

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE ATTORNEY GENERAL



**BRIAN L. SCHWALB**  
**ATTORNEY GENERAL**

**Public Advocacy Division**  
**Housing and Environmental Justice Section**

**ELECTRONIC FILING**

May 13, 2025

Ms. Brinda Westbrook-Sedgwick  
Public Service Commission  
Of the District of Columbia Secretary  
1325 G Street, N.W., Suite 800  
Washington, DC 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 are the District of Columbia Government's minutes taken during the April 29, 2025 meeting of the Lessons Learned Working Group. Attached to these minutes is a copy of the presentation provided by the Potomac Electric Power Company. If you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,

BRIAN L. SCHWALB  
Attorney General

By: /s/ Brian R. Caldwell  
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cc: Service List

DC Public Service Commission  
FC1176 – MRP Lessons Learned Working Group  
Fourth Meeting (April 29, 2025), Meeting Minutes

Agenda:

- I. Welcome (Staff)
- II. Discuss Development of Matrix of Lessons Learned Requirements
- III. Pepco Presentation – Benefits Achieved Through an MRP
- IV. Comments on Topics from Maryland PSC Notice in Case No. 9618 and 9645 to be Considered in 1176 LLWG
- V. Proposed Filing Requirements from Maryland PSC Implementation Report
- VI. Next Steps

Participating Organizations: GSA, OPC, AOBA, Pepco, DCG, Commission Staff

Welcome and Housekeeping: DCG is responsible for preparing minutes for today’s meeting. OPC will be responsible for drafting minutes to the May meeting and Pepco for the June meeting. Staff noted that Pepco had filed a motion in FC1176 to extend the time for filing data requests and comments on its Annual Reconciliation filing, and for Pepco to respond to data requests. AOBA stated it did not oppose Pepco’s motion and GSA stated that it would abstain from the motion. OPC stated that it would be filing a response to Pepco’s motion in the coming days.

Matrix of Issues for the Lessons Learned Report: Staff explained that it would like to develop a matrix of issues that should be considered in the evaluation of the MRP, which will shape information and data that should be gathered. Staff invited parties to provide recommendations for issues and data that should be included in the matrix.

Pepco Presentation – Benefits Achieved Through an MRP: Pepco presented on its review of MRPs from around the country and correlation with various outcomes (e.g., whether MRPs across jurisdictions are correlated with increased rates or deployment of renewable energy). Broadly, Pepco stated that its review concludes that MRPs are not associated with negative customer-facing outcomes. A copy of Pepco’s presentation with more specific conclusions is attached to these minutes. Pepco’s presentation also includes slides noting where Pepco fits into trends identified in its national review. For example, Pepco explained that its analysis shows that delivery rates for DC residential customers have stayed low (relative to other utilities included in the study group), but rates for commercial customers have risen relative to the utilities included in Pepco’s analysis.

In the discussion following the presentation, both AOBA and DCG noted that some of the broad national data, without significant additional information and local context, is difficult to interpret or use for the purposes of reaching conclusions. DCG also requested that the Company share the workbooks underlying the presentations. OPC explained that while it appreciates that Pepco took the time to make a presentation, it did not include a specific analysis of the benefits from Pepco’s actual MRP in DC, which was the purpose behind scheduling this presentation. By focusing on MYPs generally, OPC stated that the presentation was better suited for a Commission

considering whether or not to implement a pilot MYP, as opposed to evaluating one already in place and drawing lessons learned from its implementation. OPC explained that Pepco's national review encompasses a range of unknown jurisdictions and focuses more on correlation than causation. OPC noted that in 2019, the discussions around MRPs and alternative forms of ratemaking included a broad discussion of potential benefits and different models, but what is required now is a specific, evidenced-based review of the actual results delivered by the MRP in DC.

Finally, Commission Staff explained that the primary purpose of this working group is to understand what information should be used to evaluate the MRP implemented through FC1176. Commission Staff asked if Pepco has specific metrics or data in mind for evaluating this MRP, which can be included in the matrix Staff will be developing.

