

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA  
1325 G STREET, N.W., SUITE 800  
WASHINGTON, D.C. 20005**

**ORDER**

**July 23, 2021**

**PEPACR-2020-01, IN THE MATTER OF THE ANNUAL CONSOLIDATED REPORT OF  
THE POTOMAC ELECTRIC POWER COMPANY,**

**PEPACR-2015-01, IN THE MATTER OF THE ANNUAL CONSOLIDATED REPORT OF  
THE POTOMAC ELECTRIC POWER COMPANY, AND**

**PEPACR-2016-01, IN THE MATTER OF THE ANNUAL CONSOLIDATED REPORT OF  
THE POTOMAC ELECTRIC POWER COMPANY, Order No. 20776**

**I. INTRODUCTION**

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) accepts, as being in substantial compliance with its rules and directives, the Potomac Electric Power Company’s (“Pepco” or “Company”) 2020 Annual Consolidated Report (“ACR”), as supplemented.<sup>1</sup> In addition, the Commission acts upon the comments filed, respectively, by Pepco and the Office of the People’s Counsel (“OPC”) in *PEPACR-2015-01* and *PEPACR-2016-01* regarding the potential elimination of Pepco’s reporting on its Equipment Condition Assessment (“ECA”) Team Meetings in future ACRs.

**II. BACKGROUND**

2. Pepco’s ACR is a single, integrated document filed each year that contains key information (with an emphasis on recent changes) regarding the operation and maintenance of Pepco’s electric distribution system, typically as occurring during the prior calendar year.<sup>2</sup> It includes a description of Pepco’s currently-applicable methodology and decisions regarding system planning and related capital investments. The ACR also includes other information that facilitates the Commission’s and Pepco’s stakeholders’ understanding of Pepco’s operations and maintenance, reliability performance, its capital improvements, and similar matters pertaining to Pepco’s provision of electric distribution service in the District of Columbia (“District”) and its

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<sup>1</sup> See *PEPACR-2020-01, In the Matter of the Annual Consolidated Report of the Potomac Electric Power Company (“PEPACR-2020-01”)*, Potomac Electric Power Company’s 2020 Annual Consolidated Report (“2020 ACR”), filed April 1, 2020, supplemented April 20, 2020, April 27, 2020, July 1, 2020, and August 7, 2020.

<sup>2</sup> The origin of the Annual Consolidated Report is described in detail in Order No. 19119. See *PEPACR-2015-01, In the Matter of the Annual Consolidated Report of the Potomac Electric Power Company (“PEPACR-2015-01”)*, and *PEPACR-2016-01, In the Matter of the Annual Consolidated Report of the Potomac Electric Power Company (“PEPACR-2016-01”)*, Order No. 19119, ¶¶ 6-9, rel. September 21, 2017 (“Order No. 19119”).

associated infrastructure.<sup>3</sup> The ACR also provides information regarding discussions among members of the Productivity Improvement Working Group (“PIWG”)<sup>4</sup> about reliability- and load-driven distribution construction projects that are undertaken by the Company. These discussions are designed to provide PIWG members with any additional clarity that may be necessary to understand these undertakings.

3. Procedural History (ACR): On April 1, 2020, Pepco filed its 2020 ACR. On April 20, 2020, Pepco filed a supplement to its ACR, in which it provided an updated Section 2.4.1 (Reliability Statistics) to replace pages 161-169 of its 2020 ACR.<sup>5</sup> On April 15, 2020, OPC filed an unopposed motion to extend the filing date for its comments on the 2020 ACR and for Pepco’s subsequent reply comments.<sup>6</sup> In Order No. 20335, the Commission granted OPC’s unopposed motion.<sup>7</sup> On April 27, 2020, Pepco further supplemented its 2020 ACR to provide updated IEEE Benchmarking results for its 2019 reliability performance.<sup>8</sup> On June 29, 2020, OPC filed Comments to address Pepco’s 2020 ACR.<sup>9</sup> On July 1, 2020, Pepco filed its Repeat Priority Feeder Improvement Plan,<sup>10</sup> consistent with Commission Order Nos. 15941<sup>11</sup> and 18785.<sup>12</sup> On August 7, 2020, Pepco filed Reply Comments to address OPC’s Comments.<sup>13</sup> Pepco included in its Reply

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<sup>3</sup> See Order No. 19119, ¶ 9.

<sup>4</sup> The PIWG consists of representatives from OPC, Pepco, and Commission Staff.

<sup>5</sup> *PEPACR-2020-01*, Potomac Electric Power Company’s Corrected Pages 161-169 to the 2020 Annual Consolidated Report, filed April 20, 2020.

