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**People's Counsel**

April 24, 2025

Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1325 G Street, N.W., Suite 800  
Washington, D.C. 20005

**Re: 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**

Dear Ms. Westbrook-Sedgwick:

Enclosed please find the *Bill Stabilization Adjustment Working Group Meeting Minutes* for the meeting held on March 20, 2025, in relation to the above-captioned case. The Office of People's Counsel had circulated the Meeting Minutes and intended to file them formally on April 7, 2025. However, due to an administrative issue, it inadvertently did not file it with the Commission.

If there are any questions regarding this matter, please feel free to contact me at 202.727.3071. Thank you.

Sincerely,

/s/ Ankush Nayar

Ankush Nayar  
Assistant People's Counsel

Enclosure

cc: Parties of Record

Formal Case No. 1176  
Bill Stabilization Adjustment Working Group Meeting Minutes  
Second Meeting

Date: March 20, 2025

Time: 10:00 am to 12:00 pm.

Type of Meeting: Virtual Meeting

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## **Introduction**

Representatives from Commission Staff, Potomac Electric Power Company (Pepco), Office of the People's Counsel (OPC), and the Apartment and Office Building Association of Metropolitan Washington (AOBA) were present at the meeting.

Commission Staff began the meeting noting that OPC was assigned to draft the meeting minutes. Staff then moved to discuss preparation of the working group report, noting the September 30<sup>th</sup> deadline. Between now and the next meeting a stakeholder will need to volunteer to take the lead in drafting the report. Staff also noted that the Commission is particularly interested in recommendations regarding changes to the Bill Stabilization Adjustment (BSA) including whether parties would recommend a demand component to the BSA. The meeting continued with a presentation by Pepco, which would include addressing questions from stakeholders related to BSA reporting and true-ups.

## **Pepco Presentation**

Pepco's presentation worked off an attachment circulated during the last working group meeting. The presentation addressed the bill display for the BSA, Pepco's BSA filing submitted on January 31, 2025, and a high level overview of what the Company will share next month regarding the quarterly reports.

The Company began by going through the BSA Quarterly Filing, which was filed on January 21, 2025. It noted some changes in the way information was presented in moving towards the annual surcharge.

With respect to the bill display, Pepco noted that there are two BSA Adjustments – Adjustment 1 and Adjustment 2. Adjustment 1 is to relate to any adjustments related to 2025 activity, while Adjustment 2 is related to the 2024 item balances.

The Company further provided a simplified version of what will be provided for the BSA quarterly report moving forward. The Company also discussed different scenarios and how they would be documented and presented for under-collections and over-collections.

## **Questions and Comments Regarding the Presentation**

AOBA sought clarification between the term “earnings target” versus “revenue target,” noting that the BSA mechanism focuses on a revenue target. Pepco confirmed that the BSA mechanism focuses on a revenue target and that the earnings true-up would occur during the annual reconciliation.

AOBA noted that it is difficult to evaluate further changes to the BSA without more data on the changes approved in the recent rate order, further stating that it does not have data to assess whether the changes implemented are improving the BSA. This hinders the consideration of a demand charge. Pepco noted this could be a valid concern for the Working Group Report.

AOBA also noted that more timely reporting regarding usage following an outage would be beneficial so that it can be considered for the final report.

OPC noted that the way the “Adjustment 1” and the “Adjustment 2” is presented on the residential bill may be confusing. Staff suggested that this could be an item the Working Group addresses to the Commission. Pepco stated it could take a look and come back after discussing it internally.

## **Subsequent Discussion following Presentation: September 30<sup>th</sup> Report**

Staff then shifted the conversation to discuss what topics could be covered in the BSA Working Group Report. Staff began by asking about the benefits and costs of the BSA and what would be the way to measure those benefits and costs. A benefit of the BSA is supposed to be the encouragement of reducing energy consumption and Staff noted it would like to see some analysis of that in the report.

Pepco responded by asserting that the Commission has already “moved past this benefits versus costs aspect of the BSA” and that the report should focus on improvements to the BSA and the demand charge.