#### Comments on Topics from Maryland PSC Notice in Case No. 9618 and 9645 to be Considered in 1176 LLWG

Staff noted that OPC and AOBA have shared perspectives on the questions presented in Maryland to review MRPs. DCG asked for 15-20 minutes to present on the Maryland questions and its perspectives as they relate to the DC context at one of the upcoming meetings. Staff stated there may be opportunities for other parties to present their perspectives on the MD questions. Staff requested if working group members can circulate any materials or written responses to those questions ahead of the meeting, to facilitate review and discussion.

#### Proposed Filing Requirements from Maryland PSC Implementation Report

Staff shared requirements that the MD PSC adopted for materials that any utility which wants to submit a MRP must include with its application. AOBA shared, from its experience in MD, that there can be dangers in creating filing requirements which may lead utilities to believe that meeting the minimum filing requirements is sufficient, which did not end up being the case in MD. There, the company needed to file significant supplemental testimony to support the reconciliation filings after it made its initial filing.

Pepco shared that it would like to revisit the current filing requirements in DC, which it believes are outdated. Pepco noted that review could be done with comments and perspectives from other parties, including those who have participated in MD, such as those noted by AOBA. Commission Staff noted that in addition to the matrix, next meeting may include a discussion of filing requirements for DC.

#### Next Steps

The next meeting is tentatively scheduled for Thursday, May 29 from 10am-12pm. DCG will be presenting. OPC will also present on benchmarking. Pepco noted that it may wish to present on other items like filing requirements.

DCG will circulate draft minutes after the meeting; edits are due within 5 business days of circulation and DCG will file the minutes days thereafter.

**ATTACHMENT**



**pepero**<sup>SM</sup>

AN EXELON COMPANY

April 29, 2025

# **Pepero-DC Lessons Learned Working Group**

# Pepco April Working Group Presentation Content

1. **Today's Objectives** and Scope of Our Research
2. **Analysis of AFOR Objectives** National MYP and Pepco Outcomes
3. **Findings & Next Steps**
4. **Appendix**

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# Today's Objectives

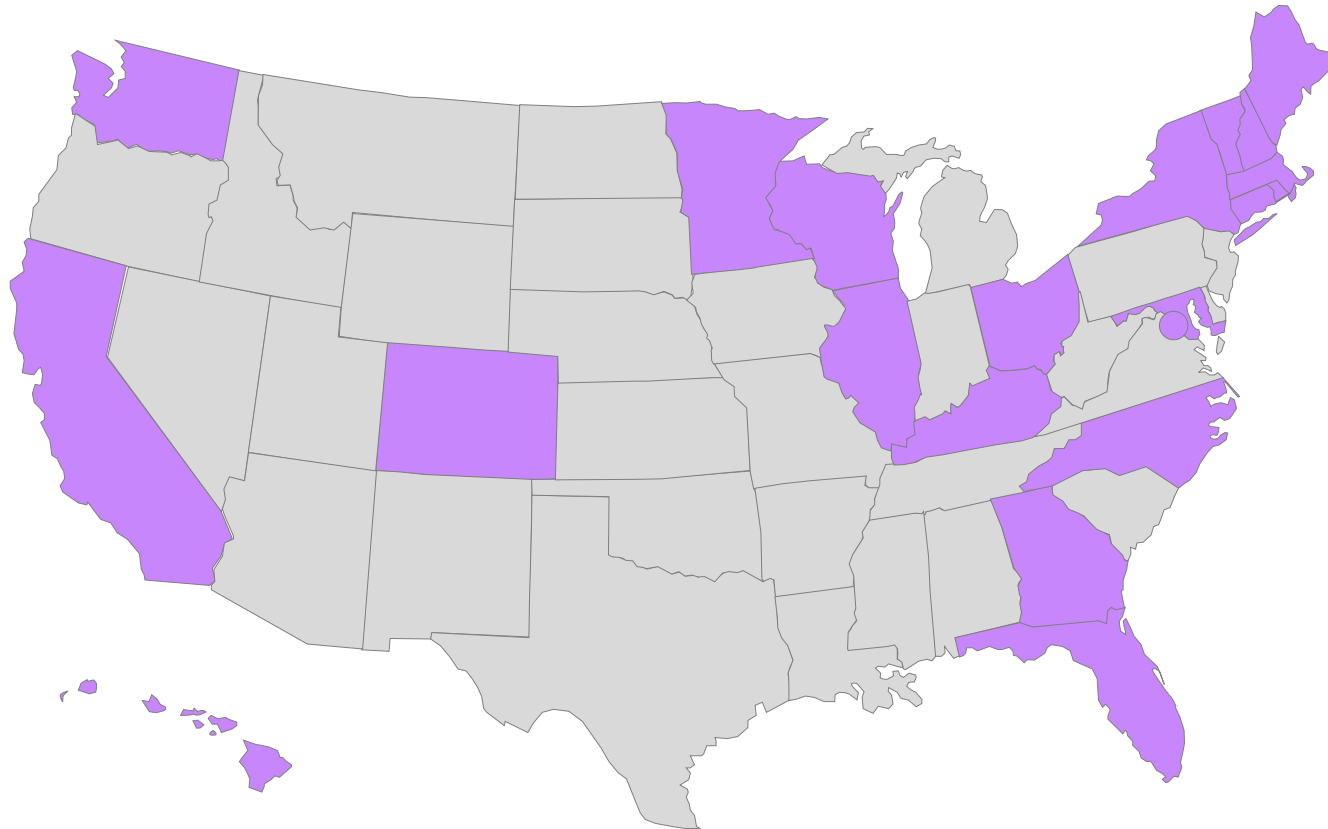
# What have been the customer outcomes of multi-year planning related to the AFOR objectives established in Pepco DC Case #1156?