<sup>6</sup> *PEPACR-2020-01*, Unopposed Motion of the Office of the People’s Counsel for the District of Columbia to Enlarge Time, filed April 15, 2020.

<sup>7</sup> *PEPACR-2020-01*, Order No. 20335 (“Order No. 20335”), rel. April 22, 2020.

<sup>8</sup> *PEPACR-2020-01*, Potomac Electric Power Company’s Corrected Pages 70-72, Figures 1.3-A through 1.3-C to the 2020 Annual Consolidated Report, filed April 27, 2020.

<sup>9</sup> *PEPACR-2020-01*, Initial Comments of the Office of the People’s Counsel for the District of Columbia Addressing Pepco’s 2020 Annual Consolidated Report (“OPC Comments”), filed June 29, 2020.

<sup>10</sup> *PEPACR-2020-01*, Potomac Electric Power Company’s Repeat Priority Feeder Improvement Plan, filed July 1, 2020.

<sup>11</sup> *Formal Case No. 766, In the Matter of the Commission’s Fuel Adjustment Clause Audit and Review Program* (“*Formal Case No. 766*”), and *Formal Case No. 991, In the Matter of the Investigation into Explosions Occurring In or Around the Underground Distribution Systems of the Potomac Electric Power Company* (“*Formal Case No. 991*”), Order No. 15941 (“Order No. 15941”), rel. August 18, 2010.

<sup>12</sup> *PEPACR-2017-01, In the Matter of the Annual Consolidated Report of the Potomac Electric Power Company, Formal Case No. 766 and Formal Case No. 991*, Order No. 18785 (“Order No. 18785”), rel. May 31, 2017.

<sup>13</sup> *PEPACR-2020-01*, Potomac Electric Power Company’s Reply Comments to the Office of the People’s Counsel’s Comments on Pepco’s 2020 Annual Consolidated Report (“Pepco Reply Comments”), filed August 7, 2020.

Comments substitute pages 117-157 to its 2020 ACR, to correct its original analysis and corrective action plans pertaining to 16 feeders designated as the least performing 2% of its District feeders.

### III. DISCUSSION

4. By Order No. 19119, the Commission delineated the scope of its review of the ACR as primarily addressing filed comments seeking clarification of ambiguities or inconsistencies in the reported information, to resolve uncertainty with respect to the meaning of information provided, to correct factual errors,<sup>14</sup> and to identify information required by existing Commission rules or directives that may be lacking in a particular year's ACR.<sup>15</sup> Thus, this Order, like our 2017/2018 ACR Order (Order No. 19857)<sup>16</sup> and our 2019 ACR Order (Order No. 20308),<sup>17</sup> do not describe the voluminous detail of information contained in the 2020 ACR since the Commission is not making any regulatory decision on the reasonableness of the Company's activities.

5. In addition, our recently concluded *Formal Case No. 1156* proceeding included extensive discovery, numbering into the thousands of questions, which was lengthier than what is typical for a Pepco rate application, given the combination of the proposed alternative ratemaking methodology and the overlapping of Pepco's proposed COVID-19 pandemic response.<sup>18</sup> The extensive amount of information being produced by Pepco in that proceeding has yielded information on capital projects and their associated budgets, expenditures, and construction schedules that, in some instances (for example, OPC's request for an explanation for the increased capacities at the Waterfront and Benning Substations) renders it duplicative or otherwise unnecessary to require Pepco to provide identical or similar information in the present ACR proceeding.

6. In these circumstances, the Commission has reviewed OPC's Comments on Pepco's 2020 ACR and has found that the comments require only limited action by the Commission in this Order, since almost all of OPC's Comments have been either corrected or clarified by Pepco in its Reply Comments, will be briefed by Pepco at a future PIWG meeting, or would be duplicative of information already in OPC's possession through its participation in other Commission proceedings, all as further described below. Other comments are not being addressed in this Order because they call for Pepco to produce information beyond what it is presently required to provide in its ACR.

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<sup>14</sup> Order No. 19119, ¶ 123.

<sup>15</sup> Order No. 19119, ¶ 122.

<sup>16</sup> *PEPACR-2017-01, In the Matter of the Annual Consolidated Report of the Potomac Electric Power Company, and PEPACR-2018-01, In the Matter of the Annual Consolidated Report of the Potomac Electric Power Company*, Order No. 19857 ("Order No. 19857"), rel. March 13, 2019.

<sup>17</sup> *PEPACR-2019-01, In the Matter of the Annual Consolidated Report of the Potomac Electric Power Company*, Order No. 20308 ("Order No. 20308"), rel. March 13, 2020.

<sup>18</sup> *Formal Case No. 1156, In the Matter of the Application of the Potomac Electric Power Company for Authority to Implement a Multiyear Rate Plan for Electric Distribution Service in the District of Columbia ("Formal Case No. 1156")*, filed May 30, 2019.

