

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

ORDER

September 25, 2024

**PEPRADR-2024-01, THE POTOMAC ELECTRIC POWER COMPANY'S
RESIDENTIAL AID DISCOUNT COMPLIANCE REPORTS AND FILINGS,**

AND

**PEPRADR-2023-01, THE POTOMAC ELECTRIC POWER COMPANY'S
RESIDENTIAL AID DISCOUNT COMPLIANCE REPORTS AND FILINGS, Order No.
22305**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) approves the Potomac Electric Power Company’s (“Pepco” or “Company”) revised Rider - Residential Aid Discount Surcharge (“Rider RADS”) tariff as filed.¹ Pepco’s proposal to use the 12-month averaging methodology of RAD customers for the purposes of calculating the RAD surcharge on a going forward basis is approved. The Office of the People’s Counsel for the District of Columbia’s (“OPC”) recommendation that Pepco be directed to file a report of the total amount of the RAC disbursed to RAD customers on either a monthly or quarterly basis is denied. The Rider RADS tariff shall become effective upon the issuance of this Order and upon publication of a Notice of Final Tariff in the *D.C. Register*.

II. BACKGROUND

2. On July 14, 2014, the Commission opened *Formal Case No. 1120* to investigate the structure and application of low-income assistance for electricity customers in the District of Columbia.² As a result of this investigation, the Commission adopted a new methodology for computing a new RAD program, the Residential Aid Credit (“RAC”), beginning in June 2016, when the new generation rates took effect.³ Subsequently, the Commission closed *Formal Case*

¹ *PEPRADR-2023-01, In the Matter of Potomac Electric Power Company’s Residential Aid Discount Compliance Reports and Filings*, Potomac Electric Power Company’s Residential Aid Discount Surcharge (“PEPRADR-2023-01”), filed September 29, 2023 (“Revised Rider RADS Tariff Filing”).

² *Formal Case No. 1120, In the Matter of the Investigation into the Structure and Application of Low Income Assistance for Electricity Customers in the District of Columbia* (“*Formal Case No. 1120*”), Order No. 17545, rel. July 14, 2014.

³ Order No. 18059, ¶¶ 34 - 36. The RAD program offers eligible Pepco, D.C. residential customers a monthly credit – the Residential Aid Credit (“RAC”). The RAC covers the following charges: the full customer charge and energy charge for distribution; and exemption from the following surcharges: the Residential Aid Discount Surcharge,

No. 1120 and directed Pepco to file all future RAD surcharge tariff filings in the Potomac Electric Power Company's Residential Aid Discount Report and Filings ("PEPRADR") docket.⁴

3. On April 10, 2023, Pepco submitted its 2023 PEPRADR filing.⁵ For the first time, Pepco proposed changes to the methodology in calculating the RAC, which would include the RAD surcharge, Sustainable Energy Trust Fund ("SETF") surcharge, and Energy Assistance Trust Fund ("EATF") surcharge.⁶ The Commission published a Notice of Proposed Tariff ("NOPT") on Pepco's initial filing on July 7, 2023.⁷

4. On August 15, 2023, OPC filed comments on the July 7 NOPT⁸ arguing that Pepco not be permitted to: (1) change the methodology used in calculating the RAC without prior Commission approval; or (2) unilaterally determine the estimated revenue it deems necessary to support the RAC without additional investigation by the Commission.⁹ OPC recommended that the Commission deny Pepco's proposed changes in the application and direct the Company to amend its application to reflect prior Commission-approved methodologies.¹⁰

5. On August 29, 2023, Pepco withdrew the April 10, 2023, tariff filing.¹¹ On September 29, 2023, Pepco filed a revised Rider RADS tariff, excluding SETF and EATF in the true-up calculations from its April 2023 filing.¹²

6. On October 13, 2023, the Commission issued a NOPT on Pepco's September 29 Revised Rider RADS tariff.¹³ On November 13, 2023, OPC filed comments on the NOPT.¹⁴

the Sustainable Energy Trust Fund, and the Energy Assistance Trust Fund. Credits for these charges are individually listed on the customers' bills as "RAC – Distribution" and "RAC Surcharges." The full RAC is equal to approximately 30% of a typical RAD customer's bill.

