



AOBA Utility Committee Meeting DC, Maryland, and Virginia

June 27, 2013

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AOBA Utility Committee Meeting Agenda

I. Natural Gas Utility Rate Requests

Washington Gas Light Company Rate Cases (WGL)

- A. DC Formal Case No. 1093 – \$28.9 Million Rate Increase Request + Infrastructure Surcharge - Decision and Results
- B. MD Case No. 9322 - \$30.7 Million Base Rate Increase, revised to \$28.3 Million
 - 1. Infrastructure Surcharge expected to be filed later this year
- C. VA – New Case Not Expected to be filed until 2014

II. Electric Utility Rate Proceedings – Rate Impacts & Surcharges

Potomac Electric Power Company Rate Cases (Pepco)

- A. DC Formal Case No. 1103 – \$52.1 Million Rate Increase Request
- B. MD Case No. 9311 - \$60.8 Million Base Rate Increase + Reliability Surcharge

Dominion Virginia Power Company (DVP)

- A. VA Case No. PUE-2013-00020 -2013 Application for Biennial Rate Review & Surcharge Update

III. Competitive Energy and Market Update

IV. DC Water Rates and Update



Apartment and Office Building Association
of Metropolitan Washington



Washington Gas Light Company Utility Rate Requests

District of Columbia



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

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

Washington Gas – District of Columbia

Formal Case No. 1093

Washington Gas Light Company - District of Columbia
Effect of Proposed Rates by Class of Firm Service in District of Columbia ¹

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

¹ Formal Case No. 1093 WG (J-1) Schedule C, page 1 of 2



Washington Gas – District of Columbia

Formal Case No. 1093

Commission Decision and Results:

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



Washington Gas – District of Columbia

Budget Impacts - *Formal Case No. 1093*

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

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



Washington Gas – District of Columbia

Additional Surcharges –

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



Washington Gas – District of Columbia

Additional Surcharges (cont.)

➤ WGL Right of Way Surcharge (ROW) ¹

Rate Effective with the April 2012 Billing Cycle	\$ 0.0313 per therm
Rate Effective with the April 2013 Billing Cycle	\$ 0.0364 per therm

➤ Sustainable Energy Trust Fund ²

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

¹A 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.

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>



Washington Gas – District of Columbia

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>



Washington Gas Revenue Normalization Adjustment

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



Washington Gas Revenue Normalization Adjustment (Cont.)

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



Washington Gas – District of Columbia

Recent Purchased Gas Charges and Balancing Charges¹

Washington Gas Purchased Gas Costs* District of Columbia

Month, Year	Dollars Per Therm
Jun-12	\$0.6301
Jul-12	\$0.6301
Aug-12	\$0.6878
Sep-12	\$0.5287
Oct-12	\$0.5287
Nov-12	\$0.5817
Dec-12	\$0.6035
Jan-13	\$0.6159
Feb-13	\$0.6545
Mar-13	\$0.6227
Apr-13	\$0.7491
May-13	\$0.7896
Jun-13	\$0.7539