Customer Impact	Analysis
<b>Affordability</b>	<ul style="list-style-type: none"><li>• Is use of multi-year planning correlated with residential rate increases?</li><li>• Is use of multi-year planning correlated with commercial rate increases?</li><li>• What factors are correlated with and most influential in driving changes to customer rates in recent years?</li></ul>
<b>Public Policy Support/Climate Goals</b>	<ul style="list-style-type: none"><li>• Is use of multi-year planning correlated with growth of renewable energy?</li><li>• Is use of multi-year planning correlated with energy efficiency gains that would contribute to carbon neutrality?</li></ul>
<b>Other Benefits</b>	<ul style="list-style-type: none"><li>• Is use of multi-year planning correlated with earnings in excess of those seen from single-year planning?</li><li>• Is use of multi-year planning correlated with positive reliability?</li><li>• Is use of multi-year planning correlated with reduced regulatory expenses?</li></ul>

**Our analysis shows that use of MYPs is not explicitly correlated with negative customer outcomes in comparison to single-year planning across any of these factors**

# As of 2023, 20 states and Washington, DC are predominantly utilizing multi-year planning in utility ratemaking

## States predominantly using electric MYPs



### METHODOLOGY

- Our analysis studied trends and performed regression of FERC Form 1 and EIA data sets for utilities that utilize multi-year and single-year planning
- MYP status and adoption year determination was based on S&P, NARUC, and additional cross validated sources
- A state was categorized as having MYPs if MYPs were required state-wide or were utilized by predominant utilities in the state
- Between 2015 and 2023, 7 states transitioned to multi-year planning
- The FERC Form 1 dataset used includes 63 utilities, some operating across multiple jurisdictions