⁴ *Formal Case No. 1120*, Order No. 19702, rel. October 9, 2018.

⁵ *PEPRADR-2023-01*, Potomac Electric Power Company's Residential Aid Discount Surcharge, filed April 10, 2023 ("Initial Rider RADS Tariff Filing").

⁶ Initial Rider RADS Tariff Filing at 2, n. 2.

⁷ 70 *D.C. Reg.* 009669 - 009671 (July 7, 2023) ("Initial NOPT").

⁸ *PEPRADR-2023-01*, Office of the People's Counsel for the District of Columbia's Motion for Leave to File Out-of-Time Comments and Comments, filed August 15, 2023 ("OPC Motion").

⁹ OPC Motion at 4-6.

¹⁰ OPC Motion at 6.

¹¹ *PEPRADR-2023-01*, Potomac Electric Power Company's Letter, filed August 29, 2023 ("Pepco Letter").

¹² Revised Rider RADS Tariff Filing at 1.

¹³ 70 *D.C. Reg.* 013671 - 013673 (October 13, 2023).

¹⁴ *PEPRADR-2023-01*, Office of the People's Counsel for the District of Columbia's Comments in Response to the Notice of Proposed Tariff, filed November 13, 2023 ("OPC Comments").

7. On February 22, 2024, the Commission issued Order No. 21957, approving Pepco's PEPRADR tariff filing and directing Pepco to file a proposal to reduce the cumulative under-collection to minimize the wide fluctuation of the RADS revenue over- and under-collections and directed that the proposal include an analysis of using an averaging methodology versus the constant number of RAD customers in the billing determinants for the RAD calculation.¹⁵

8. On May 20, 2024, Pepco submitted its RAD Surcharge filing, along with its proposal in accordance with Order No. 21957.¹⁶ The Commission issued an NOPT that was published in the *D.C. Register* on June 7, 2024.¹⁷ On June 18, 2024, OPC filed comments on Pepco's proposal.¹⁸ On June 20, 2024, Pepco filed a motion for leave to reply and reply comments.¹⁹

III. DISCUSSION

9. **Pepco's Proposal.** Pepco agrees with OPC's recommendation to use an averaging methodology for RAD customer counts in the RADS calculation explaining that it has used this method and the Commission has approved this method in the past. The Company cautions, however, that it only used a constant RAD customer count in the 2022 and 2023 RADS true-up filings due to the increased participation rate as a result of Order No. 20707. Pepco proposes, therefore, that in order to address instances where there is a steep shift in RAD customer counts, it recommends using a constant RAD customer count potentially in subsequent RAD true-up filings on an as-needed basis to address volatility until RAD customer counts stabilize. Pepco represents its willingness to meet with Staff and OPC in future years to discuss which methodology is most appropriate prior to each year's filing.²⁰

¹⁵ PEPRADR-2023-01, Order No. 21957, rel. February 22, 2024 ("Order No. 21957").

¹⁶ PEPRADR-2024-01, *In the Matter of Potomac Electric Power Company's Residential Aid Discount Compliance Reports and Filings*, Potomac Electric Power Company's Residential Aid Discount Surcharge and PEPRADR-2023-01, *In the Matter of Potomac Electric Power Company's Residential Aid Discount Compliance Reports and Filings*, Potomac Electric Power Company's Residential Aid Discount Surcharge ("PEPRADR-2024-01 and PEPRADR-2023-01"), filed May 20, 2024 ("Rider RADS Tariff Filing and Proposal").

¹⁷ 71 *D.C. Reg.* 006974 – 006976 (June 7, 2024).

¹⁸ PEPRADR-2024-01 and PEPRADR-2023-01, The Office of the People's Counsel's Responsive Comments Regarding the Potomac Electric Power Company's Filing in Response to Commission Order No. 21957, filed June 18, 2024 ("OPC's Comments").