Washington Gas Balancing Charges District of Columbia

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

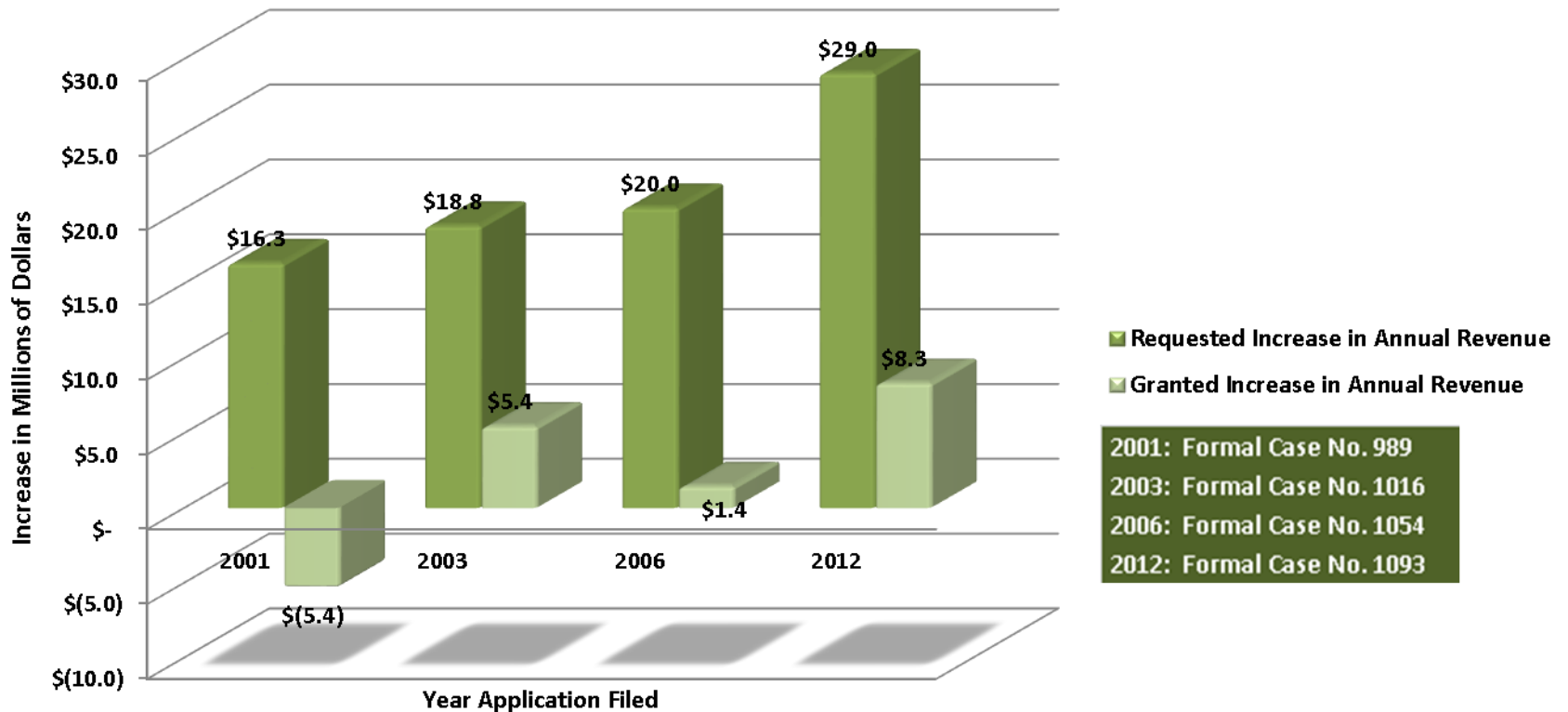
¹Washington Gas DC Purchased Gas Costs and Balancing Charges

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

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

Washington Gas – District of Columbia Case History

Summary of WGL Rate Increase Applications and Results District of Columbia





Apartment and Office Building Association
of Metropolitan Washington



Washington Gas Light Company Utility Rate Requests

Maryland



Washington Gas – Maryland

Case No. 9322

- Base Rate Increase Request – Filed April 26, 2013
- The Company is seeking:
 - ✓ \$28.3 million in additional Base Rate Revenue, revised from original request of \$30.7 million
 - ✓ An 8.7% Rate of Return (ROR) including a 10.7% Return on Equity (ROE)
 - ✓ Test Year 12 months ended March 31, 2013
- **Drivers –**
 - ✓ Updated test period expenses and capital investment in accelerated pipe replacement – first 12 months
 - ✓ Employee pension and benefits, cost of equity/equity ratio
 - ✓ Resolve pending items currently in litigation (cost to achieve savings from Accenture Agreement and Medicare Part D)
- **PSC Final Order Expected – November 22, 2013**



Washington Gas – Maryland

Potential Budget Impacts - Case No. 9322

	<u>Increase in Delivery Over Present Rates Excluding Gas Costs¹</u>	<u>Increase in Delivery Over Present Rates Including Gas Costs ¹</u>
<u>Residential</u>		
Heating/Cooling	9.46%	5.07%
Non-Heating/Non-Cooling	6.47%	4.08%
Total Residential	9.45%	5.07%
<u>Commercial & Industrial</u>		
Heating/Cooling <3000 therms	10.34%	6.69%
Heating/Cooling >3000 therms	13.73%	9.14%
Non-Heating/Non-Cooling	0.00%	0.00%
<u>Group Metered Apartments</u>		
Heating/Cooling	12.10%	8.98%
Non-Heating/Non-Cooling	0.00%	0.00%
Total Firm Non-Residential	11.80%	7.98%
Interruptible	7.26%	7.26%
Total All Classes	9.98%	5.87%

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



Washington Gas - Maryland

Other Charges:

Montgomery County Fuel Energy Tax for Natural Gas Customers

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



Washington Gas - Maryland

STRIDE Surcharge ¹ (Infrastructure Surcharge)

- The Maryland General Assembly passed a Bill in the 2013 Legislative Session which allows for a natural gas infrastructure surcharge in MD
- The surcharge may be charged monthly to all residential and non-residential natural gas customers
- WGL estimates that non-residential rate payers will pay \$5.1 million annually in surcharges
- STRIDE will set a \$2 per month cap on the surcharge for residential customers
- The MD PSC will set the rate for Commercial and Industrial Customers

