

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

**July 28, 2023**

**FORMAL CASE NO. 1176, 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, Order No. 21886**

**I. INTRODUCTION**

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) directs the Potomac Electric Power Company (“Pepco” or “Company”) to file supplemental testimony with accompanying exhibits that explain in quantitative and qualitative terms the benefits of, problems identified, and lessons learned from the Modified Enhanced Multiyear Rate Plan Pilot (“Modified EMRP Pilot”) approved in Order No. 20755. The Commission further directs Pepco to file supplemental testimony and exhibits along with supporting schedules to support a traditional one-year rate case for the test period Calendar Year 2023. This will enable the Commission to assess lessons learned from the Modified EMRP Pilot and develop an evaluation framework in assessing Pepco’s “Climate Ready Pathway MYP” (“Application” or “MYP”) while also considering a traditional one-year rate case, as the Commission did in *Formal Case No. 1156*. The Office of the People’s Counsel for the District of Columbia (“OPC” or “Office”) and the Intervenors will be allowed to file direct testimony responding to Pepco’s supplemental testimony. The Commission adopts the procedural schedule set forth in Attachment A of this Order.

**II. BACKGROUND**

2. On April 13, 2023, Pepco filed its application for approval to increase rates through the implementation of a Multiyear Rate Plan, also referred to as the “Climate Ready Pathway,” for its electric distribution service in the District of Columbia (“Application”) for the years 2024 through 2026.<sup>1</sup> On May 5, 2023, the Commission published a public notice in the *D.C. Register* that, among other things, requested that any person desiring to intervene in this proceeding file a petition no later than May 15, 2023.<sup>2</sup>

3. On May 31, 2023, the Commission granted the Petitions to Intervene of the U.S. General Services Administration (“GSA”), Apartment and Office Building Association of

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<sup>1</sup> *Formal Case No. 1176, In the Matter of the Application of Potomac Electric Power Company for Authority to Implement a Multiyear Rate Plan for Electric Distribution Service in the District of Columbia, Application of Potomac Electric Power Company for Authority to Implement a Multiyear Rate Plan for Electric Distribution Service, filed April 13, 2023 (“Application” or “MYP”) (“Formal Case No. 1176”).*

<sup>2</sup> *Formal Case No. 1176, Public Notice, 70 D.C. Reg. 6728-6732 (May 5, 2023).*

Metropolitan Washington (“AOBA”), District of Columbia Water and Sewer Authority, and the Motion to File Out of Time and the Petition for Leave to Intervene of the District of Columbia Government (“District Government”). The Commission also directed the Parties to appear for a Scheduling Conference on June 13, 2023, to be led by the Commission Staff, to enable the Parties to develop a consensus procedural schedule for this proceeding and to address any other preliminary matters or issues identified by the Parties.<sup>3</sup> Because a consensus was not reached on a proposed procedural schedule at the scheduling conference, the Commission Staff directed the Parties to file written comments memorializing their positions by June 23, 2023.<sup>4</sup> The GSA, OPC, Pepco, AOBA, and the District Government filed comments.<sup>5</sup>

### III. DISCUSSION

4. Pepco proposed the following procedural schedule for this proceeding in its Application.

**APPENDIX C**  
**Proposed Procedural Schedule**

April 13, 2023	Pepco Application and Direct Testimony Filed
April 20, 2023	Commission issues Public Notice
May 4, 2023	21-day Compliance Filing
May 4, 2023	Petitions to Intervene
TBD	Technical Conferences
May 18, 2023	Status Conference
May 25, 2023	Joint Report on Status Conference
July 13, 2023	Intervenor Direct Testimony
August 1, 2023	Discovery Concludes
August 17, 2023	Rebuttal Testimony
September 11, 2023	Surrebuttal Testimony*
September 18, 2023	Settlement/Stipulation Conference
September 22, 2023	Joint Statement on Settlement Stipulation
October 2-3, 2023	Evidentiary Hearing/Legislative-Style Hearings (as applicable)
October 30, 2023	Initial Brief Due
November 15, 2023	Reply Brief Due
February 15, 2024	Commission Order

5. On the eve of the Scheduling Conference, AOBA, the District Government, and OPC (“Joint Parties”) circulated the following proposed procedural schedule, hereinafter referred

<sup>3</sup> *Formal Case No. 1176*, Order No. 21630, rel. May 31, 2023.

<sup>4</sup> *Formal Case No. 1176*, Scheduling Conference Transcript at 70 (June 13, 2023).

<sup>5</sup> *Formal Case No. 1176*, the United States General Services Administration’s Comments on Procedural Schedule, filed June 13, 2023 (“GSA Comments”); *Formal Case No. 1176*, The Office of the People’s Counsel for the District of Columbia’s Comments Regarding a Procedural Schedule at 2, filed June 23, 2023 (“OPC Comments”); *Formal Case No. 1176*, Comments of Potomac Electric Power Company on Procedural Schedule at 2, filed June 23, 2023 (“Pepco Comments”); *Formal Case No. 1176*, Comments of the Apartment and Office Building Association of Metropolitan Washington in Support of the Procedural Schedule Proffered by the Office of the People’s Counsel, the District of Columbia Government and AOBA at 9, filed June 23, 2023 (“AOBA Comments”); *Formal Case No. 1176*, District of Columbia’s Comments in Support of its Proposed Procedural Schedule, filed June 26, 2023 (“District Government Comments”).

to as the Joint Procedural Schedule:

Potential Dates (DC/AOBA/OPC)			
Event	Date	Days	
Application filed	4/13/2023		
Conference	6/13/2023		61
Prudence Review/Cost Benefit Evaluation/with Supplemental Testimony. Prudence Review Covers at minimum the following topics: 1) Review of Operating Expenses; 2) Covid Regulatory Asset Expenses; 3) Capital Spending Budget	8/7/2023		55
Technical Conference on Prudence	9/7/2023		31
Intervenors Direct Testimony	11/14/2023		68
Technical Conference (MRP/AFOR)	12/1/2023		17
Hearings on proceeding forward with MRP and how	1/12/2024		42
Briefs	2/13/2024		32
Order	3/29/2024		45
<b>End of Phase 1</b>			
Pepco Supplementals (subject to Commission Order on Phase 1)	4/29/2024		31
Intervenors Direct	7/15/2024		77
Rebuttal Testimony by All Parties	8/30/2024		46
surrebuttal Testimony	10/18/2024		49
Discovery Ends	11/12/2024		25
Hearings	11/19/2024		32
Briefs	12/20/2024		31
*Dates stem from when Prudence Review is filed			