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# AFOR Objectives

# AFOR Objective: Affordability - Residential

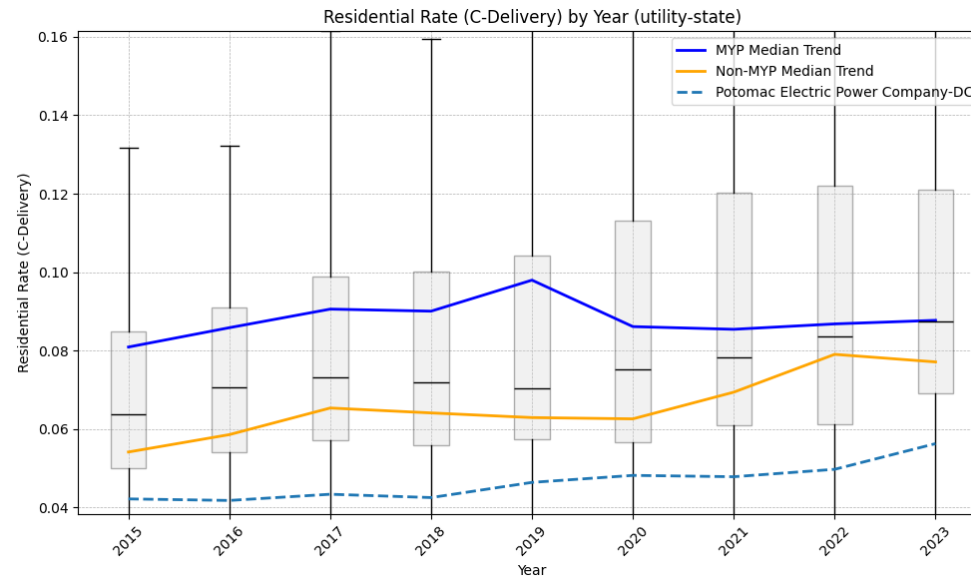
*Is use of multi-year planning correlated with residential rate increases?*

## NATIONAL MYP OUTCOMES

- **Between 2015 – 2023, utilities operating under MYPs experienced smaller increases in residential electric rates than those under single-year planning**
- While states that utilize MYPs have higher rates than those that utilize single-year ratemaking, the difference was present at the beginning of our data set and likely before the adoption of MYPs

## PEPCO OUTCOMES

- **Pepco DC has remained a national leader in maintaining low residential delivery rates before and after adoption of multi-year planning**
- Pepco has continued to support affordability for its most vulnerable residential customers through its Residential Aid Discount (RAD) Program



## RELEVANT OBJECTIVES

*As established in DC PSC Case 1156*

- 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
- 7) The revenue requirements will be allocated across customer classes over time, and how rate design issues within customer classes will be handled over time, in a just and reasonable manner

## METHODOLOGY

- \$/MWh delivery rates sourced from public EIA data and exclude transmission but may include distribution surcharges
- Approximately half of the 63 utilities in our sample had delivery-only rate data available
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources

# AFOR Objective: Affordability – Commercial

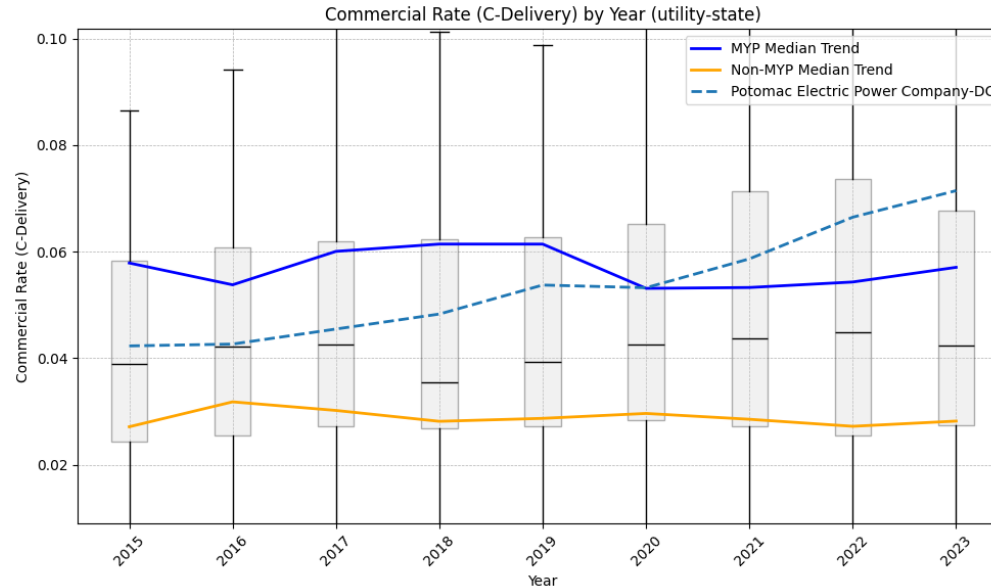
*Is use of multi-year planning correlated with commercial rate increases?*