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



Washington Gas – Maryland

Recent Purchased Gas Charges and Balancing Charges¹

Washington Gas Purchased Gas Costs* Maryland

Month, Year	Dollars Per Therm
Jun-12	\$0.6144
Jul-12	\$0.6144
Aug-12	\$0.6728
Sep-12	\$0.5113
Oct-12	\$0.5113
Nov-12	\$0.5649
Dec-12	\$0.5408
Jan-13	\$0.5533
Feb-13	\$0.5924
Mar-13	\$0.5246
Apr-13	\$0.6525
May-13	\$0.6935
Jun-13	\$0.6582

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

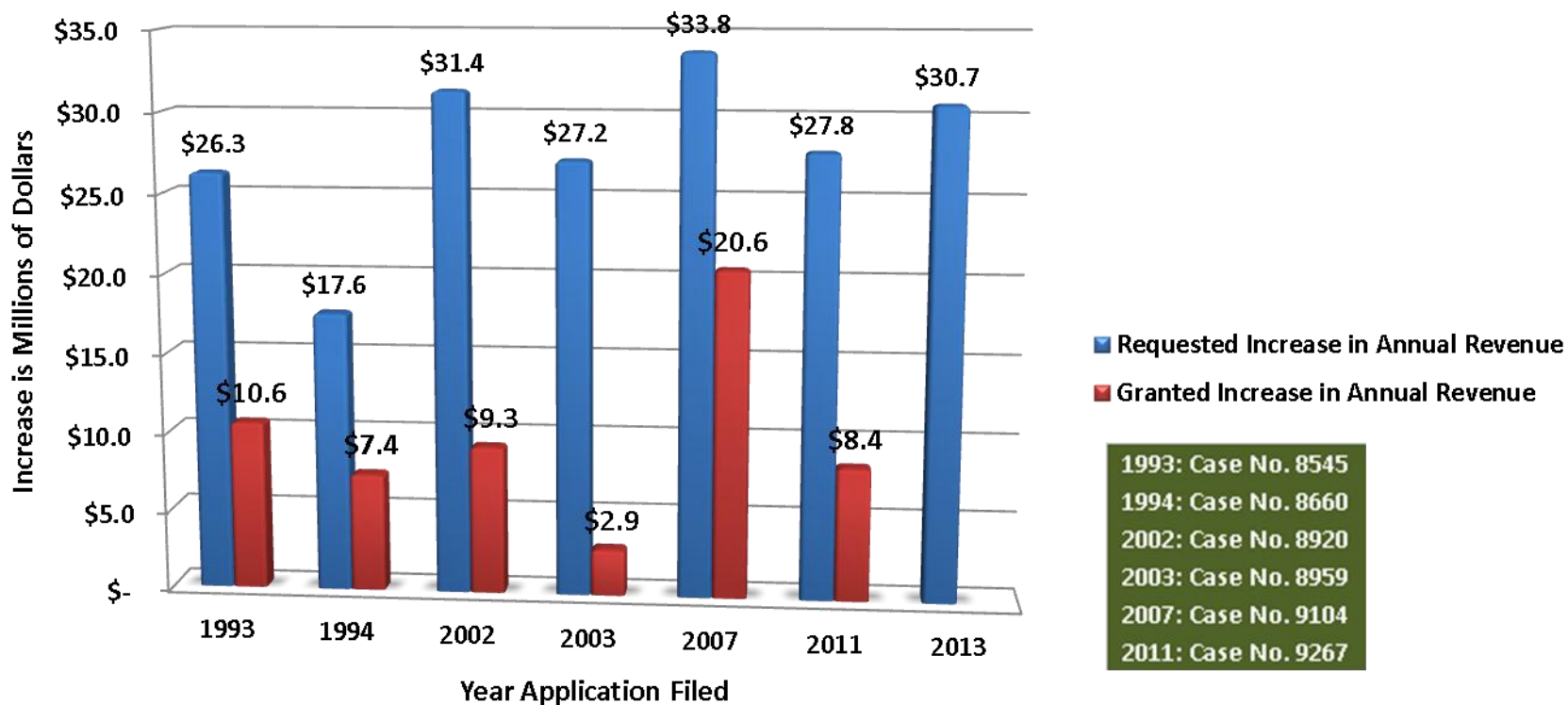
Washington Gas Balancing Charges Maryland

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

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

Washington Gas – Maryland Case History

Summary of WGL Rate Increase Applications and Results Maryland





Washington Gas Light Company

Virginia



Washington Gas – Virginia

Formal Case No. PUE 2010-00139

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



Washington Gas – Virginia

Surcharges:

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

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

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

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

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



Washington Gas – Virginia

Surcharges:

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

➤ WGL's SAVE Rider Rates for 2013:

Schedule 2 & 2A	\$0.0024/therm	Effective Jan. 1, 2013 – Dec. 31, 2013
Schedule 3 & 3A	\$0.0028/therm	Effective Jan. 1, 2012 – Dec. 31, 2013

