 | 0.1087 ¢/kWh, \$0.391 \$/kW | 0.1008 ¢/kWh, \$0.366/ kW¹ | 4/1/2017 |
| | GS-2T | 0.1087 ¢/kWh, \$0.391 \$/kW | 0.1008 ¢/kWh, \$0.366/ kW² | 4/1/2017 |
| | GS-3 | 0.492 \$/kW³ | 0.374 \$/kW³ | 4/1/2017 |
| | GS-4 Primary | 0.487 \$/kW³ | 0.380 \$/kW³ | 4/1/2017 |

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 Energy Virginia 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 Energy Virginia 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>Previous Rate</u> | <u>New Rate</u> | <u>Effective Date</u> |
|--------------|--|---|---|-----------------------|
| GV | Greensville Power Station (previous rates in effect 4-1-16 to 3-31-17) | | | |
| | GS-1 | 0.0556 ¢/kWh | 0.1118 ¢/kWh | 4/1/2017 |
| | GS-2 | 0.0591 ¢/kWh ¹ , \$0.212/ \$/kW ¹ | 0.1144 ¢/kWh ¹ , \$0.415/ \$/kW ¹ | 4/1/2017 |
| | GS-2T | 0.0591 ¢/kWh, \$0.212/ \$/kW ² | 0.1144 ¢/kWh, \$0.415/ \$/kW ² | 4/1/2017 |
| | GS-3 | 0.218 \$/kW ³ | 0.425 \$/kW ³ | 4/1/2017 |
| | GS-4 Primary | 0.230 \$/kW ³ | 0.431 \$/kW ³ | 4/1/2017 |

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 Energy Virginia

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