OPC responded stating it believed the Order did permit the working group to evaluate topics beyond the demand component and the group could consider points raised by Commission Staff.

AOBA weighed in by stating that the BSA adjustment and multiyear rate plan reconciliations are redundant and that one or the other could be eliminated, suggesting that the reconciliation would probably make more sense to keep. This is because the reconciliation considers costs and a major concern is that the last few adjustments made over the years were not cost based – particularly for the GTLV class.

OPC also noted that there should be an evaluation as to whether the BSA is encouraging energy efficiency, decoupling, DERs, or any climate objectives. AOBA noted that anticipated reduction in usage should be part of the projection process.

Pepco noted that OPC's suggestion regarding decoupling could be included in the report if it is a recommended improvement on the current BSA but maintained that whether the reconciliation and BSA mechanism are duplicative is beyond the scope of the working group.

Staff noted it may make sense to consider energy efficiency into the projections and that this can be explored as a potential improvement of the BSA. Staff also commented that the BSA has evolved into a revenue guarantee.

AOBA stated that the initial reasoning behind the BSA has evolved or changed. Now due to Building Energy Performance Standards (BEPs), members of AOBA are required to improve energy efficiency. Since it is mandated by statute, the same need to incentivize the utility to promote energy efficiency for commercial buildings no longer exists.

Pepco was also asked by AOBA what criteria the company would be willing to use to evaluate improvements and what constitutes an "improvement." AOBA asked whether Pepco could have a response before the next meeting. Pepco stated that ultimately this was a question for the Commission to answer but that it would take the question back to discuss internally.

## **Conclusion**

The meeting closed with discussion about when stakeholders should set the next meeting. It was determined that the next meeting should tentatively be set for April 17, 2025, from 10:00 am to 12:00 pm.

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA**

1325 G STREET, N.W., SUITE 800

WASHINGTON, D.C. 20005

**AGENDA**

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*Bill Stabilization Adjustment (BSA) Working Group Meeting Session 2*

March 20, 2025, 10:00 a.m.-12:00 p.m.

Virtual Meeting (Microsoft Teams)

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**I. Welcome (Staff)**

1. Participant Introductions
2. Meeting Transcript
3. Ground Rules
4. Preparation of Working Group Report

**II. Pepco Response to Party Queries**

1. Pepco response to party queries on data to be provided in quarterly reports
2. Party Comments

**III. Pepco Expanded Walkthrough of BSA True-ups Under Various Scenarios**

1. Under recovery
2. Over recovery
3. Classes with/without existing deferral balances

**IV. Discussion of Benefits/Costs of the BSA and their Measurement**

1. Better aligns the fiduciary obligations of the utility to its shareholders and the interests of customers
2. Supports District clean energy goals
  - i. Energy Efficiency/Conservation
  - ii. Demand Response
  - iii. Distributed Energy Resource Expansion
  - iv. Electrification
3. Customer Benefits/Costs
  - i. Bill Stability
  - ii. Other
4. Utility revenue stability
  - i. Unexpected conditions

- Covid
- Federal Government Changes
- Weather
- Other

5. Utility Cost of Capital
6. Automated adjustment for utility forecast inaccuracies
7. Other

**V. BSA Issues**

1. Is a BSA necessary during an MRP?
  - i. Redundant or complimentary?
2. Possible BSA improvements
  - i. Added demand charge component?
  - ii. Changes to rate class applicability?
  - iii. BSA Phase-Out?

**VI. Next Steps**

1. Future Meeting Topics
2. Next Meeting Date

**Pepco - District of Columbia**

**Bill Stabilization Adjustment - Revenue Targets and 10% Rate Caps per Formal Case No. 1176 RY1**

**Annual Authorized BSA Revenue per Rate Class**

<b>Rate Schedule</b>	<b>RY1 (2025)</b>
R	\$ 135,280,756
MMA	\$ 15,027,307
GS ND	\$ 21,186,388
GS LV	\$ 40,299,285
GS 3A	\$ 44,279
MGT LV	\$ 203,995,532
GT LV	\$ 145,507,784
GT 3A	\$ 73,614,011
GT 3B	\$ 667,609
<b>Total</b>	<b>\$ 635,622,952</b>