¹⁹ PEPRADR-2024-01 and PEPRADR-2023-01, Motion Of Potomac Electric Power Company for Leave to Reply and Limited Reply Comments, filed June 20, 2024 ("Pepco's Reply Comments"). The Commission finds good cause exists to grant Pepco's Motion for Leave to Reply and that no interested person would be prejudiced by granting the Motion. Accordingly, we grant Pepco's Motion, and accept the Reply Comments.

²⁰ Rider RADS Tariff Filing and Proposal at 4.

10. In addressing the RADS revenue under-collection issue, Pepco recommends that any customer actively enrolled in the RAD program not be billed for the SETF surcharge, EATF surcharge, and the RADS surcharge, thereby eliminating the need to include these surcharges in the forecasted RAC calculation. Pepco asserts that this is comparable to the current billing system configuration for the Underground Project Charge Surcharge and the District Department of Transportation Underground Surcharge for active RAD customers and is consistent with the law.²¹

11. Pepco states that if the Commission accepts its RADS surcharge calculation recommendation, the Company will continue to file the RADS surcharge true-up calculation similar to what it has filed in the past.²²

12. **OPC's Comments.** OPC agrees with Pepco's proposal to use the 12-month average of RAD customers for the purposes of calculating the RAD surcharge. OPC recounts that in recent years there has been significant fluctuation in participation levels in the number of RAD Surcharge customers and that Pepco's proposal aligns with OPC's previous suggestion to "use of a 12-month average of Pepco's low-income customers as a methodology to determine RAD customer participation for the billing determinants will allow Pepco to minimize the extreme fluctuation of the Rider RADS revenue over- and under-collection and still capture the essence of the Commission's Order No. 17376."²³ OPC notes Pepco's concern about circumstances where a steep shift may occur in the RAD customer counts and expresses its willingness to discuss with Pepco and Commission Staff, as-needed, to address the best calculation methodology for use in billing determinants. The Office also believes that accounting for potential RAD customer count volatility aligns with the Commission's goals to minimize under- and over-collections. Overall, OPC expresses its support for a 12-month participation average as the default method for the calculation of the participation rate for use in the billing determinants for the RAD Surcharge.²⁴

13. OPC recommends that Pepco should be directed to file the total amount of the RAC disbursed to RAD customers on either a monthly or quarterly basis, with supporting work papers. OPC contends that this information would be valuable because without it, OPC, Commission Staff, and other interested stakeholders would be unaware of the amount of the RAC being provided to RAD customers.²⁵ OPC further explains that while addressing the issue of under- and over-collection of the RAD surcharge, data regarding the specific amounts being provided to RAD program participants would be useful to facilitate a fuller picture of the value being provided through the program to its participants. The Office submits that the Commission should accept its

²¹ Rider RADS Tariff Filing and Proposal at 4. Pepco has proposed changes to Rider "RAD" in this filing along with proposed changes to Rider "RADS" in Attachment A.

²² Rider RADS Tariff Filing and Proposal at 4.

²³ OPC's Comments at 4.

²⁴ OPC's Comments at 4.

²⁵ OPC's Comments at 4.

recommendation and direct the Company to provide this data on a monthly or quarterly basis with supporting work papers.²⁶

14. **Pepco's Reply Comments.** Pepco expresses gratitude for OPC's collaboration on the filing and its comments regarding Commission approval of the RAD Surcharge proposal. Pepco, however, disagrees with OPC's recommendation that the Company be directed to file the total amount of the RAC disbursed to RAD consumers on either a monthly or quarterly basis, with supporting work papers.²⁷ Pepco contends that OPC's request to file monthly or quarterly reports is unnecessary because the Company already provides the information requested by OPC regularly in its annual RAD Surcharge filing and does so by month for the period in question for the given annual filing.²⁸ Pepco argues that OPC's request should be denied, arguing that the request for additional reporting is unnecessary and duplicative of information that is already provided by the Company. Pepco adds that the additional reporting would only represent an additional burden on the Company with no corresponding benefit to RAD customers.²⁹