OPC's Comments on Annual Consolidated Report:

7. *Requests for Clarification or Correction.* In its Reply Comments, Pepco clarified or corrected a number of items, as requested by OPC in its Comments, including: correction of error in the 10-year history of Pepco's Zonal Load data; clarification that the 4 kV-to-13 kV conversion of Feeder 211 will not begin until 2021; the substitution of pages 117 through 157 of the 2020 ACR to correct various mathematical errors in the presentation of reliability data associated with the 2020 2% Least Performing (e.g., Priority) feeders; and clarification that Pepco completed intrusive inspections and corrective maintenance on the 24 Load Tap Changers identified as having high or medium priority for repair.

8. **Commission Decision.** The Commission concludes that there is no need to take any action at this time on OPC's requests for clarification or correction of the above matters since the explanations and corrections provided by Pepco fully resolve the ambiguities or errors identified by OPC in its Comments.

9. *Future PIWG Discussions.* OPC also seeks commitments from Pepco to address the following items at future PIWG meetings : Pepco's efforts to maintain an efficient power factor for its system; causes of cost overruns in the Harrison Substation Project; budget increases and the status of Pepco's Mt. Vernon Substation Project; budgets and the scope of work in relation to the Takoma and Champlain Substation Projects; most recent status and budget for the Harvard Substation Project; various budget issues and project completion dates in relation to Pepco's 4 kV-to-13 kV Conversion Project; and the most recent update to Pepco's plan to deploy newly-designed vented manhole covers in the District. In its Reply Comments, Pepco agrees to discuss these matters at future PIWG meetings.<sup>19</sup>

10. **Commission Decision.** The Commission notes that a significant amount of compliance material related to the Capital Grid project (including Harvard Substation and Mt. Vernon Substation) is available to all the parties in *Formal Case No. 1144*, consistent with Commission's Order No. 20203 and Commission's Order No. 20274.<sup>20</sup> In its Reply Comments, Pepco agrees to introduce these matters for discussion at future PIWG meetings. In order to maintain the timeliness of the information to be disclosed by Pepco, while simultaneously recognizing the resource-intensive involvement of Pepco and OPC in the Company's Multiyear Rate Plan, the matters identified immediately above are to be discussed at one or more PIWG meetings or be resolved through data requests in the appropriate formal case (as the participants may elect) within one hundred and eighty days (180) days from the date of this Order.

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<sup>19</sup> Pepco Reply Comments at 3-4.

<sup>20</sup> *Formal Case No. 1144, In the Matter of the Potomac Electric Power Company's Notice to Construct Two 230kV Underground Circuits from the Takoma Substation to the Rebuilt Harvard Substation, and from the Rebuilt Harvard Substation to the Rebuilt Champlain Substation (Capital Grid Project)* ("Formal Case No. 1144"), Order No. 20203, rel. August 9, 2019 ("Order No. 20203"); *Formal Case No. 1144*, Order No. 20274, rel. December 20, 2019 ("Order No. 20274").

11. *Downtown Resupply Project.* OPC contends that Pepco's Downtown Resupply Project Comprehensive Plan ("Plan") should address project milestones and identify the completion dates for each project within the Plan.<sup>21</sup> OPC also recommends that the Plan contain a budget analysis to show if actual costs are exceeding what Pepco has projected.<sup>22</sup> In reply, Pepco notes that it filed in *Formal Case No. 1144* a proposed format for its Downtown Resupply Project Quarterly and Annual Reports, and OPC failed to make any comments or objections to those formats.<sup>23</sup> Pepco also notes that those formats were approved by the Commission in Order No. 20332 and are represented by the data contained in the ACR.<sup>24</sup> Pepco states that a rate case proceeding or a Notice of Construction proceeding would be the proper forum to address the types of additional questions OPC now asks.<sup>25</sup> Pepco requests that the Commission deny OPC's attempts to improperly substitute its judgment of what information is required in connection with the Downtown Resupply Project, for what the Commission has already directed Pepco to do.<sup>26</sup>

12. **Commission Decision.** In Order No. 20203,<sup>27</sup> we required Pepco to provide updated and comprehensive plans for the Downtown Resupply Project in the ACR, including updated cost estimates with an explanation of significant changes and updated construction schedule(s) each year unless otherwise directed, and to include its plans for the Downtown Resupply Project in the Annual Report every year. Subsequently, in Order No. 20332, we directed Pepco to file a Capital Grid Project Annual Report in *Formal Case No. 1144* by August 9, 2020, and file its following Annual Reports no later than forty-five (45) days after the end of each calendar year.<sup>28</sup> Although the Company complied with the broad Commission directives, we agree with OPC that it did not provide a robust and comprehensive filing regarding the Downtown Resupply Project. A comprehensive Downtown Resupply Plan shall include, but is not limited to, the following: a detailed plan and scope of the project, a robust description of the reliability and resiliency benefits including the effects on global climate change and the District's public climate commitments, a project schedule, current status, a budget, and any cost variances. Accordingly, in order to obtain a holistic view of this subject, the Commission directs Pepco to provide a comprehensive plan of the Downtown Resupply Project within 120 days of the date of this Order and discuss the comprehensive plan in a PIWG meeting within 180 days of this Order.