**10% of Average Test Year Rate per kWh**

<b>Rate Schedule</b>	<b>2025</b>
R	0.005606
MMA	0.005859
GS ND	0.010473
GS LV	0.008388
GS 3A	0.004379
MGT LV	0.007467
GTLV	0.009709
GT3A	0.004024
GT3B	0.000366

## **ATTACHMENT 2**

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PEPCO DC  
**CALCULATION OF THE ANNUAL RATE ADJUSTMENT - Rider "BSA"**  
**FOR THE BILLING MONTHS OF MARCH 2025 - FEBRUARY 2026**

SCHEDULE	R	MMA	GS ND	GS LV	GS 3A	MGT LV	GT LV	GT 3A	GT 3B	Total
<b>I. RECONCILIATION OF BSA REVENUE ADJ. COLLECTED</b>										
A. REVENUE ADJUSTMENT ALLOWED IN December 2024	\$ 778,381.12	\$ (89,752.72)	\$ (54,282.43)	\$ 245,047.42	\$ 292.00	\$ 1,339,704.82	\$ 722,012.57	\$ 399,564.12	\$ 5,636.36	\$ 3,346,603.26
B. REVENUE ADJUSTMENT COLLECTED FOR December 2024	\$ 757,040.39	\$ (76,767.17)	\$ (66,422.06)	\$ 241,107.99	\$ 252.97	\$ 1,361,708.56	\$ 722,407.99	\$ 418,403.11	\$ 1,964.64	\$ 3,359,696.42
C. RECONCILIATION ADJUSTMENT REQUIRED (A - B)	\$ 21,340.73	\$ (12,985.55)	\$ 12,139.63	\$ 3,939.43	\$ 39.03	\$ (22,003.74)	\$ (395.42)	\$ (18,838.99)	\$ 3,671.72	\$ (13,093.16)
D. DEFERRED REVENUE ADJUSTMENT FROM January 2025	\$ -	\$ (213,631.45)	\$ -	\$ 1,304,062.68	\$ 50,971.49	\$ 3,865,962.77	\$ 110,024,297.85	\$ 10,292,945.48	\$ -	\$ 125,324,608.82
E. CUMULATIVE TRUE UP FOR OVER/UNDER COLLECTIONS IN PREVIOUS MONTH (C + D)	\$ 21,340.73	\$ (226,617.00)	\$ 12,139.63	\$ 1,308,002.11	\$ 51,010.52	\$ 3,843,959.03	\$ 110,023,902.43	\$ 10,274,106.49	\$ 3,671.72	\$ 125,311,515.66
<b>II. CALCULATION OF RATE ADJUSTMENT APPLICABLE TO: March 2025 - February 2026</b>										
<b>A. REVENUE ADJUSTMENT APPLICABLE TO: March 2025 - February 2026</b>										
1. REQUIRED REVENUE ADJUSTMENT for DECEMBER 2024	\$ 301,312.83	\$ 147,719.83	\$ (171,663.44)	\$ (111,164.24)	\$ 1,995.90	\$ (772,665.98)	\$ 1,385,547.17	\$ 773,850.95	\$ (7,581.36)	\$ 1,547,351.66
2. CUMULATIVE TRUE UP IN PREVIOUS MONTH	21,340.73	(226,617.00)	12,139.63	1,308,002.11	51,010.52	3,843,959.03	110,023,902.43	10,274,106.49	3,671.72	\$ 125,311,515.66
2.1 FC1176 Order No. 22328 Adjustment (Write-Off)							\$ (15,300,000.00)			\$ (15,300,000.00)
2.2 FC1176 Order No. 22328 Adjustment (COVID-19 Regulatory Asset)							\$ (39,700,000.00)			\$ (39,700,000.00)
3. BALANCE as of DECEMBER 31, 2024 (1 + 2)	\$ 322,653.56	\$ (78,897.17)	\$ (159,523.81)	\$ 1,196,837.87	\$ 53,006.42	\$ 3,071,293.05	\$ 56,409,449.60	\$ 11,047,957.44	\$ (3,909.64)	\$ 71,858,867.32
B. CLASS FORECASTED kWh FOR: Mar 2025 - Feb 2026	2,416,298,910	255,067,850	201,612,170	478,223,790	1,004,280	2,728,999,460	1,492,494,440	1,818,954,420	182,512,080	