- The 2013 SAVE Rider rates reflect a decrease of ~ 75% over the 2012 SAVE Rider rates
- WGL files its rates in September of each year for the next calendar year
- 2014 SAVE Rider Rates will be filed in September 2013
- WGL expects 2014 SAVE Rider Rates to be higher due to greater infrastructure activity



Washington Gas – Virginia

Recent Purchased Gas Charges and Balancing Charges¹

Washington Gas Purchased Gas Costs* Virginia

Month, Year	Commercial Customers Dollars per Therm*	Group Metered Apartments Customers Dollars per Therm*
Jun-12	\$0.5614	\$0.6202
Jul-12	\$0.5614	\$0.6202
Aug-12	\$0.6201	\$0.6793
Sep-12	\$0.4667	\$0.5258
Oct-12	\$0.4667	\$0.5258
Nov-12	\$0.5142	\$0.5733
Dec-12	\$0.4488	\$0.5746
Jan-13	\$0.4578	\$0.5835
Feb-13	\$0.4962	\$0.6220
Mar-13	\$0.4690	\$0.5929
Apr-13	\$0.5936	\$0.7175
May-13	\$0.6344	\$0.7583
Jun-13	\$0.6022	\$0.7177

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

Washington Gas Balancing Charges - Virginia Commercial Customers

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

Washington Gas Balancing Charges - Virginia Group Metered Apartment Customers

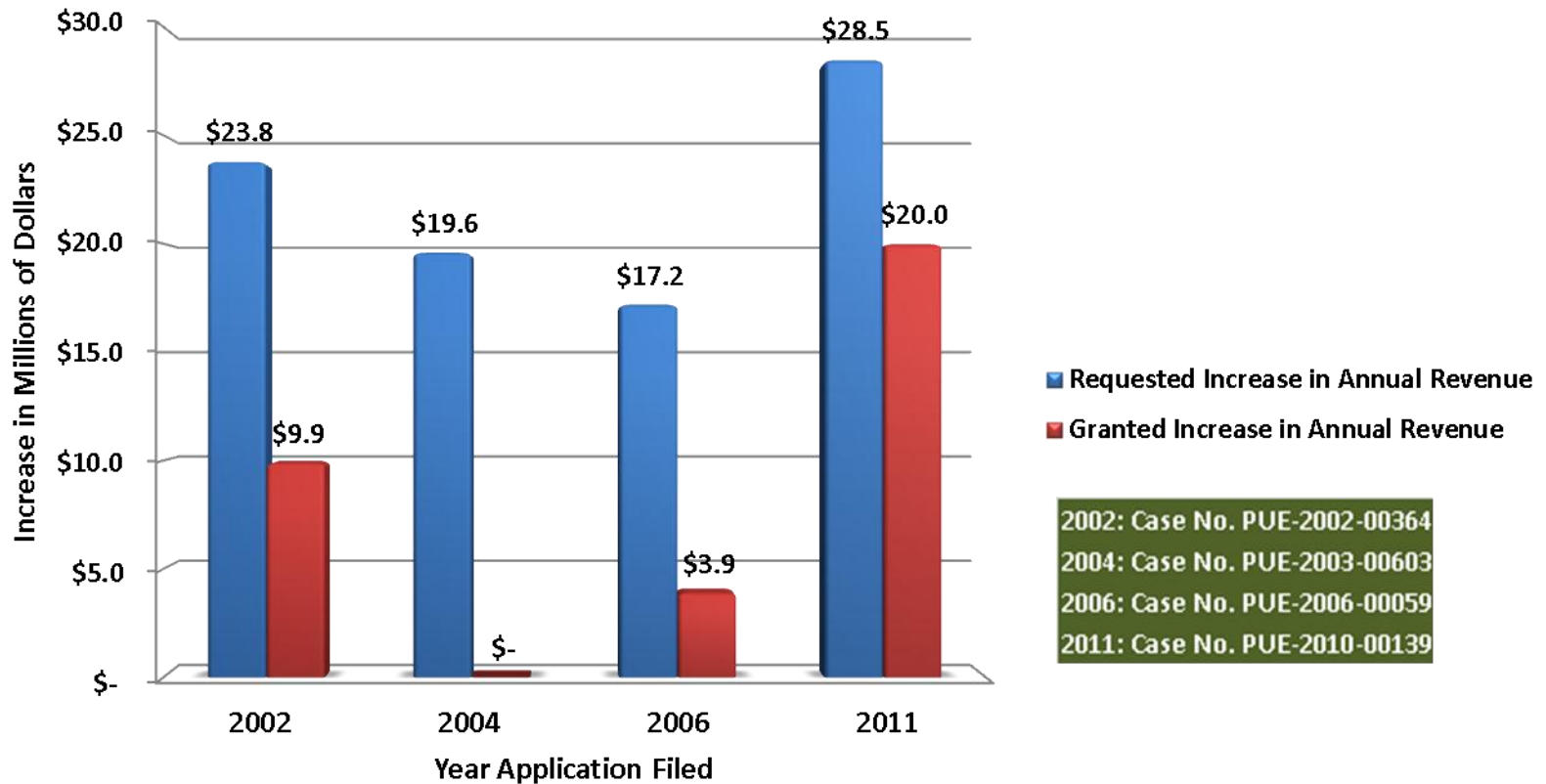
Month, Year	Dollars Per Therm
Mar 2012 - Nov 2012	\$0.0096
Dec 2012 - Feb 2013	\$0.0051
Mar 2013 - Nov 2013	\$0.0079