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<sup>21</sup> OPC Comments at 3, 7-10.

<sup>22</sup> OPC Comments at 3, 7-10.

<sup>23</sup> Pepco Reply Comments at 8.

<sup>24</sup> *Formal Case No. 1144*, Order No. 20332, rel. April 22, 2020 ("Order No. 20332").

<sup>25</sup> Reply Comments at 8.

<sup>26</sup> Reply Comments at 8-9.

<sup>27</sup> *Formal Case No. 1144*, Order No. 20203, ¶ 46.

<sup>28</sup> *Formal Case No. 1144*, Order No. 20332, ¶ 4.

13. *Vegetation Management.* OPC states that it is not clear whether Pepco's calculation of Tree-SAIFI includes or excludes tree-related outages caused by trees located outside of Pepco's right-of-way, and that Pepco should include these outside the right-of-way tree-related outages when calculating Tree-SAIFI.<sup>29</sup> OPC suggests that if Pepco's vegetation management program has become more efficient in meeting the performance goal, it may be advantageous to direct excess vegetation management funds to identify and eliminate more hazardous tree conditions.<sup>30</sup> OPC also recommends that Pepco provide a greater explanation for reducing its vegetation management budgets and for under-spending these budgeted amounts.<sup>31</sup> Finally, OPC speculates that Pepco has mis-calculated its Tree-SAIFI by utilizing an incorrect customer count in that calculation.<sup>32</sup> In reply, Pepco confirmed that the vegetation management data reported in its ACR is correct and that the calculation of its Tree-SAIFI includes both tree-related outages occurring inside and outside of its right-of-way, without excluding tree-related outages occurring during storms.<sup>33</sup>

14. **Commission Decision.** In Order Nos. 19119 and 19214, the Commission set forth an alternative and efficient method for Pepco to report upon its vegetation management activities in future ACRs.<sup>34</sup> This alternate reporting method was tied to Pepco: 1) adopting and implementing a comprehensive vegetation management plan; and 2) maintaining the number of its tree-related power outages at or below a specified threshold (a Tree-SAIFI of 0.12). Should the threshold be exceeded, Pepco would be required to revert to its pre-existing detailed quarterly and annual vegetation management reporting, as well as more detailed reporting on vegetation management in its ACRs. On December 20, 2017, Pepco filed a letter electing to adopt performance-based vegetation management reporting in its ACRs.<sup>35</sup> Accordingly, Pepco is no longer required to provide in its ACR an explanation for variances between its budgeted and actual vegetation management expenditures.

15. However, Pepco is still required to follow certain procedures required by the Commission to safeguard against underspending on vegetation management work, and these procedures, notwithstanding OPC's concerns, forestall any need to require additional vegetation management budget reporting or analysis in the ACR. Specifically, in Order No. 16930, the Commission directed that "budgeted vegetation management dollars be fully spent on vegetation

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<sup>29</sup> OPC Comments at 5, 31.

<sup>30</sup> OPC Comments at 5, 31.

<sup>31</sup> OPC Comments at 5.

<sup>32</sup> OPC Comments at 31.

<sup>33</sup> Pepco Reply Comments at 11.

<sup>34</sup> *PEPACR-2015-01 and PEPACR-2016-01*, Order No. 19119, ¶¶ 97-100, rel. Sept. 1, 2017; *amended on recon.* Order No. 19214, ¶¶ 6-9, rel. December 20, 2017.