## NATIONAL MYP OUTCOMES

- **Between 2015 – 2023, utilities operating under MYPs and SYPs both experienced relatively flat commercial electric rates**
- While states that utilize MYPs have higher rates than those that utilize single-year ratemaking, the difference was present at the beginning of our data set and likely before the adoption of MYPs

## PEPCO OUTCOMES

- **Between 2015 – 2023, Pepco’s commercial rates have outpaced peer utilities but had consistent growth trends before and after the adoption of an MYP in DC**
- In FC1176, Pepco was able to advance a rate design to gradually reduce the residential subsidy that has existed in DC over a 3-year period in order to support long-term commercial bill affordability



## RELEVANT OBJECTIVES

*As established in DC PSC Case 1156*

- 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
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## METHODOLOGY

- \$/MWh delivery rates sourced from public EIA data and exclude transmission but may include distribution surcharges
- Approximately half of the 63 utilities in our sample had delivery-only rate data available
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources

# AFOR Objective: Affordability

*What factors are correlated with and most influential in driving changes to customer rates in recent years?*

## NATIONAL MYP OUTCOMES

- The presence of MYP and other policy factors were not statistically significant to observed rate % changes
- MYP and Non-MYP utilities largely follow the same patterns of rate movement
- As expected, delivery rates are most positively correlated with distribution plant and operating expenses and negatively correlated with depreciation expense
- Higher non-distribution rate increases (e.g. supply) may constrain delivery rates

Regression looking at all customer aggregated delivery rates:

	Feature	Coefficient	Avg Change (unit)	Estimated Impact on Target (%)	Strength	Direction	Significance	Abs Impact	
0	Distribution Plant (\$)_CAGR	0.789	5.267	4.158	0.789346	Positive	✔ Strong (p<0.01)	4.157573	
1	Depreciation Expense (\$)_CAGR	-0.384	6.441	-2.471	0.383617	Negative	✔ Strong (p<0.01)	2.470966	
2	Total Utility Operating Expense (\$)_CAGR	0.501	2.376		1.189	0.500640	Positive	✔ Strong (p<0.01)	1.189435
3	Residual Bundled Rate (Non-Delivery)_CAGR	-0.243	1.538	-0.373	0.242503	Negative	✔ Strong (p<0.01)	0.373068	
4	Rate of Return (%)_CAGR	0.196	-1.390	-0.273	0.196352	Positive	✔ Strong (p<0.01)	0.272888	
5	Average Number of Customers Total (#)_CAGR	-0.244	0.519	-0.127	0.244190	Negative	● Moderate (p<0.05)	0.126654	
6	Total Customer Service and Information Expenses (\$)_CAGR	0.049	0.731	0.036	0.049362	Positive	● Moderate (p<0.05)	0.036086	
7	MYP Status	0.740	0.692	0.513	0.740351	Positive	✘ Not Significant	0.512551	
							R <sup>2</sup>	0.552325	
							Adjusted R <sup>2</sup>	0.500421	