C. RATE ADJUSTMENT APPLICABLE TO: March 2025 - February 2026 billing (A3 divide by B)	\$ 0.000134	\$ (0.000309)	\$ (0.000791)	\$ 0.002503	\$ 0.052781	\$ 0.001125	\$ 0.037795	\$ 0.006074	\$ (0.000021)	
<b>IV. TEST OF BSA AGAINST 10% LIMIT</b>										
A. Annual 10% Cap per kWh	\$ 0.005606	\$ 0.005859	\$ 0.010473	\$ 0.008388	\$ 0.004379	\$ 0.007467	\$ 0.009709	\$ 0.004024	\$ 0.000366	
B. RATE ADJUSTMENT APPLICABLE (from II.C)	\$ 0.000134	\$ (0.000309)	\$ (0.000791)	\$ 0.002503	\$ 0.052781	\$ 0.001125	\$ 0.037795	\$ 0.006074	\$ (0.000021)	
C. DEFERRED RATE ADJUSTMENT OUTSIDE OF 10% CAP	\$ -	\$ -	\$ -	\$ -	\$ 0.048402	\$ -	\$ 0.028086	\$ 0.002050	\$ -	
D. BSA RATE TO BE BILLED for March 2025 - February 2026	\$ 0.000134	\$ (0.000309)	\$ (0.000791)	\$ 0.002503	\$ 0.004379	\$ 0.001125	\$ 0.009709	\$ 0.004024	\$ (0.000021)	
<b>V. SUMMARY</b>										
A. TOTAL REVENUE ADJUSTMENT (from II. A3)	\$ 322,653.56	\$ (78,897.17)	\$ (159,523.81)	\$ 1,196,837.87	\$ 53,006.42	\$ 3,071,293.05	\$ 56,409,449.60	\$ 11,047,957.44	\$ (3,909.64)	\$ 71,858,867.32
B. DEFERRED REVENUE (III. C x II. B)	\$ -	\$ -	\$ -	\$ -	\$ 48,609.16	\$ -	\$ 41,918,198.84	\$ 3,728,856.56	\$ -	\$ 45,695,664.56
C. REVENUE TO BE RECOVERED March 2025 - February 2026	\$ 322,653.56	\$ (78,897.17)	\$ (159,523.81)	\$ 1,196,837.87	\$ 4,397.26	\$ 3,071,293.05	\$ 14,491,250.76	\$ 7,319,100.88	\$ (3,909.64)	\$ 26,163,202.76
<b>Annual surcharge rate</b>	<b>0.000134</b>	<b>(0.000309)</b>	<b>(0.000791)</b>	<b>0.002503</b>	<b>0.004379</b>	<b>0.001125</b>	<b>0.009709</b>	<b>0.004024</b>	<b>(0.000021)</b>	
	Under recovered	Over recovered	Over recovered	Under recovered	Under recovered	Under recovered	Under recovered	Under recovered	Over recovered	

**Pepco - District of Columbia**  
**Forecasted Distribution kWh - March 2025 through February 2026**

<b>Rate Schedule</b>	<b>2025</b>
R	2,416,298,910
MMA	255,067,850
GS ND	201,612,170
GS LV	478,223,790
GS 3A	1,004,280
MGT LV	2,728,999,460
GTLV	1,492,494,440
GT3A	1,818,954,420
GT3B	182,512,080
<b>TOTAL</b>	<b>9,575,167,400</b>

**ATTACHMENT 2**

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## CERTIFICATE OF SERVICE

### **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**

I certify that on April 7, 2025, a copy of the *Bill Stabilization Adjustment Working Group Meeting Minutes* for the meeting held on March 20, 2025, was served on the following by hand delivery, first class mail, postage prepaid or electronic mail:

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*/s/ Ankush Nayar*  
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