<sup>35</sup> *See PEPACR-2017-01*, Letter of Dennis P. Jamouneau to Brinda Westbrook-Sedgwick, filed December 20, 2017.

management . . . and not be diverted to other purposes at Pepco's discretion."<sup>36</sup> On reconsideration of Order No. 16930, the Commission explained that:

The Commission is also concerned that underspending budgeted vegetation management dollars may not, in all instances, be attributable to efficiency or cost savings in vegetation work performed, as much as it might represent a decision to postpone or forego such work. . . . Finally, the Commission wants to ensure that Pepco does not continue to under-spend its vegetation management budget as it has done in certain past years while tree-related outages due to lack of aggressive vegetation management remain an on-going problem.<sup>37</sup>

The Commission recognized in Order No. 16930 that Pepco exercises flexibility when managing its vegetation expenditures, but explained that this flexibility:

. . . should not lead to the diversion of funds away from vegetation management and towards other uses. . . . To the extent budgeted amounts remain unspent at the end of a year the unspent funds can be placed in a contingency reserve so that funds not spent in one year may be called upon in a future year to fund higher than expected costs.<sup>38</sup>

Consequently, the Commission required Pepco to establish segregated accounts for use with its vegetation management budget, explaining that:

All budgeted funds (including all Commission-approved incremental funds) and expenses for vegetation management shall be booked into these segregated accounts. Once funds are booked into these accounts, the funds shall not be transferred out without first demonstrating to the Commission's satisfaction that, for that budget year, all pruning necessary to fulfill Pepco's two-year pruning cycle has been accomplished, that the inspections necessary to identify both cyclical and out-of-cycle pruning needs have occurred (particularly in problematic neighborhoods and along high priority overhead feeders) and that there is no need to carry-over these funds into the next budget year. . . . While the Company has the flexibility to adjust its vegetation management activities during

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<sup>36</sup> *Formal Case No. 1087, In the Matter of the Application of Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service*, Order No. 16930 ("Order No. 16930"), ¶ 103, rel. September 27, 2012.

<sup>37</sup> *Formal Case No. 1087*, Order No. 17027, ¶ 21, rel. December 26, 2012 ("Order No. 17027").

<sup>38</sup> *Formal Case No. 1087*, Order No. 17027, ¶ 22.

the course of the year as dictated by unexpectedly bad weather or other unseen events and to roll-over funds from one year to the next, any unspent funds from prior years will be trued-up in the next general base rate case.<sup>39</sup>

16. In its 2020 ACR, Pepco demonstrates it complied with the Tree-SAIFI eligibility requirement during the reporting period.<sup>40</sup> Although Pepco filed a letter with its ACR verifying that it put into place and fully implemented a Comprehensive Vegetation Management Plan in 2017, and its vegetation management practices in 2017 conformed to that Plan, it failed to verify that the vegetation management practices in the present reporting year conformed to the plan, as required by Order No. 19119.<sup>41</sup> Consequently, the Commission directs Pepco to file within thirty (30) days of the date of this Order a statement verifying that its vegetation management practices in 2019 conformed to its Comprehensive Vegetation Management Plan, and clarifies that Pepco is to include a similar and updated verified statement in its future ACRs.

17. *2% Least Performing Feeders (“LPF”).* OPC takes issue with the manner in which Pepco identifies LPFs. OPC contends that if a feeder is designated as an LPF and no corrective actions are undertaken on the feeder, it should be reconsidered in the year immediately following its designation (“year 2”), rather than being excluded from receiving a repeat designation in the following year.<sup>42</sup> In reply, Pepco describes that in its ACR, it reports the remediation that occurs as a direct result of a review of the feeder after the feeder has been identified as an LPF.<sup>43</sup> Consequently, the remediation provided does not include, for example, actions taken directly after an outage event occurring in the priority feeder selection period or other programmatic efforts that remediate conditions found on the feeder.<sup>44</sup> In other words, the absence of an LPF corrective action plan does not, on its face, indicate that no remediation work has been or will be done on the feeder.

18. **Commission Decision.** The Commission explained in Order No. 18167 that pursuant to Section 3603.6 of the Commission’s Rules,<sup>45</sup> when a feeder is designated as a 2% LPF the Company is given one year to implement a corrective action plan (*i.e.*, a “bye year”) before the

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<sup>39</sup> *Formal Case No. 1087*, Order No. 17027, ¶ 23.

<sup>40</sup> *PEPACR-2020-01* at 206, Table 2.4-K4, describes Pepco’s 2019 Tree-SAIFI as being 0.04, which is a significant improvement upon the eligibility threshold established in Order No. 19214 (*i.e.*, a Tree-SAIFI of 0.12).

<sup>41</sup> *PEPACR-2020-01*, Attachment E.

<sup>42</sup> OPC Comments at 4, 17-18.

<sup>43</sup> Pepco Reply Comments at 5.

<sup>44</sup> Pepco Reply Comments at 5.