The Joint Parties propose that this proceeding be split into two phases. In Phase 1, the Joint Parties believe it necessary that the Commission first determine the prudence of costs incurred during the first MRP period per Order No. 20755 and then determine whether the MRP should move from being an 18-month pilot to a permanent MRP as Pepco seeks in the pending Application, per Order No. 20273. AOBA, the District Government, and OPC contend that this determination should include a cost-benefit analysis to examine the costs of the MRP and benefits achieved for ratepayers. The Joint Parties believe these determinations should be made before proceeding with the pending Application. The Joint Parties also believe that Pepco should supplement its Application with testimony in support of a traditional historical test year filing that takes as a starting point the actual investments, actual expenses, and actual utility sales for a recently completed 12-month period. Pepco does not wish to file a historical test year case because it favors the MYP. The Joint Parties propose that Phase 2 of this proceeding address the historical test year testimony and any other supplemental testimony the Commission would seek from Pepco, followed by testimony from OPC and intervenors and any rebuttal testimony. Pepco argues that any delays beyond the 10-month schedule it proposed will cause a delay in receiving any rate increase until 2025, and the Company will need money in the interim to provide the services being proposed in this Application. A summary of the comments follows below.

6. **AOBA Comments.** AOBA requests that the Commission adopt the procedural schedule proffered by the Joint Parties and order Pepco to file supplemental testimony in Phase 1 addressing: (1) prudency review of capital spending; (2) prudency review of Operation and Maintenance spending; (3) prudency review of Pepco's Covid-19 accruals; and (4) Cost-benefit analysis for the MRP Pilot.<sup>6</sup> AOBA further requests that if the Commission determines that it will

<sup>6</sup> Formal Case No. 1176, AOBA Comments at 9.

proceed with an examination of Pepco's Application for an MYP in this proceeding, Pepco should be directed to file additional testimony explaining:

1. The relationship between the forecast of load and demands on which Pepco relies for capital planning and the Company's forecasted billing determinants; (According to AOBA, Pepco's projected capital additions for reliability appear inconsistent with the forecasts of declining overall kWh sales and kW demands it relies upon for rate design purposes).

2. The priorities Pepco assigns to capital projects and the likelihood such projects will be completed within each MYP year; and

3. The manner in which Pepco expects to adjust its planned capital expenditures in the event of project delays and/or cancellations and the adjustments the Company intends to make in the context of significant over- or under-spending for specific planned projects.<sup>7</sup>

7. AOBA argues that the Commission must determine if the MRP Pilot produced just and reasonable rates based on the costs incurred by the Company during the MRP Pilot and assess whether the benefits that the Commission perceived in its approval of the Company's MRP Pilot were achieved. According to AOBA, Phase 1 of the Joint Parties' proposed schedule allows the Commission to fulfill its stated purpose for approving Pepco's MRP Pilot – namely, to “allow this first MRP filing to serve as an opportunity to gather valuable lessons learned in assessing future MRP proposals and to facilitate the development of [alternative form of regulation (“AFOR”)] regulations.”<sup>8</sup> AOBA states that the entire credibility of the regulatory process is undermined if the Commission does not undertake meaningful reviews of the prudence of the Company's actual expenditures, which requires detailed and time-consuming proceedings that effectively increase rather than reduce the regulatory burdens faced by all parties.<sup>9</sup> AOBA asserts that MRPs are helping no one other than Pepco to avoid necessary scrutiny of their unreliable cost projections if we do not undertake an appropriate prudence review.<sup>10</sup>

8. AOBA asserts that in its *Formal Case No. 1176* Application, Pepco discussed the transparency of the Company's planned investments over the next several years.<sup>11</sup> AOBA argues that if the Commission and the parties are not provided a meaningful opportunity to review whether the prudence of Pepco's MRP Pilot planned investments discussed in *Formal Case No. 1156* were

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<sup>7</sup> *Formal Case No. 1176*, AOBA Comments at 9-10.

<sup>8</sup> *Formal Case No. 1176*, AOBA Comments at 2 (citing *Formal Case No. 1156, In the Matter of the Application of 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*”), Order No. 20755, ¶ 143, rel. June 8, 2021).

<sup>9</sup> *Formal Case No. 1176*, AOBA Comments at 7.

<sup>10</sup> *Formal Case No. 1176*, AOBA Comments at 8.

<sup>11</sup> *Formal Case No. 1176*, AOBA Comments at 6 (citing *Formal Case No. 1176*, Application, page 6).

pursued as budgeted and are presently used and useful, then there is no transparency.<sup>12</sup> According to AOBA, transparency in this context has two components: (1) the projects and costs that Pepco planned and the Commission accepted as a basis for setting rates; and (2) the projects Pepco pursued and the costs the Company includes in its actual Pilot MYP expenditures.<sup>13</sup>

9. **District Government Comments.** The District Government asserts that in Order No. 18846, the Commission stated that it “is not averse to allowing Pepco to include in its next rate case a request for a fully forecasted test year and or a multi-year rate proposal, in addition to a traditional test year filing. . .”<sup>14</sup> The District Government argues that the Joint Parties’ proposed procedural schedule is designed to allow ample time for the parties and Commission to assess whether Pepco’s current MRP achieved the AFOR objectives that were promised by Pepco and required by the Commission, or whether the MRP should be modified to address specific deficiencies, or whether the MRP should be abandoned altogether in favor of a traditional cost of service ratemaking application.<sup>15</sup> The District Government states that there are significant questions about whether Pepco’s first MRP achieved the AFOR principles established by the Commission, particularly the AFOR principles cited in *Formal Case No. 1156*, Order No. 20273, ¶ 6.<sup>16</sup>

10. According to the District Government, the purpose of the Phase 1 proceeding would be to address some of the many shortcomings experienced by the parties during the MRP Pilot.<sup>17</sup> The District Government argues that Pepco’s annual information filing is not the same as a prudence review, whose purpose is to conduct an assessment of what ratepayer money was spent

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<sup>12</sup> *Formal Case No. 1176*, AOBA Comments at 7.