## RELEVANT OBJECTIVES

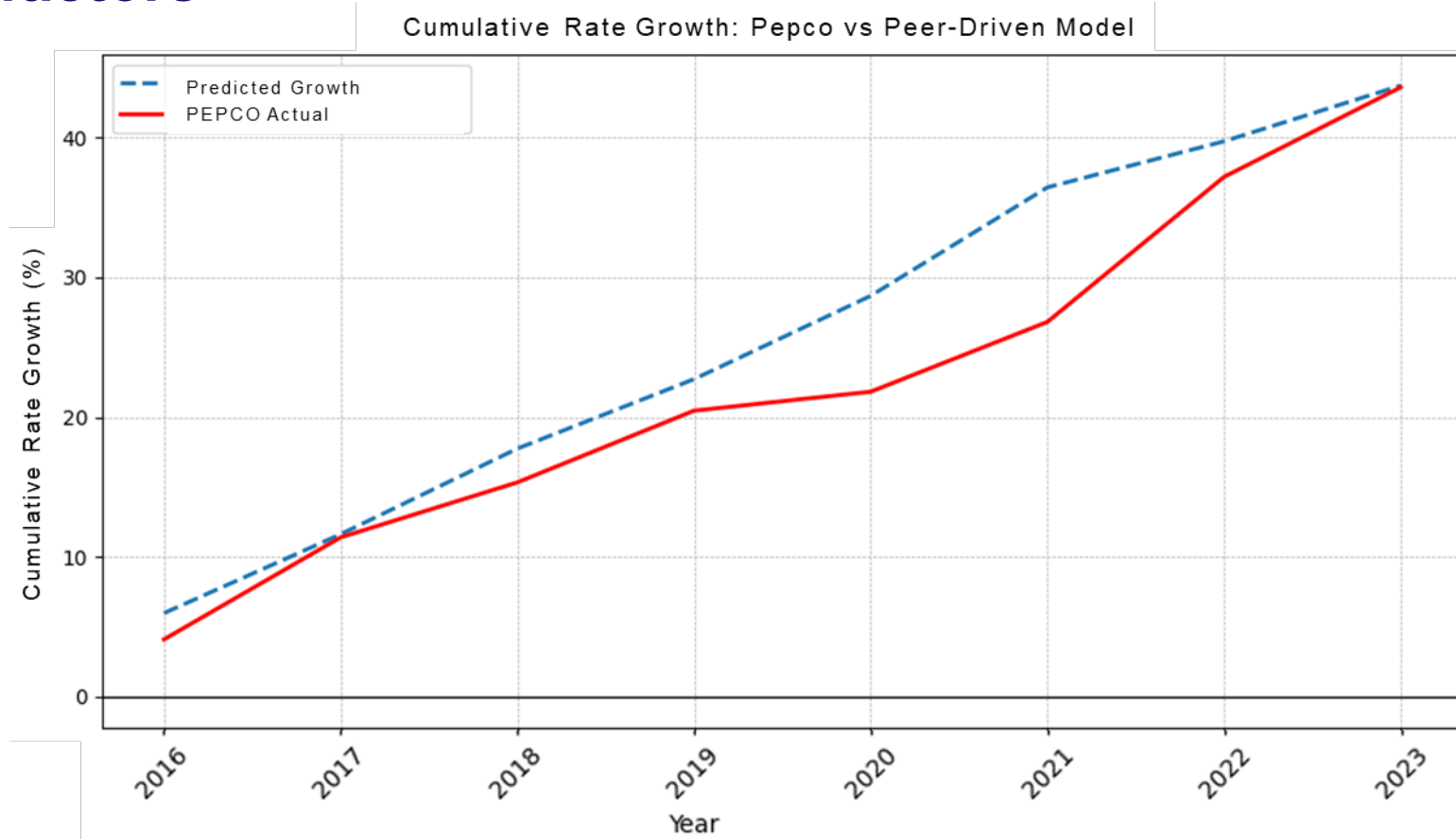
*As established in DC PSC Case 1156*

- 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
- 7) The revenue requirements will be allocated across customer classes over time, and how rate design issues within customer classes will be handled over time, in a just and reasonable manner

## METHODOLOGY

- EIA & FERC data sourced from ~30 peer utilities included delivery-only rates, plant additions, customer growth, and consumption
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources
- Regression was performed to minimize statistical co-linearity, include only statistically-significant variables with p-value less than 0.05, and include variables with a high degree of predicted impact

# Using our regression model, we predicted the delivery-only rate growth across all customer classes that would be expected by Pepco customers compared to actual rate increases since 2015 based on the previous factors



## PEPCO OUTCOMES

- Delivery-only rate increases experienced by Pepco customers since the adoption of MYPs were lower than expected for most of the period given the regression variables at play within the service territory
- Cumulative growth in rates caught up to the expected levels of the peer-driven model in 2023, suggesting that there were temporary offsetting factors at work
- The MYP construct established in FC1156 allowed Pepco to offer relief of \$58.3M to customers by pausing regulatory asset amortization, accelerating tax benefits and provision of COVID-19 relief funds