<sup>45</sup> 15 DCMR § 3603.6 (2012 Repl.).



feeder will be re-evaluated as a potential candidate for designation as a 2% LPF.<sup>46</sup> The course of action sought by OPC would be contrary to this Rule and a departure from a previous Commission decision. For these reasons, we will not direct Pepco at this time to accelerate the time within which an LPF may be reconsidered for re-designation. However, the Commission finds that Pepco has not fully explained how these designated feeders, that are identified as such but not matched with a corrective action plan, will achieve improved reliability performance in the immediate future. Therefore, when the Company chooses not to implement a corrective action plan for a designed 2% LPF, in lieu of another plan in place, the Commission directs Pepco to provide a full explanation of the remediation that has occurred or will occur on the feeder in its future ACRs. This explanation shall identify the other means of remediation (for example, an Area Reliability Improvement Plan), and describe the work to be performed, its timing, and costs. In providing this description, to avoid unnecessary duplication, Pepco may incorporate by reference information found elsewhere in its ACR.

19. *EQSS Compliance Report on New Residential Service Requests.* Under Rule 3602.14, Pepco is required to complete installation of new residential service requests within ten (10) business days of the start date of the new installation.<sup>47</sup> Under Rule 3602.16, Pepco is to report every six months (May and November) upon its compliance with this standard.<sup>48</sup> In addition, the ACR contains a table summarizing the Company's compliance with this and other EQSS customer service standards.<sup>49</sup> OPC points out in its Comments an uncertainty in what Pepco has reported for its the 4<sup>th</sup> Quarter 2019 compliance with this standard. The May 2020 six-month report (covering the 4<sup>th</sup> quarter of 2019 and 1<sup>st</sup> quarter of 2020) states that only 58 of the 65 New Residential Service Requests were completed within the allowed ten (10)-day installation period. In the ACR, Pepco's table of EQSS customer service compliance contains the notation "NA" where the total number of such requests and the compliance percentage are to be provided. As OPC notes, it is not clear from this combination of reporting whether the seven failures to comply with this EQSS customer service standard occurred in 2019 or 2020.

20. **Commission Decision.** Within thirty (30) days from the date of this Order, Pepco is directed to file a revised EQSS customer service compliance table indicating the total number of new residential service requests and the compliance percentage without the notation of "NA".

21. *PILC Replacement Strategy and URD Replacement Program.* OPC claims that in 2018 Pepco began a new and unannounced Paper Insulated Lead Cable ("PILC") replacement strategy consisting of a planned program of replacing longer sections of PILC with EPR cable with the aim of reducing the number of transition joints.<sup>50</sup> According to OPC, this has resulted in an

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<sup>46</sup> *Formal Case No. 1076, In the Matter of the Application of the Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service*, Order No. 18167, ¶¶ 14, 24, n 66, rel. April 27, 2016.

<sup>47</sup> 15 DCMR § 3602.14 (2012 Repl.).

<sup>48</sup> 15 DCMR § 3602.16 (2012 Repl.).

<sup>49</sup> *PEPACR-2020-01* at 209-212.

<sup>50</sup> OPC Comments at 35-36.

increase in (costly) PILC replacements.<sup>51</sup> In reply, Pepco does not explicitly describe whether its PILC replacements occurring in 2019 reflect a change in the methodology by which it implements its opportunistic PILC replacement strategy.<sup>52</sup> Instead, Pepco argues that “. . . the Commission should reject OPC’s attempt to use the ACR as a vehicle to either add requirements or act as an annual data request.”<sup>53</sup> According to Pepco,

PILC, in particular is even more egregious considering the number of data requests asked by OPC regarding PILC in Pepco’s current rate case and the fact that the Commission has a standalone proceeding and consultant that investigates and reports on Pepco’s underground system, including PILC. As such, the Commission should reject OPC’s recommendations.<sup>54</sup>

OPC also commented upon Pepco’s replacement of 14,000 feet of underground cable on Feeder No. 14136 under what Pepco describes as its Underground Residential Distribution Cable (“URD”) Replacement Program.<sup>55</sup> OPC states that it is unaware of any program or WBS project code for a URD Replacement Program and requests that Pepco provide a review of the URD Replacement Program—including, budgeted amounts and actual spending for the last five years.<sup>56</sup>

**22. Commission Decision.** To the extent that OPC is seeking confirmation that Pepco’s PILC replacement strategy has evolved to include efforts to minimize the number of transition joints in underground cable, the information it seeks is properly within the scope of our review of the ACR, and such information would be merely descriptive. Similarly, OPC’s request regarding Pepco’s URD Replacement Program seeks descriptive information that will further the knowledge of Pepco’s system operations which the ACR is designed to produce. Accordingly, we direct Pepco to file a statement within thirty (30) days from the date of this Order that: 1) indicates whether its PILC replacement strategy includes, among its objectives, the minimization of transition joints and if so, whether that objective results in replacing longer segments of PILC; and 2) provides a general description of its URD Replacement Program. Further, the Commission directs Pepco to provide an overview and update regarding the PILC and URD replacement programs in a PIWG meeting within 180 days of the date of this Order.