<sup>13</sup> *Formal Case No. 1176*, AOBA Comments at 7.

<sup>14</sup> *Formal Case No. 1176*, District Government Comments (citing *Formal Case No. 1139, In the Matter of the Application of Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service* (“*Formal Case No. 1139*”), Order No. 18846, ¶ 594: “Our focus in considering any alternative mechanism will include a review of the benefits that accrue to customers as opposed to solely focusing on the utility. Moreover, we remind Pepco of the concerns raised in *Formal Case No. 1087* where Pepco’s test year included six months of forecasted test year data and the ability of Pepco to demonstrate and the parties to discover, how budgeted data was used to derive the forecasted amounts in the test year. This is an important threshold that Pepco must address before obtaining the Commission’s final approval of such a future rate application.” [internal citations omitted]).

<sup>15</sup> *Formal Case No. 1176*, District Government Comments at 3.

<sup>16</sup> *Formal Case No. 1176*, District Government Comments at 3 (Note: The AFOR principles cited by the District Government on page 2 of its comments include (3) The AFOR’s ratemaking mechanisms advance or otherwise align with the District’s public policy goals;(4) The AFOR identifies baseline revenue and cost information, and clearly explains what process or mechanism the utility used to project revenues and expenses; (5) The AFOR provides benefits that are measurable, quantitative, and qualitative to customers, as opposed to solely focusing on the AFORs benefits to the utility;(8) The risk of over-earning a utility’s authorized return will be mitigated during the duration of AFOR for the benefit of the customers, while also preserving the Commission’s ability to conduct cost prudence reviews as needed; (9) The AFOR provides an appropriate level of transparency and reporting into the utility’s operational and capital plans ensuring that the plans will be maintained during the duration of the AFOR; and (10) The AFOR avoids any unreasonable shifting of risk to utility customers).

<sup>17</sup> *Formal Case No. 1176*, District Government Comments at 3.

on, whether those costs were prudently incurred, and whether the investments resulted in the creation of facilities that are used and useful.<sup>18</sup> The District Government further argues that a cost-benefit analysis of the MRP must be performed by Pepco and commented upon by the parties to determine whether the MRP achieved the benefits promised by Pepco, and advanced the principles contained in the policy order.<sup>19</sup> The District Government asserts that no consideration of Pepco's proposed MYP should be conducted without such a foundational assessment of the MRP Pilot.<sup>20</sup> The District Government states that based on the Commission's determination following Phase 1 of whether the MRP should continue as a reasonable AFOR going forward, the purpose of Phase 2 would be to address Pepco's request for a rate increase in whatever form the Commission determines.<sup>21</sup>

11. **GSA Comments.** GSA expressed support for the Joint Parties' proposed schedule. GSA argues that because the Commission approved Pepco's MRP on a pilot basis, the parties and the Commission should understand the pilot's results, evaluate lessons learned, and consider whether the MRP produced just and reasonable results.<sup>22</sup> GSA further argues that the initial phase should include a prudence review of Pepco's projects and expenditures during the MRP pilot.<sup>23</sup> GSA states that the parties and the Commission need to understand the results of the MRP pilot to determine whether Pepco can proceed with the MYP proposed in this proceeding or whether to move forward with a historical test-year approach.<sup>24</sup>

12. **OPC Comments.** OPC asserts that the 18-month MRP Pilot established by the Commission in *Formal Case No. 1156* has yet to be evaluated, and the Commission has yet to indicate whether an MRP was the appropriate path forward.<sup>25</sup> The Joint Procedural Schedule includes two phases: Phase 1 evaluates the MRP Pilot in *Formal Case No. 1156*, and Phase 2 focuses on assessing Pepco's Application in *Formal Case No. 1176*.<sup>26</sup> According to OPC, Phase 2 is contingent on specific determinations made by the Commission in Phase 1, including whether to proceed with an MRP.<sup>27</sup> OPC argues that the Joint Parties proposed procedural schedule provides time to adequately evaluate the costs and benefits of the MRP Pilot, analyze the structure

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<sup>18</sup> *Formal Case No. 1176*, District Government Comments at 3.

<sup>19</sup> *Formal Case No. 1176*, District Government Comments at 3.

<sup>20</sup> *Formal Case No. 1176*, District Government Comments at 4.

<sup>21</sup> *Formal Case No. 1176*, District Government Comments at 4.

<sup>22</sup> *Formal Case No. 1176*, GSA Comments at 1.

<sup>23</sup> *Formal Case No. 1176*, GSA Comments at 1.

<sup>24</sup> *Formal Case No. 1176*, GSA Comments at 1-2.

<sup>25</sup> *Formal Case No. 1176*, OPC Comments at 2.

<sup>26</sup> *Formal Case No. 1176*, OPC Comments at 2.

<sup>27</sup> *Formal Case No. 1176*, OPC Comments at 2.

of MRP in the pilot, and adds transparency and accountability to the ratemaking process.<sup>28</sup> OPC argues that the two-phase format it proposes is consistent with the prior rate case and that approving this format also does not preclude Pepco from filing a traditional rate case if the Company desires a more expedited process.<sup>29</sup> According to OPC, the Joint Parties' proposed procedural schedule provides until August 7, 2023, for Pepco to provide a prudence review summary covering: (1) the Company's capital spending budget; (2) a review of the Company's operating expenses; (3) a review of the Covid Regulatory Asset accruals; and (4) and a cost-benefit analysis, examining the costs of the MRP Pilot versus the benefits achieved to ratepayers.<sup>30</sup> OPC argues further that Pepco's proposed procedural schedule does not allow for the parties to evaluate whether the Company's proposal is consistent with longstanding regulatory policies, which require a determination of whether the proposals are just and reasonable, whether projects are used and useful, and whether expenditures are prudent.<sup>31</sup> The Office also argues that Pepco's proposed procedural schedule lacks any evaluation of the recently concluded MRP Pilot.<sup>32</sup> OPC argues that there needs to be a prudency review of Pepco's expenditures and the actual execution of the MRP, as the Commission contemplated in Order No. 20755 that entails determining whether the investments made were used and useful, a requirement under established principles of ratemaking.<sup>33</sup> OPC states that during the early stages of exploring AFORs, it remains essential to evaluate the investments made and the accuracy of the forecasts and that details as to the actual investments made in *Formal Case No. 1156* were never provided and still require evaluation.<sup>34</sup>