¹Washington Gas VA Purchased Gas Cost and Balancing Charges

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

Washington Gas – Virginia Case History

Summary of WGL Rate Increase Applications and Results Virginia





Dominion Virginia Power Biennial Rate Review & Riders



Dominion Virginia Power

Case No. PUE-2013-00020

- Filed Biennial Review of Rates on March 28, 2013
- Filing states DVP earned a 10.11% ROE, which is below the 10.9% ROE approved by the Commission in the 2011 Biennial Review
- DVP states that if the SCC finds that DVP has earned under 11.4% in 2011-2012, base rates cannot be lowered until December 2017 at the earliest
- DVP is not seeking a base rate increase at this time



Dominion Virginia Power

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

- DVP seeks 11.50% Return on Equity (ROE) to be applied to generation and distribution services for 2013-2014
- DVP also seeks approval of a new line extension plan
 - Plan would expand use of underground lines for new Residential services
 - Plan would also enhance opportunity to convert overhead service feeds to underground lines for existing customers
- A SCC Order is due by the end of November 2013, revised rates will take effect within 60 days of the Final Order



Dominion Virginia Power – *Rate Riders*

Current and Proposed Surcharges

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

1 Rates for Rider S and Rider R change annually on April 1st

2 Applied to On-Peak Electric Demand



Dominion Virginia Power – Rate Riders

➤ Current and Proposed DVP Surcharges (Cont.)

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

1 Rates for Rider S and Rider R change annually on April 1st

2 Applied to On-Peak Electricity Supply Demand

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



Dominion Virginia Power – *Rate Riders*

Current and Proposed DVP Surcharges (Cont.)

<u>Rider</u>	<u>Description/Rate</u>	<u>Current Rate</u>	<u>New Rate</u>	<u>Effective Date of New Rate</u>	<u>Percent Difference</u>
A	Fuel Charge Adjustment All Rates	As of 7-1-12 2.706 ¢/kWh	Effective 7-1-13 ¹ 2.942 ¢/kWh	7/1/13	9%
C1	Peak Shaving ¹ <i>current rates in effect 1/27/12</i>				
	GS-1	0.000 ¢/kWh ¹			
	GS-2 Non-Dem	0.000 ¢/kWh ¹			
	GS-2 Demand	0.000 ¢/kWh ¹			
	GS-3	0.000 ¢/kWh ¹			
	GS-4 Primary	0.000 ¢/kWh ¹			
C2	Energy Efficiency ¹ <i>current rates in effect 1/27/12</i>				
	GS-1	0.000 ¢/kWh ¹			
	GS-2 Non-Dem	0.000 ¢/kWh ¹			
	GS-2 Demand	0.000 ¢/kWh ¹			
	GS-3	0.000 ¢/kWh ¹			
	GS-4 Primary	0.000 ¢/kWh ¹			

¹ Pending SCC approval, Case No. PUE-2013-00042

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



Dominion Virginia Power – *Rate Riders*

➤ Current and Proposed DVP Surcharges (Cont.)

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

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

Current and Proposed DVP Surcharges (Cont.)