**23. Reporting on Underground Cable Failures and Power Transformer Failures.** OPC asks Pepco to separately report underground cable failures and underground cable joint failures in future ACRs. OPC also notes that Pepco has deployed pre-molded cable joints on secondary cables

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<sup>51</sup> OPC Comments at 35.

<sup>52</sup> Pepco Reply Comments at 12-13.

<sup>53</sup> Pepco Reply Comments at 12.

<sup>54</sup> Pepco Reply Comments at 13.

<sup>55</sup> OPC Comments at 20; *PEPACR-2020-1* at 126.

<sup>56</sup> OPC Comments at 20.

in its underground system and requests that Pepco be directed to report on the reliability of these pre-molded cable joints in future ACRs. OPC asks that Pepco be directed to track power transformer outages separately from overhead transformer outages. Pepco generally opposes all expanded reporting requirements sought by OPC.

24. **Commission Decision.** The reporting sought by OPC would be duplicative of what is provided by Pepco at Attachment 1 in its cumulative monthly system outage reports, submitted to the Commission in response to Order No. 15131.<sup>57</sup> Attachment 1 contains a detailed listing of every sustained interruption occurring on Pepco's system, and for each such interruption provides (among other information) the outage cause. This listing includes describing whether a cable joint failure occurs on the primary or secondary portion of Pepco's underground system. Also, cable failures and joint failures are separately identified within this Attachment. Overhead, underground and network (power) transformer failures are also reported separately. Given this existing monthly outage reporting by Pepco, the Commission denies OPC's request for substantially similar reporting in the ACR.

25. *ECA Team Meeting Minutes.* In *PEPACR 2015-01* and *PEPACR 2016-01*, Pepco requested that the Equipment Condition Assessment (ECA) Team Meeting Minutes be eliminated from future ACR filings.<sup>58</sup> OPC disagreed and recommended expanding Pepco's reporting on the ECA Team Meeting Minutes. In Order No. 19119, the Commission recommended two options to address Pepco's and OPC's concerns but both parties rejected the options.<sup>59</sup> OPC observes that the ECA Team Meeting Minutes summarized in the 2020 ACR do not include justification for replacement, rehabilitation, or retirement of equipment for 2019, and recommends that the ACR include reasoning and justification for future capital expenditures including, specifically, 11 listed reliability-related substation projects that appear elsewhere in the ACR.<sup>60</sup> In reply, Pepco argues that:

... the review of the ACR is not a rate case and matters related to prudence of expenditures or need for certain projects must be resolved in a formal rate proceeding. As such, the Commission should not expand the scope of the ECA minutes provided in the ACR.<sup>61</sup>

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<sup>57</sup> *Formal Case Nos. 982, In the Matter of the Investigation of Potomac Electric Power Company Regarding Interruption to Electric Energy Service, and Formal Case No. 1002, In the Matter of the Joint Application of Pepco and the New RC, Inc. for Authorization and Approval of Merger Transaction*, Order No. 15131 ("Order No. 15131"), rel. December 2, 2008.

<sup>58</sup> Order No. 19119, ¶¶ 180-181, 203.

<sup>59</sup> Order No. 19119, ¶ 181.

<sup>60</sup> OPC Comments at 4, 14-15.

<sup>61</sup> Pepco Reply Comments at 10.

26. **Commission Decision.** Pepco's ECA Team was formed in 2012 as part of the Company's response to reliability issues that prevailed at that time across its system. Pepco described the purposes of the ECA Team in its 2012 ACR:

Pepco's Equipment Condition Assessment (ECA) team is tasked with the identification and prioritization of maintenance on or replacement of impaired equipment throughout the Pepco service area. The ECA team meets on a quarterly basis to analyze equipment performance and condition data (RCM & DGA by way of example data), assess risks and costs associated with maintenance vs replacement decisions, and recommend the best course of action. These maintenance and replacement priorities are then used as inputs in reliability plans moving forward. The ECA team focuses on assets generally located within substations (transformers, breakers, capacitor banks, switchgear, etc.) and larger distribution assets (reclosers, capacitors, regulators, network transformers, network protectors, etc.).<sup>62</sup>