13. The Office asserts that after Pepco files its prudence review summary, a technical conference should be held to discuss the prudency of Pepco's expenditures, focusing on Pepco's capital spending budget, a review of Pepco's operating expenses, and a review of the Covid Regulatory Asset accruals.<sup>35</sup> According to OPC, the process the Joint Parties propose is distinct from the annual information filing ("AIF") that the Commission included as a part of the MRP Pilot, which the Office states pertained to variances in expected earnings during the term of the MRP Pilot. OPC states that although Pepco submitted an AIF, the Office was not provided an opportunity to review Pepco's specific expenditures.<sup>36</sup> In its comments on the AIF, OPC indicated that Pepco's accounting conventions were incorrect and included recommendations.<sup>37</sup> The Office

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<sup>28</sup> *Formal Case No. 1176*, OPC Comments at 2-3.

<sup>29</sup> *Formal Case No. 1176*, OPC Comments at 3.

<sup>30</sup> *Formal Case No. 1176*, OPC Comments at 5.

<sup>31</sup> *Formal Case No. 1176*, OPC Comments at 10.

<sup>32</sup> *Formal Case No. 1176*, OPC Comments at 11.

<sup>33</sup> *Formal Case No. 1176*, OPC Comments at 7.

<sup>34</sup> *Formal Case No. 1176*, OPC Comments at 7.

<sup>35</sup> *Formal Case No. 1176*, OPC Comments at 5.

<sup>36</sup> *Formal Case No. 1176*, OPC Comments at 5.

<sup>37</sup> *Formal Case No. 1176*, OPC Comments at 8 (citing *Formal Case No. 1156*, OPC's Comments on Pepco's Annual Filing for CY 2021 at 3-4, 7-9, filed June 14, 2022).

argues that Pepco provided no testimony, there was no opportunity to review the specific expenditures that Pepco provided, and the Commission made no final determination on the expenditures.<sup>38</sup> According to the Office, the AIF did not explain how Pepco spent its rate increase. Moreover, OPC asserts Pepco did not explain the projects it chose to invest in versus what was approved in Order No. 20755 and did not file testimony to justify any deviation or accountability as to the Company's activities.<sup>39</sup> According to OPC, Pepco responded to the Office's comments by stating that more time was unnecessary and that issues regarding Pepco's accounting were beyond the scope of the filing.<sup>40</sup>

14. OPC states that after the technical conference, the intervenors would file direct testimony on the Pepco Prudence Review Summary, followed by a second technical conference to discuss the cost-benefit analysis of the MRP in *Formal Case No. 1156*. According to OPC, this conference allows the parties to evaluate the MRP Pilot's structure and address any outstanding issues (e.g., the proper scope of the AIF and what changes to a potential multiyear rate plan need to be considered before moving forward).<sup>41</sup> OPC asserts that it is necessary to evaluate the overall performance and effectiveness of the MRP Pilot, including whether the MRP Pilot provided the promised benefits to ratepayers while reducing costs, whether this form of ratemaking should be continued, and to consider improvements to the structure of the MRP.<sup>42</sup> OPC argues that it is also essential to consider whether an MRP reduces administrative burdens and whether the MRP process is more efficient than a historic rate case.<sup>43</sup> OPC proposes that following the technical conference, there will be hearings to resolve any outstanding issues of material fact on the MRP Pilot as well as determine whether to continue the MRP Pilot, whether to move forward with this form of ratemaking, or whether a historic rate case or another form of alternative ratemaking is more appropriate, followed by post-hearing briefs.<sup>44</sup>

15. OPC states that after the Commission issues its order on the relevant issues in Phase 1, there will be clarity on how to proceed forward, including if Pepco should refile its case. Pepco would be given thirty days from the order to file supplemental testimony, and the case would proceed with hearings scheduled in November 2024 and briefs due before the end of 2024.<sup>45</sup> OPC concludes by stating that the District of Columbia's regulatory structure allows for additional

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<sup>38</sup> *Formal Case No. 1176*, OPC Comments at 5.

<sup>39</sup> *Formal Case No. 1176*, OPC Comments at 8.

<sup>40</sup> *Formal Case No. 1176*, OPC Comments at 8 (citing *Formal Case No. 1156*, Potomac Electric Power Company's Motion for Leave to File Response and Response to OPC's Comments at 2-3, filed June 24, 2022) ("Pepco's Response").

<sup>41</sup> *Formal Case No. 1176*, OPC Comments at 5.

<sup>42</sup> *Formal Case No. 1176*, OPC Comments at 6.

<sup>43</sup> *Formal Case No. 1176*, OPC Comments at 9.

<sup>44</sup> *Formal Case No. 1176*, OPC Comments at 5-6.

<sup>45</sup> *Formal Case No. 1176*, OPC Comments at 6.

flexibility that the State of Maryland lacks because there is no prescribed time limitation that requires MRP proposals to be evaluated by a certain date. According to OPC, this regulatory flexibility allows for the implementation of AFOR to be an evolving process that balances the interests of consumers and the Company in determining just and reasonable rates.<sup>46</sup>

16. **Pepco Comments.** Pepco asserts that its proposed procedural schedule is preferable to the one offered by the Joint Parties because the Joint Parties' proposal delays the implementation of the MYP benefits to customers and advancement of the District's climate goals, disregards the review procedures the Commission established in the *Formal Case No. 1156 MRP*, and seeks to undertake an additional review as part of this proceeding before addressing the merits of the Company's *Formal Case No. 1176 MRP*.<sup>47</sup> According to the Company, this would result in an unreasonable and unwarranted two-year proceeding that would undercut elements of the framework the Commission adopted in the *Formal Case No. 1156 MRP*, for alternate forms of ratemaking such as MRPs.<sup>48</sup> Pepco argues that its proposed procedural schedule provides a reasonable period to conduct this proceeding efficiently that benefits customers, and advances the District's climate goals – issues appropriately and timely before the Commission for consideration, and is more equitable to customers and the utility. Pepco, therefore, requests that the Commission approve its proposed procedural schedule for *Formal Case No. 1176 MYP*.<sup>49</sup>

17. The Company argues that the Joint Parties' two-year procedural schedule will delay the implementation of Pepco's MYP proposals, which the Company asserts:

- proposes expanded bill credits and arrearage forgiveness to enable more economically vulnerable customers to manage their bills.<sup>50</sup>
- will help support the District's decarbonization and clean energy goals and mitigate the impacts of climate change.<sup>51</sup>
- will mitigate the existing subsidization of certain rate classes.<sup>52</sup>
- will enhance physical and cyber security.<sup>53</sup>

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<sup>46</sup> *Formal Case No. 1176*, OPC Comments at 12.