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

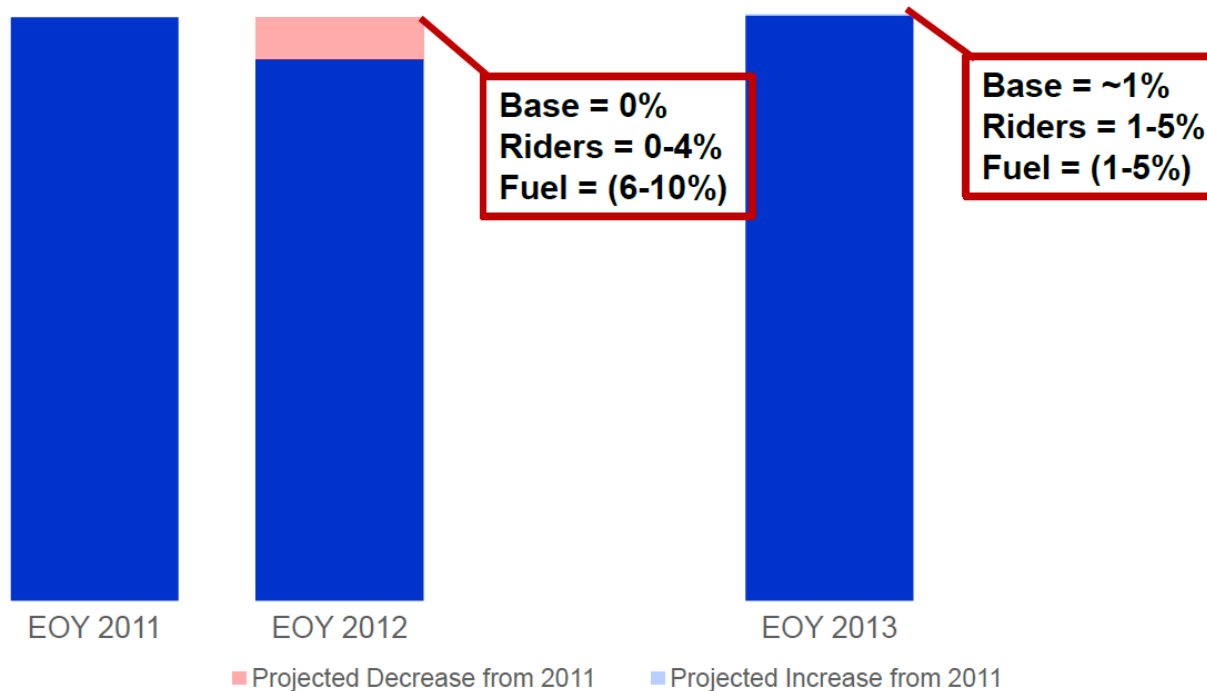
¹If the monthly Load Factor is less than or equal to 50%, the Energy Rate (kWh) applies; otherwise the Demand Charge (kW) applies to the kW of Demand. Load Factor is calculated as Monthly Total kWh ÷ the number of Days in the Billing Month ÷ 24 ÷ the Maximum Measured kW of Demand.

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.

Typical GS-3 Bill Outlook

Overall Bill Impact Through 2013



Typical GS-3 Customer = 1,000kW, 500,000 kWh, 69% Load Factor, 62% Power Factor



Apartment and Office Building Association
of Metropolitan Washington



Pepco DC Undergrounding Status & District of Columbia Comprehensive Energy Plan

Pepco Undergrounding Status

District of Columbia

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

Joe Rigby's, Senior Vice President and Chief Financial Officer, Pepco Holdings, Inc. Comments:

<http://www.pepcoholdings.com/about/services/review/overview/rewardingyear/>

District of Columbia Comprehensive Energy Plan

EnergySmart DC

District Department of the Environment's

Sustainable DC Plan

“The Sustainable DC Plan is a 20 year plan to make the District the healthiest, greenest, most livable city in the nation.”

- DC update of 5 year comprehensive energy plan (“CEP”), 10 years after the last plan in 2003, will be the implementation component of the Sustainable DC Plan.
- DDOE to develop specific short and long-term energy goals, strategies and initiatives for accomplishing goals within the next ten years.
- The CEP will include energy program recommendations, along with timelines and milestones. The CEP will be reviewed, modified, or expanded over time, based on the performance of the programs versus goals.

District of Columbia Comprehensive Energy Plan

EnergySmart DC

*District Department of the Environment's
Sustainable DC Plan*

“The Sustainable DC Plan is a 20 year plan to make the District the healthiest, greenest, most livable city in the nation.”

- The CEP will help DC (1) develop alternative fuel sources and improve the infrastructure over the next 10 years, and (2) define the role that DC energy consumers will play in helping DC reach its goals for energy efficiency and development of sustainable renewable energy sources.
- Once completed, the CEP will include (1) an updated energy profile of DC, (2) a market potential study, and (3) recommended actions to meet DC energy goals through 2023. It is intended to serve as a reference point for other plans and energy-related programs in DC and will be updated as we meet milestones and launch new programs.

District of Columbia Comprehensive Energy Plan

EnergySmart DC

District Department of the Environment's Sustainable DC Plan

TIMELINE

October 2013 -- CEP Completed

CEP Goals and Best Practices

In setting energy goals for DC through 2023, we will work with goals already established through legislation, government decree and public participation. To develop recommendations we will examine the results of our energy profile and energy potential study in the context of the District's stated goals.

SUSTAINABLE DC GOALS



Goal: Increase the proportion of energy sourced from clean and renewable supplies.

Target: By 2032, increase the use of renewable energy to make up 50% of the District's energy supply.

Baseline: Less than 10% of our current energy comes from renewable sources.

Goal: Improve the efficiency of energy use to reduce overall consumption.

Target: By 2032, cut citywide energy use by 50%.



Baseline: 185.5 Trillion Btu in 2010.

Goal: Modernize energy infrastructure for improved efficiency and reliability.