27. The relevance of the ECA Team to Pepco's reliability issues was, from its formation, recognized by OPC. In this regard, when commenting upon the Staff Report on the 2012 ACR, OPC noted that notwithstanding the work of the ECA Team, the number of outages was not significantly improved or even affected by the work of the ECA Team.<sup>63</sup> Since that time, Pepco has instituted multiple programs to address distribution system reliability issues and is reporting upon those programs in its ACRs. As a result, its reliability performance in the District has improved dramatically. The Commission recognizes that since 2016, Pepco's reliability performance has significantly improved, and Pepco has been consistently meeting the merger and EQSS targets. Pepco has also achieved first quartile industry reliability performance annually for SAIDI and SAIFI, often performing well within the top decile of utilities across the country in both indices. The Commission agrees with Pepco that it is unnecessary at this time to expand the scope of the minutes. However, in an effort to avoid outages similar to the Florida Avenue Substation outage that occurred in 2019 and to obtain a holistic view of the substation equipment in the District, the Commission directs Pepco to file an ECA summary table within 90 days of the date of this Order, including the following information: (1) existing condition of various equipment within each of the distribution substations in the District; (2) date of the last performed maintenance; and (3) outstanding issues to be remediated. The Commission also directs Pepco to provide the above summary table in future ACRs.

#### **IV. FINDINGS AND CONCLUSIONS**

28. The Commission has reviewed OPC's comments on Pepco's 2020 ACR and, as described above, finds that OPC's comments have been satisfactorily addressed by Pepco in its

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<sup>62</sup> *Formal Case No. 766-ACR-2012-1, In the Matter of the Annual Consolidated Report of Potomac Electric Power Company*, at ¶ 68, filed March 15, 2012 (emphasis added).

<sup>63</sup> *Formal Case No. 766-ACR-2012-1*, Order No. 16975, ¶ 13(a), rel. November 29, 2012.

Reply Comments and have been satisfied by Pepco's commitment to discuss OPC's concerns in a future PIWG meeting, or are met by our directives below.

29. Based upon our review of the 2020 ACR, the Commission concludes that the Report is in substantial compliance with our rules and applicable past Commission directives, subject to the directives below.

**THEREFORE, IT IS ORDERED THAT:**

30. Potomac Electric Power Company's 2020 Annual Consolidated Report is **HEREBY ACCEPTED** as being in substantial compliance with applicable Commission rules and orders;

31. Potomac Electric Power Company is **DIRECTED** to discuss at one or more future meetings of the Productivity Improvement Working Group the matters identified in Paragraph 9 of this Order, and such discussions are to conclude no later than 180 days of the date of this Order;

32. Potomac Electric Power Company is **DIRECTED** to provide a comprehensive plan of the Downtown Resupply Project within 120 days of the date of this Order and discuss the comprehensive plan in a Productivity Improvement Working Group meeting within 180 days of the date of this Order, as described in Paragraph 12 of this Order;

33. Potomac Electric Power Company is **DIRECTED** to file within thirty (30) days of the date of this Order a statement verifying that its vegetation management practices in 2019 conformed to its Comprehensive Vegetation Management Plan; the Commission **CLARIFIES** that the Company is to include a similar and updated verified statement in its future Annual Consolidated Reports, as described in Paragraph 16 of this Order;

34. Potomac Electric Power Company is **DIRECTED**, in those instances in which it chooses not to implement a corrective action plan for a designed 2% Least Performing Feeder, to provide in its Annual Consolidated Report in place of that plan, an explanation of the remediation that has occurred or will occur on that feeder pursuant to other means, as described in Paragraph 18 of this Order;

35. Potomac Electric Power Company is **DIRECTED** to file within thirty (30) days of the date of this Order a revised Electricity Quality of Service Standards customer service compliance table indicating the total number of new residential service requests and the compliance percentage without the notation of "NA" as described in Paragraph 20 of this Order;

36. Potomac Electric Power Company is **DIRECTED** to file within thirty (30) days of the date of this Order a statement that: 1) indicates whether its Paper Insulated Lead Cable replacement strategy includes, among its objectives, the minimization of transition joints and, if so, whether that objective results in replacing longer segments of Paper Insulated Lead Cable ; and 2) provides a general description of its Underground Residential Distribution Cable Replacement Program, including budgeted and actual spending over the past five years, and (to the extent the information is available) projected for the next three years, as described in Paragraph 22 of this Order;

37. Potomac Electric Power Company is **DIRECTED** to provide an overview and update regarding the Paper Insulated Lead Cable and Underground Residential Distribution Cable Replacement Programs in a Productivity Improvement Working Group meeting within 180 days of the date of this Order; and

38. Potomac Electric Power Company is **DIRECTED** to file an Equipment Condition Assessment summary table within 90 days of the date of this Order and in future Annual Consolidated Reports, including all the information as described in Paragraph 27 of this Order.

**A TRUE COPY:**

**BY DIRECTION OF THE COMMISSION:**

A handwritten signature in black ink, reading "Brinda Westbrook-Sedgwick". The signature is written in a cursive, flowing style.

**CHIEF CLERK:**

**BRINDA WESTBROOK-SEDGWICK  
COMMISSION SECRETARY**