<sup>47</sup> *Formal Case No. 1176*, Pepco Comments at 2.

<sup>48</sup> *Formal Case No. 1176*, Pepco Comments at 2.

<sup>49</sup> *Formal Case No. 1176*, Pepco Comments at 2.

<sup>50</sup> *Formal Case No. 1176*, Pepco Comments at 3.

<sup>51</sup> *Formal Case No. 1176*, Pepco Comments at 3.

<sup>52</sup> *Formal Case No. 1176*, Pepco Comments at 3.

<sup>53</sup> *Formal Case No. 1176*, Pepco Comments at 4.

- offers tools to enhance the customer experience.<sup>54</sup>

18. The Company avers that if the parties seek additional review of *Formal Case No. 1156*, the parties can raise that in the *Formal Case No. 1176 MYP*, noting that Pepco provided detail in its testimony on how the *Formal Case No. 1176 MYP* addresses each of the ten factors in Commission Order No. 20273.<sup>55</sup> Pepco further argues that although the Commission provided clear direction on the process by which the *Formal Case No. 1156 MRP* was to be reviewed, the Joint Parties' proposed procedural schedule ignores Commission-directed procedures and proposes that the initial phase of this proceeding be devoted to an additional review of the *Formal Case No. 1156 MRP*.<sup>56</sup> Pepco adds that in the final reconciliation and prudence review process the Commission established in *Formal Case No. 1156*, none of the Joint Parties propounded discovery or filed comments in response to the Company's final reconciliation filing, and the Joint Parties did not demonstrate any issues of material fact warranting further proceeding or a hearing.<sup>57</sup> The Company argues that the Joint Parties should not be permitted to ignore the established process set forth by the Commission in *Formal Case No. 1156* and delay consideration of Pepco's *Formal Case No. 1176 MYP* by instead using this proceeding to conduct a prudency review of the *Formal Case No. 1156 MRP*.<sup>58</sup>

#### IV. DECISION

##### A. **Modified EMRP Pilot Evaluation**

19. In Order No. 20273, the Commission established overarching principles for a utility seeking AFOR treatment.<sup>59</sup> Recognizing that it has the responsibility of balancing the interest of

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<sup>54</sup> *Formal Case No. 1176*, Pepco Comments at 4.

<sup>55</sup> *Formal Case No. 1176*, Pepco Comments at 4-5 (citing *Formal Case No. 1176*, PEPCO (A) at 42 and *Formal Case No. 1156*, Order No. 20273 at ii-iii, rel. December 20, 2019).

<sup>56</sup> *Formal Case No. 1176*, Pepco Comments at 6.

<sup>57</sup> *Formal Case No. 1176*, Pepco Comments at 6-7.

<sup>58</sup> *Formal Case No. 1176*, Pepco Comments at 7.

<sup>59</sup> *Formal Case No. 1156*, *In the Matter of the Application of Potomac Electric Power Company for Authority to Implement a Multiyear Rate Plan for Electric Distribution Service in the District of Columbia*, Order No. 20273, ¶ 6, 94 rel. December 20, 2019 ("Order No. 20273"). A utility's AFOR application is required to provide information as to how: (1) The AFOR: (A) protects consumers; (B) ensures the quality, availability, and reliability of regulated utility services; and (C) is in the interest of the public, including shareholders of the utility; (2) The AFOR advances the public safety, the economy of the District, the conservation of natural resources, and the preservation of environmental quality, including effects on global climate change and the District's public climate commitments; (3) The AFOR's ratemaking mechanisms advance or otherwise align with the District's public policy goals; (4) The AFOR identifies baseline revenue and cost information, and clearly explains what process or mechanism the utility used to project revenues and expenses; (5) The AFOR provides benefits that are measurable, quantitative, and qualitative to customers, as opposed to solely focusing on the AFORs benefits to the utility; (6) The AFOR impacts the operational incentives of the utility with respect to maintaining a high level of customer service, while fostering productivity and cost control; maintains the financial strength, credit ratings, and financial flexibility of the utility; and helps ensure a consistently high level of energy delivery system reliability, while promoting safe and reliable operations over time; (7) The revenue requirements will be allocated across customer classes over time, and how rate

utilities, ratepayers, and District policy goals to ensure just and reasonable rates, the Commission indicated that the AFOR framework sets the Commission's starting point for an evolving evaluation process for AFOR proposals and that it would determine on a case-by-case basis whether the principles of the framework have been met in the proposed AFOR under the specific facts and circumstances of the case.<sup>60</sup> The Commission stated that Pepco has the burden of proof to demonstrate that its MRP/PIM proposal can be approved and adopted.<sup>61</sup>

20. The Commission expressed its belief that any MRP that is adopted should be accompanied by performance incentive mechanisms ("PIMs") and set forth the guidelines for PIMs in the District.<sup>62</sup> The Commission recognized that PIMs may be limited because of the need for historical performance data and that tracking specific data can be useful to understand utility performance while creating a track record for future PIM development.<sup>63</sup> In Order No. 20755, the Commission stated that tracking PIMs were appropriate because it believed that tracking PIMs would be more helpful in aiding the Commission and stakeholders in identifying what elements are appropriate to measure PIMs and how to structure financial rewards or penalties for implementing fully functional PIMs.<sup>64</sup> The Commission adopted the following tracking PIMs: (1) GHG emission reduction tracking PIM for the reduction of GHG emissions in the District; (2) Energy Savings (energy efficiency) tracking PIM; (3) Peak Demand Reduction tracking PIM; (4) Total DER deployed in the District, and (5) CEMI-3 performance tracking PIM.<sup>65</sup> The

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design issues within customer classes will be handled over time, in a just and reasonable manner; (8) The risk of over-earning a utility's authorized return will be mitigated during the duration of AFOR for the benefit of the customers, while also preserving the Commission's ability to conduct cost prudence reviews as needed; (9) The AFOR provides an appropriate level of transparency and reporting into the utility's operational and capital plans ensuring that the plans will be maintained during the duration of the AFOR; and (10) The AFOR avoids any unreasonable shifting of risk to utility customers.