# AFOR Objective: Public Policy and Climate Goals – Renewable Growth

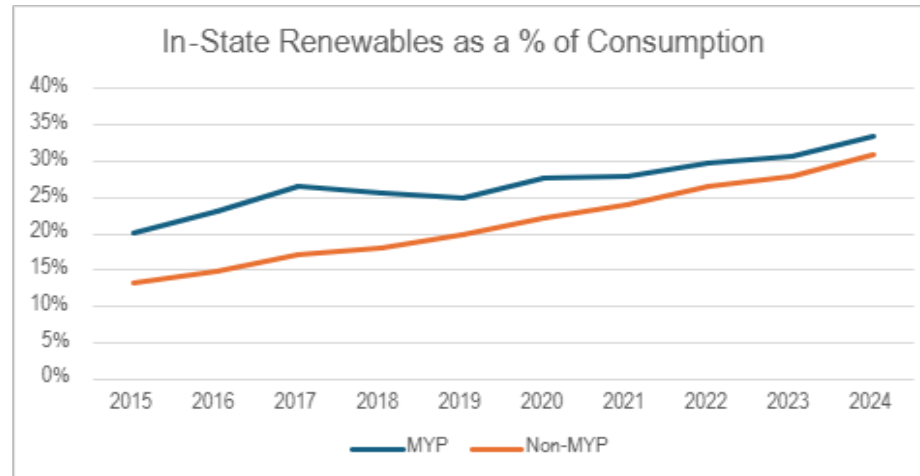
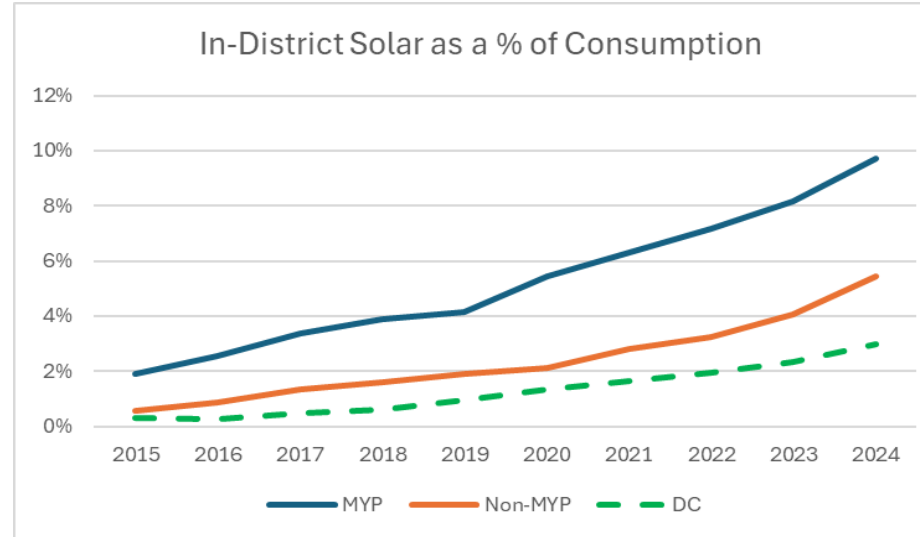
*Is use of multi-year planning correlated with growth of renewable energy?*

## NATIONAL MYP OUTCOMES

- Between 2015 – 2024, states utilizing MYPs have realized more growth of in-state PV solar as a percentage of consumption than those under single-year planning, although causation is uncertain
- Quality data of *procured* renewables by state is not readily available. In-state renewable production trends were assessed as proxy.