IV. DECISION

15. At the outset, the Commission approves Pepco's May 20, 2024, Rider RADS tariff filing. We also approve Pepco's proposal, as recommended by OPC, to use a 12-month averaging methodology of RAD customers for the purposes of calculating the RAD surcharge on a going forward basis as the way to address and remediate historical RADS revenue under-collection. The Commission agrees with the parties that implementation of the 12-month averaging will allow Pepco to minimize the extreme fluctuation of the Rider RADS revenue over- and under-collection. We take note of Pepco's concern of instances where a steep shift may occur in RAD customer counts, and its recommendation to potentially use a constant RAD customer count in subsequent RAD true-up filings on an as-needed basis to address volatility until RAD customer counts stabilize. In instances where this situation may arise, we agree with OPC's recommendation that Pepco discuss with OPC the appropriate calculation methodology for use in billing determinants.

16. In addition, we accept Pepco's proposal to exclude any customer actively enrolled in the RAD program from being billed for the SETF surcharge, EATF surcharge, and the RADS surcharge, and therefore eliminate the need to include these surcharges in the forecasted RAC calculation. Moreover, because RAD customers are exempt from such charges it would overstate the amount to be recovered if it were left in the surcharge calculation. Lastly, we turn to OPC's recommendation that Pepco be directed to file the total amount of the RAC disbursed to RAD customers on either a monthly or quarterly basis and include with it supporting work papers. While OPC believes that implementation of this measure would provide pertinent data regarding the value provided to RAD customers through the RAD surcharge and the RAC itself, we agree, as Pepco contends that such information is already being provided on a regular basis in its annual RAD Surcharge filing and is displayed by month for the period in question for the given annual

²⁶ OPC's Comments at 4.

²⁷ Pepco's Reply Comments at 2.

²⁸ Pepco's Reply Comments at 2-3.

²⁹ Pepco's Reply Comments at 2-3.

filing. Further, the data on RAD participants is available in Pepco's arrearage reporting which in turn provides a general understanding of what usage is like, and from this data OPC can itself estimate what the RAC would be. As such, additional monthly or quarterly reports would only be duplicative of what is already being provided, so we therefore deny this request.

THEREFORE, IT IS ORDERED THAT:

17. The Potomac Electric Power Company's Motion for Leave to Reply is **GRANTED**, and the Limited Reply Comments are **ACCEPTED**;

18. The Potomac Electric Power Company's proposal to use the 12-month averaging methodology of RAD customers for the purposes of calculating the RAD surcharge on a going forward basis is **APPROVED**;

19. The Office of the People's Counsel's recommendation that the Potomac Electric Power Company be directed to file a report of the total amount of the RAC disbursed to RAD customers on either a monthly or quarterly basis is **DENIED**;

20. The Potomac Electric Power Company's Rider - Residential Aid Discount Surcharge tariff is **APPROVED**; and

21. The Potomac Electric Power Company's Rider - Residential Aid Discount Surcharge tariff shall become effective upon the issuance of this Order, and upon publication of a Notice of Final Tariff in the *D.C. Register*.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION



CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

COMMISSION ACTION

PEPRADR-2024-01, THE POTOMAC ELECTRIC POWER COMPANY'S RESIDENTIAL AID DISCOUNT COMPLIANCE REPORTS AND FILINGS,

AND

PEPRADR-2023-01, THE POTOMAC ELECTRIC POWER COMPANY'S RESIDENTIAL AID DISCOUNT COMPLIANCE REPORTS AND FILINGS,

Date 9/25/24 Formal Case No. PEPRADR-2024-01/2023-01 Tariff No. Order No. 22305 & NOFT

	Approved Initial & Date	Dissent Initial & Date	Abstain Initial & Date
Chairman Emile Thompson	<u>ET/CL 9/25/24</u>	_____	_____
Commissioner Richard A. Beverly	<u>RB/CL 9/25/24</u>	_____	_____
Commissioner Ted Trabue	<u>TT/CL 9/25/24</u>	_____	_____

Certification of Action

C. Lipscombe
General/Deputy General Counsel

Noel Antonio
OGC Counsel/Staff