<sup>60</sup> *Formal Case No. 1156*, Order No. 20273, ¶ 95 (Citation omitted), 98.

<sup>61</sup> *Formal Case No. 1156*, Order No. 20273, ¶ 7.

<sup>62</sup> *Formal Case No. 1156*, Order No. 20273, ¶ 108. *See Formal Case No. 1156*, Order No. 20273, ¶ 103 (The guidelines include: (1) PIMs should advance or otherwise align with the District's public policy goals and the PowerPath DC objectives (such as grid modernization, energy efficiency, clean energy, and climate goals); (2) PIMs should be clearly defined; (3) PIMs should be able to be quantified by the utility using reasonably available data; (4) PIMs should be sufficiently objective and free from external influences; (5) PIM should be easily interpreted and easily verified; (6) PIM should not duplicate a target or objective that is already addressed by any existing standards, metrics or requirements; (7) PIMs should focus on outcome rather than input (costs); (8) PIMs should have historical performance data; (9) PIMs should be considered only when the utility lacks an incentive (or has disincentive) to align its performance with the public interest, there is evidence of under-performance, and evidence that improved performance will deliver incremental benefits; (10) PIMs should be designed to maximize total quantifiable, verifiable net benefits; and (11) PIMs should offer the utility no more financial benefit than is necessary to align its performance with the public interest (the utility should not be paid for performance above the value perceived by customers for that improvement)).

<sup>63</sup> *Formal Case No. 1156*, Order No. 20273, ¶ 104.

<sup>64</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 168.

<sup>65</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 170-171. *See Formal Case No. 1156*, Order No. 20755, ¶ 169 (The PIM should: (1) provide what is the agreed-upon historical data that should be tracked (i.e., what will be used

Commission indicated that the tracking PIMs would facilitate the collection and analysis of data from the tracking PIMs and help the Commission understand whether the reporting metrics provide appropriate information to move toward the District's clean energy goals in a manner that is reasonable and transparent.<sup>66</sup> The Commission indicated that once it is determined that the PIMs are properly designed, then they can be turned into fully functioning PIMs with appropriate financial consequences for Pepco.<sup>67</sup>

21. The Commission discussed whether Pepco's proposed Modified EMRP met the requirements of D.C. Code § 34-1504(d)(2) by protecting consumers; ensuring the quality, availability, and reliability of regulated electric services; and is in the interest of the public, including shareholders of the electric company. The Commission concluded that the Modified EMRP strikes the appropriate balance between the Company/investors, its customers, and District citizens,<sup>68</sup> was driven by utility infrastructure investments recently made or ongoing, to preserve the Company's top performance ranking for the District's electric delivery system,<sup>69</sup> strengthens Pepco's credit profile and helps retain its investment-grade credit rating,<sup>70</sup> enables the Company to make capital improvements to improve system resiliency and enhance hosting capacity for the District's grid modernization as climate changes,<sup>71</sup> imposes the first net distribution rate increase for residential customers since 2014,<sup>72</sup> provides residential customers with a rate assistance package,<sup>73</sup> provided small commercial customers with benefits including an installment payment program, and initiation of an energy efficiency loan, and a rebate program,<sup>74</sup> provides customers with a lower return on equity ("ROE") to incentivize Pepco to control costs over the course of the Modified EMRP and benefits,<sup>75</sup> provides customers with increased transparency and provides incentives for the Company to reduce costs and improve efficiency,<sup>76</sup> provides customers with

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and how it will be used), (2) indicate what is agreed upon for future performance (i.e., over the next number of years a specific metric for each year and cumulatively.), and (3) compare the reported data to the performance targets).

<sup>66</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 169.

<sup>67</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 169.

<sup>68</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 143.

<sup>69</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 144 (citations omitted).

<sup>70</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 144.

<sup>71</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 144.

<sup>72</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 145.

<sup>73</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 146.

<sup>74</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 146.

<sup>75</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 149.

<sup>76</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 150.

Climate and Clean Energy tracking PIMs,<sup>77</sup> and provides customers with rate predictability over the Modified EMRP term and avoids rate shock at the conclusion of the Modified EMRP.<sup>78</sup>

22. Concluding that the Modified EMRP strikes the appropriate balance between the Company/investors, its customers, and District citizens, the Commission found that establishing a Modified MRP Pilot allows this first MRP filing to serve as an opportunity to gather valuable lessons learned in assessing future MRP proposals and to facilitate the development of AFOR regulations.<sup>79</sup> We also recognized and announced that “any changes to the traditional ratemaking methodology may require multiple rate proceedings to fully implement AFORs.”<sup>80</sup>

23. In this instance, we do not believe we should delay consideration of the Company’s MYP request;<sup>81</sup> however, the Joint Parties persuade us that the time to gather valuable lessons in assessing future MRPs is now. The Commission approved the Modified EMRP as a Pilot, an activity undertaken as an experiment to determine if something should be pursued more broadly. While our approval of the Modified EMRP as a pilot program was the Commission’s introductory determination of an “alternative form of regulation” for public utilities, it is appropriate to evaluate how the Modified EMRP Pilot functioned. The Commission did not adopt a Modified EMRP Pilot evaluation plan concurrent with the approval of the Modified EMRP Pilot, however, the Commission believes it is important to assess lessons learned in developing an evaluation framework in assessing Pepco’s request to approve a second MRP filing.<sup>82</sup>

24. Therefore, we direct Pepco to file supplemental testimony with accompanying exhibits that explain in quantitative and qualitative terms the benefits of the Modified EMRP Pilot. Pepco’s supplemental testimony show present data collected from the tracking PIMs and discuss how the tracking PIMs are advancing the District’s clean energy goals. Pepco’s supplemental testimony shall also include a discussion about any problems identified and lessons learned from the Modified EMRP Pilot. Pepco should also address the three (3) items AOBA identified in its comments in our examination of Pepco’s Application.<sup>83</sup> In addition, we further direct Pepco to file supplemental testimony and exhibits along with supporting schedules to support a traditional one-

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<sup>77</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 151.