Target: By 2032, reduce annual power outages to between 0 and 2 events of less than 100 minutes per year.

District of Columbia Comprehensive Energy Plan

EnergySmart DC

District Department of the Environment's Sustainable DC Plan

CLIMATE OF OPPORTUNITY GOALS



Goal: To capitalize on the many benefits of energy efficiency and climate protection, the District Government is committing to reduce its emissions by 30% below 2006 levels by 2020, and 80% below 2006 levels by 2050. To reach our goal, that number needs to drop to 12 tons of CO₂e per person by 2020 and 3.6 tons of CO₂e per person by 2050.

Baseline: During calendar year 2006, the District's greenhouse gas emissions totaled 10.5 million metric tons of carbon dioxide equivalents (CO₂e), or 18 tons CO₂e for each District resident.

BUSINESS SECTOR COMPLIANCE WITH THE CEP GOALS

Opportunities to Define the District's Energy Programs for Building Owners through

- ❖ Regulations & Codes
- ❖ Workforce Development
- ❖ Technology
- ❖ Small Business Incentives

AOBA NEXT STEPS

- ❖ July 2013 meeting with DDOE on the CEP -- TBA



Pepco

Rate Increase Request

District of Columbia



Pepco DC - *Formal Case No. 1103*

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



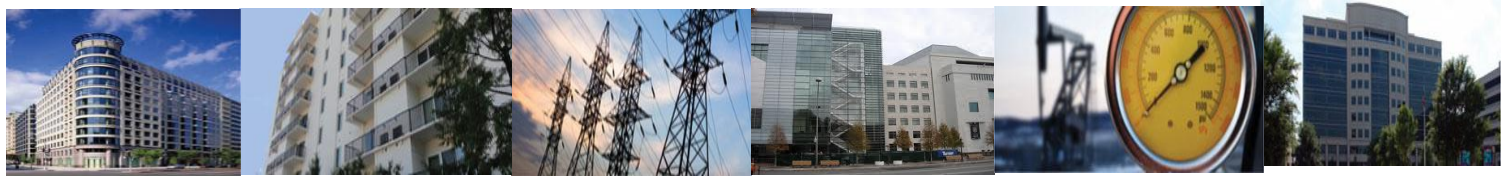
Pepco DC - *Formal Case No. 1103*

Potential Budget Impacts

Requested Distribution Increases by Rate Class¹:

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

¹ Increase percentages from Pepco Application Filed on March 8, 2013



Pepco - DC

Other Charges:

Energy Assistance Trust Fund Surcharge

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

Public Space Occupancy Surcharge

Rate Effective March 1, 2011 \$0.00194 per kWh

Rate Effective March 1, 2013 \$0.00199 per kWh

Delivery Tax Surcharge

Rate Effective February 20, 2008 \$0.0077 per kWh

Residential AID Surcharge (RADS)