<sup>78</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 152.

<sup>79</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 143.

<sup>80</sup> *Formal Case No. 1156*, Order No. 20273, ¶ 86.

<sup>81</sup> The Company has reported that it is underearning its ROE and needs additional revenue to operate given the stay-out provision imposed by the Commission in Order No. 20755. Additionally, Parties have begun an examination of the MYP. OPC began conducting discovery on Pepco’s MYP on May 18, 2023, and AOBA began on May 24, 2023, and all other Parties are free to begin discovery immediately on Pepco’s MYP Application.

<sup>82</sup> The Commission notes that the Parties may wish to comment on whether the criteria for the evaluation of an alternative rate-making plan adopted in Nevada codified as Nevada Revised Statute Annotated § 704.762 (g) or some other jurisdictions could be considered in evaluating a Multi-Year Rate Plan in their testimony.

<sup>83</sup> *See Formal Case No. 1176*, AOBA Comments at 9-10.

year rate case for the test period Calendar Year 2023.<sup>84</sup> This will enable the Commission to assess lessons learned from the Modified EMRP Pilot in evaluating Pepco's Climate Ready Pathway MYP while also considering a traditional one-year rate case, as the Commission did in *Formal Case No. 1156*.

25. The Commission also noted that an MRP that allows for year-over-year escalation of rate base requires significant detail in utility planning.<sup>85</sup> Considering the need for a more informative distribution system planning process which will provide the Commission an opportunity to question the customer benefits of projects in advance of capital commitments, we direct Pepco to file supplemental testimony explaining how the distribution system planning process addresses the Commission's AFOR requirement for utility planning details. Pepco should also identify additional enhancements that can be implemented to improve the distribution system planning process so that the Commission and stakeholders have sufficient information to determine the need for capital investments. OPC and the Intervenors can file direct testimony responding to Pepco's supplemental testimony in response to the directives in paragraphs 24 and 25 of this Order.

## **B. Prudence Review**

26. The Joint Parties request that the Commission undertake a prudence review of Pepco's Modified EMRP Pilot planned investments before proceeding with the MYP. However, Order No. 20755 established a reconciliation and prudency process for Pepco's planned investments. Order No. 20755 directed Pepco to file a reconciliation filing that was to include capital spending projects completed, including the effects on electric plant in service, deferred taxes, rate base, as well as depreciation expense. The filing was also to include details on any capital spending variances between projected and actual results.<sup>86</sup> Parties were provided an opportunity to conduct discovery, file comments, and request a hearing on Pepco's filings.<sup>87</sup> Additionally, Pepco was directed to resume filing the Company's quarterly earnings reports to facilitate the Commission's and stakeholders' ability to recognize any potential over-earning or under-earning during the 18-month Modified EMRP and in CY 2023.<sup>88</sup> If it were determined that Pepco was over-earning, a credit would be given to customers via a surcredit rider on a prospective basis. If it were determined that Pepco was under-earning, the Company would have an opportunity to petition the Commission for relief. Pepco provided annual information filings for 2021 and 2022.<sup>89</sup> Beginning July 8, 2021, Pepco has also provided quarterly earnings reports that show the Company's actual earned rate of return has been less than the 9.275% rate established by

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<sup>84</sup> See 15 DCMR § 200.4.

<sup>85</sup> *Formal Case No. 1156*, Order No. 20273, ¶ 92.

<sup>86</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 160-162.

<sup>87</sup> *Formal Case No. 1156*, Order No. 20755, ¶¶ 161, 162 (citations omitted).

<sup>88</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 162 (citations omitted).

<sup>89</sup> *Formal Case No. 1156*, Pepco Annual Information Filing for 2021, filed March 31, 2022, and *Formal Case No. 1156*, Pepco Annual Information Filing for 2022, filed March 31, 2023.

the Commission in Order No. 20755.<sup>90</sup> No requests for a hearing or petition for relief have been filed regarding these filings.

27. In every rate case, we conduct a prudency review. This is no different. Therefore, we are not inclined to conduct a separate prudence review apart from the review the Commission will undertake in reviewing Pepco's MYP filing, Pepco's supplemental testimony, including the traditional one-year rate case testimony, exhibits, and supporting schedules, and the Parties' testimony as directed in this Order. The Commission believes these filings will provide the requisite information to determine the prudency of Pepco's capital investments and other expenditures.<sup>91</sup>

## V. PROCEDURAL SCHEDULE

28. Considering the decisions and directives we have made in this Order we adopt the procedural schedule outlined in Attachment A of this Order. The Commission believes the schedule provides adequate time for the Parties to prepare testimony and conduct discovery.

### **THEREFORE, IT IS ORDERED THAT:**

29. The Potomac Electric Power Company is **DIRECTED** to file supplemental testimony with accompanying exhibits that explain in quantitative and qualitative terms the benefits of, problems identified, and lessons learned from the Modified Enhanced Multiyear Rate Plan Pilot approved in Order No. 20755;

30. The Potomac Electric Power Company is **DIRECTED** to file supplemental testimony and exhibits along with supporting schedules to support a traditional one-year rate case for the test period Calendar Year 2023;

31. The Office of the People's Counsel for the District of Columbia and the Intervenors are **DIRECTED** to file direct testimony responding to Pepco's supplemental testimony; and

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<sup>90</sup> *Formal Case No. 1156*, Order No. 20755, ¶ 142. See *Formal Case No. 1156*, Quarterly Earnings Reports, filed July 8, 2021; *Formal Case No. 1156*, Quarterly Earnings Report, filed September 30, 2021; *Formal Case No. 1156*, Quarterly Earnings Report, filed December 29, 2021; *Formal Case No. 1156*, Quarterly Earnings Report, filed April 29, 2022; *Formal Case No. 1156*, Quarterly Earnings Reports, filed June 30, 2022; *Formal Case No. 1156*, Quarterly Earnings Report, filed December 30, 2022; and *Formal Case No. 1156*, Quarterly Earnings Report, filed June 30, 2023.