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

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

Sustainable Energy Trust Fund Surcharge

Rate Effective October 1, 2010 \$0.00150 per kWh



Pepco – DC

Bill Stabilization Adjustment

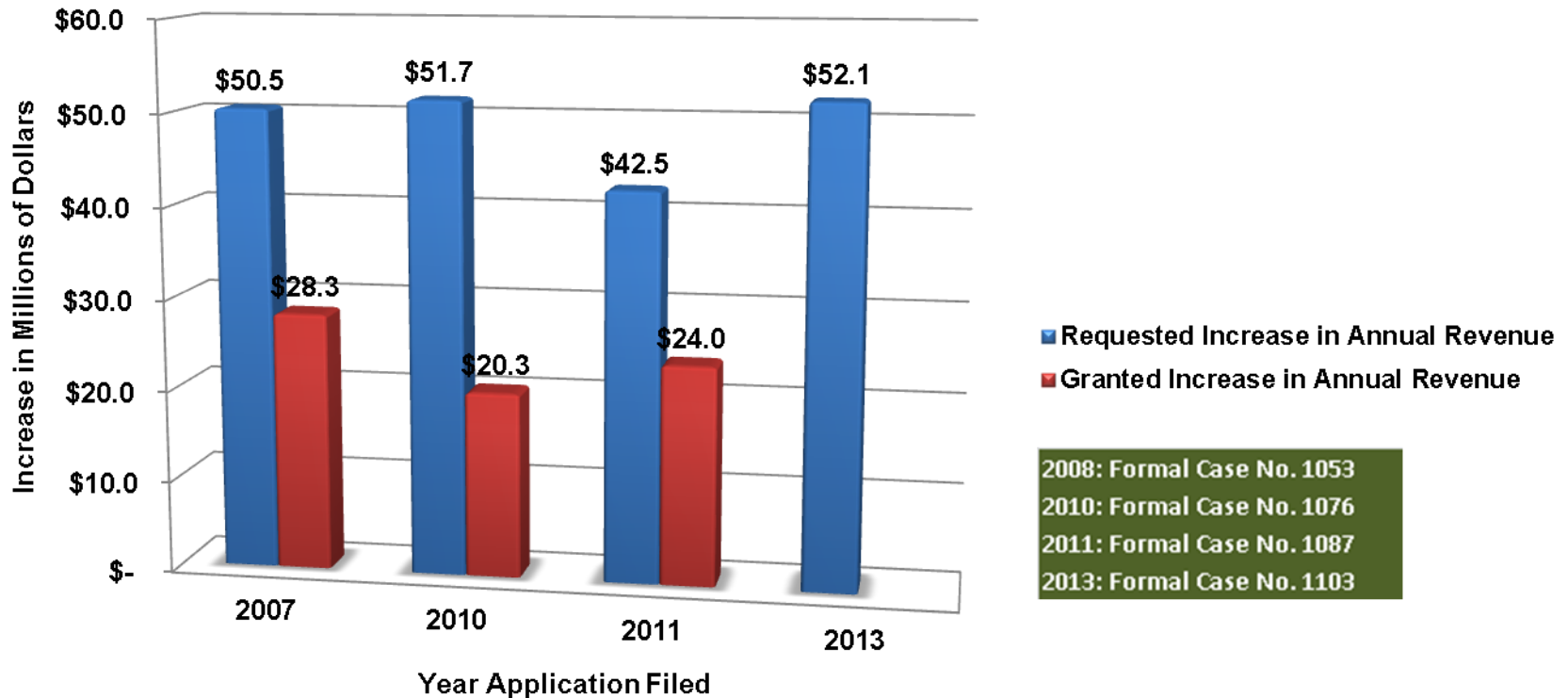
Recomputed Monthly; charges can vary noticeably from month-to-month.

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

<u>Rate Class</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>
R	0.000512	(0.001501)	(0.000060)
AE	(0.001357)	(0.002822)	0.000210
RTM	0.003379	(0.000690)	0.003146
GS ND	(0.004745)	(0.005152)	(0.005037)
GSD	0.004331	0.005114	0.004992
GS HV	(0.003807)	(0.004324)	(0.004343)
GTLV	0.001260	0.001021	0.002903
GT3A	0.001369	0.001538	0.001536
GT3B	0.000198	0.000177	0.000197

Pepco– District of Columbia Case History

Summary of Pepco Rate Increase Applications and Results
District of Columbia





Pepco Rate Increase Request

Maryland



Pepco Maryland

Case No. 9311

- Base Rate Increase Request – Filed November 30, 2012
- The Company is seeking:
 - ✓ A **\$60 Million** rate increase
 - ✓ Approval of a Separate Infrastructure Surcharge, or **Grid Resiliency Charge** to fund accelerated investments in reliability
 - Surcharge would permit the Company to pass-through additional rate increases without having to file a rate case before the MD PSC
 - ✓ A **ROR of 8.06%** based on a **10.25%** Return on Equity (ROE), an increase from the currently authorized ROE of **9.31%**
- **Commission Decision Expected – July 12, 2013**



Pepco Maryland - *Case No. 9311*

Potential Budget Impacts

Requested Distribution Increases by Rate Class¹:

<u>Rate Class</u>	<u>Increase in Distribution Over Present Rates</u>
Residential	19.47%
RTM	19.47%
GS-LV	12.13%
MGT-LV	12.13%
MGT-3A	0.00%
GT-LV	12.13%
GT-3B	0.00%
GT-3A	12.13%
TM-RT	12.13%
SL	12.13%
SSL	12.13%
TN	0.00%
Overall Increase	16.0%

¹ Increase percentages from Pepco Application Filed on November 26, 2012



Pepco Maryland

Other Charges

Monthly BSA Charges

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

<u>Rate Class</u>	<u>May-13</u>	<u>Jun-13</u>	<u>Jul-13</u>
R	(0.003053)	(0.002195)	0.000624
R-TM	(0.001801)	(0.001240)	0.000532
GS	0.000801	0.000727	(0.000119)
MGT-LV	0.001646	0.002048	0.002109
MGT-3A	0.001375	0.001963	0.001903
GT-LV	0.001430	0.002060	0.002025
GT-3A	0.000829	0.001212	0.001190
GT-3B	0.000532	0.000782	0.000743
T	(0.003373)	(0.005984)	(0.005917)
EV	(0.001024)	(0.001055)	(0.001058)



Pepco Maryland

Other Charges (cont.)

Montgomery County Energy Tax

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

Prince Georges County Energy Tax

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

Maryland Environmental Surcharge (Rider "MES")

Effective 7/1/12 through 6/30/14	\$0.000150 per kWh
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Pepco– Maryland

Case History

Summary of Pepco Rate Increase Applications and Results Maryland