<sup>91</sup> See *GD-2021-01-E, Office of the People's Counsel for the District of Columbia's Petition for Formal Investigation into the Prudence of the Potomac Electric Power Company's Construction Practices and the Justness and Reasonableness of Construction-related Costs*, the Office of the People's Counsel for the District of Columbia's Petition for Formal Investigation into the Prudence of the Potomac Electric Power Company's Construction Practices and the Justness and Reasonableness of Construction-Related Costs, Order No. 21137, ¶ 16, rel. April 7, 2022 (citing *Formal Case No. 1159, In the Matter of the Applications for Approval of Biennial Underground Infrastructure Improvement Projects Plans and Financing Orders*, Order No. 20285, ¶ 146, n. 211, rel. January 24, 2020).

32. The Procedural Schedule set forth in Attachment A of this Order is **ADOPTED**.

**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 style with a large initial 'B'.

**CHIEF CLERK:**

**BRINDA WESTBROOK-SEDGWICK  
COMMISSION SECRETARY**

## ATTACHMENT A

**Formal Case No. 1176  
Procedural Schedule**

Scheduling Conference	June 13, 2023
Scheduling Order	July 28, 2023
Pepco's Supplemental Testimony and Workpapers	August 17, 2023
Deadline for Data Requests to Pepco Regarding Application, Direct, and Supplemental Testimony	September 5, 2023
Settlement and Stipulation Conference	September 8, 2023
Pepco Responses to Data Requests	September 18, 2023
Direct Testimony and Exhibits of OPC and Intervenors	October 16, 2023
Deadline for Data Requests Regarding OPC and Intervenors' Testimony	October 30, 2023
All Responses to Data Requests Regarding OPC and Intervenors' Testimony	November 14, 2023
Rebuttal Testimony and Exhibits by All Parties	December 4, 2023
Discovery on Rebuttal deadline	December 11, 2023
Surrebuttal Testimony	December 22, 2023
Settlement and Stipulation Conference	January 8, 2024
Parties Report on Settlement and Stipulation Conference	January 12, 2024
Evidentiary Hearing (if necessary)	January 22 - 24, 2024
Community Hearings (Location and Time TBD)	TBD
Initial Post-Hearing Briefs	February 16, 2024
Reply Briefs	March 1, 2024

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

**July 28, 2023**

**FORMAL CASE NO. 1176, IN THE MATTER OF PEPSCO'S APPLICATION FOR APPROVAL TO INCREASE RATES THROUGH THE IMPLEMENTATION OF A MULTIYEAR RATE PLAN ("MYP"), ALSO REFERRED TO AS THE "CLIMATE READY PATHWAY," FOR ITS ELECTRIC DISTRIBUTION SERVICE**

**DISSENT OF COMMISSIONER RICHARD BEVERLY**

I respectfully dissent from the approach adopted in this Order. This case is an outgrowth of Pepco's prior rate case. In the prior case, *Formal Case No. 1156*, filed on May 30, 2019, Pepco requested authority to increase rates by \$162 million for the years 2020-2022 through the implementation of a first-of-its-kind multiyear rate plan ("MRP"). If the Commission rejected the MRP, Pepco provided an alternative traditional rate application based on the standard cost-of-service method at an approximate cost of \$88.6 million.

The main, and perhaps only, advantage of the MRP was that it avoided Pepco pancaking one rate case on top of another to get the same financial recovery. Although OPC, AOBA, DCG, and GSA did not oppose alternative forms of regulation in general, each of them raised serious concerns about Pepco's particular proposal with a central theme that Pepco had either not demonstrated how this alternative was beneficial to ratepayers or that the benefits to ratepayers were far outweighed by the benefits to Pepco. Of note is DCG's view that the proposal: relies on cost forecasts which were not anchored in comprehensive grid modernization or distribution system plans; and does not sufficiently advance or align with the District's public policy goals, such as grid modernization, the adoption of distributed energy resources, and non-wires alternatives.

The Commission ultimately adopted a modified version of the MRP as a Pilot, with the stated purpose of allowing it to "serve as an opportunity to gather lessons learned in assessing future MRP proposals and to facilitate the development of AFOR regulations." No actual plan for assessing the Pilot was set forth in the Order nor were AFOR regulations ever proposed. Two years after the approval of the MRP in *Formal Case No. 1156*, Pepco filed a second MRP similar to the first. When the parties attempted to reach consensus on a procedural schedule, it became apparent that they have two different interpretations of how the Commission intended to evaluate the first MRP as well as a disagreement over the time it takes to complete a meaningful evaluation.

Pepco's main objection to the parties' procedural schedule is that it takes too long. However, the delay is due to Pepco pancaking a second MRP on top of the first before the first one could be evaluated, when it could have chosen to file an interim traditional rate case and waited for the Commission to complete an evaluation of the first MRP. If Pepco wants to pancake the MRPs, then they should accept the delay that goes with it rather than try and truncate the MRP review to save time.

What this Order does is take the evaluation of the initial MRP (including the question of whether a general paradigm shift away from traditional ratemaking is in the public interest) and adds the second MRP into the mix (even though it doesn't benefit from an evaluation of the first). Then a traditional rate case is added on top of that with everything jumbled together for the parties to sort out among themselves in a process that is too abbreviated to be meaningful. In my opinion, this is unnecessarily confusing and a waste of the parties' resources as well as a waste of our own. Although no party has requested it, I think the Commission should act on its own motion to reject the MRP as premature and place a moratorium on the filing of future MRPs until we have evaluated the first one and issued AFOR regulations. As part of the AFOR regulation process, the Commission should consider including provisions that incorporate Integrated Distribution Resource Planning and Performance-Based Regulation, so any proposed AFOR is part of a larger coherent plan to align ourselves with the District's public policy goals.