## PEPCO OUTCOMES

- In 2022, nearly 16% of the total energy sold within the district came from renewable sources<sup>1</sup> (not represented adjacent due to lack of national-wide state-level data)
- While DC’s implementation of MYPs has likely not been a leading contributor to growth of in-district solar, growth within the District (30% CAGR) has outpaced peers (25% CAGR) through forward planning and supportive policy frameworks



## RELEVANT OBJECTIVES

*As established in DC PSC Case 1156*

- 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
  - **100% renewable procurement by 2032**
  - **10% of electricity from solar in-District by 2041**
  - *District-wide carbon neutrality by 2045*

## METHODOLOGY

- Net electricity generation and consumption data from all sectors for all 50 states and DC was collected from the US EIA
- Renewables include all utility-scale renewables, including hydro, plus small-scale solar
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources

# AFOR Objective: Public Policy and Climate Goals – Energy Consumption

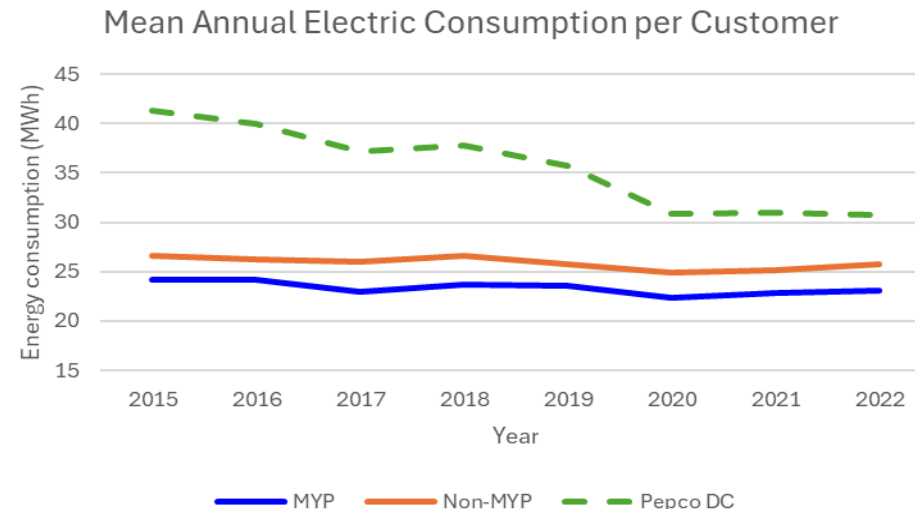
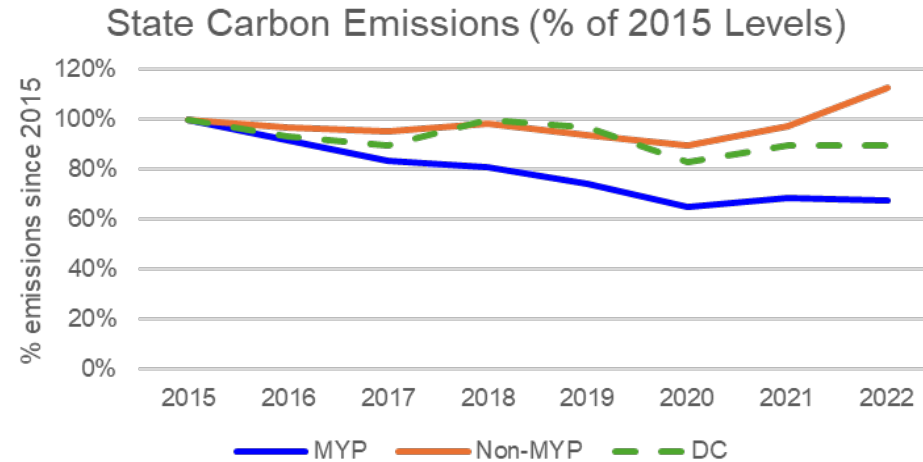
*Is use of multi-year planning correlated with energy efficiency gains that would contribute to carbon neutrality?*

## NATIONAL MYP OUTCOMES

- Utilities operating under MYPs have made steady progress on reducing carbon emissions since 2015, whereas utilities utilizing SYPs have increased average emissions
- Customers served by utilities with MYPs have lower per-customer electric consumption than states without MYPs and have reduced consumption at similar paces

## PEPCO OUTCOMES

- Pepco customers have made rapid progress in reducing consumption since 2015, outpacing both average MYP and non-MYP utilities



## RELEVANT OBJECTIVES

*As established in DC PSC Case 1156*

- 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
  - 100% renewable procurement by 2032
  - 10% of electricity from solar in-District by 2041
  - **District-wide carbon neutrality by 2045**

## METHODOLOGY

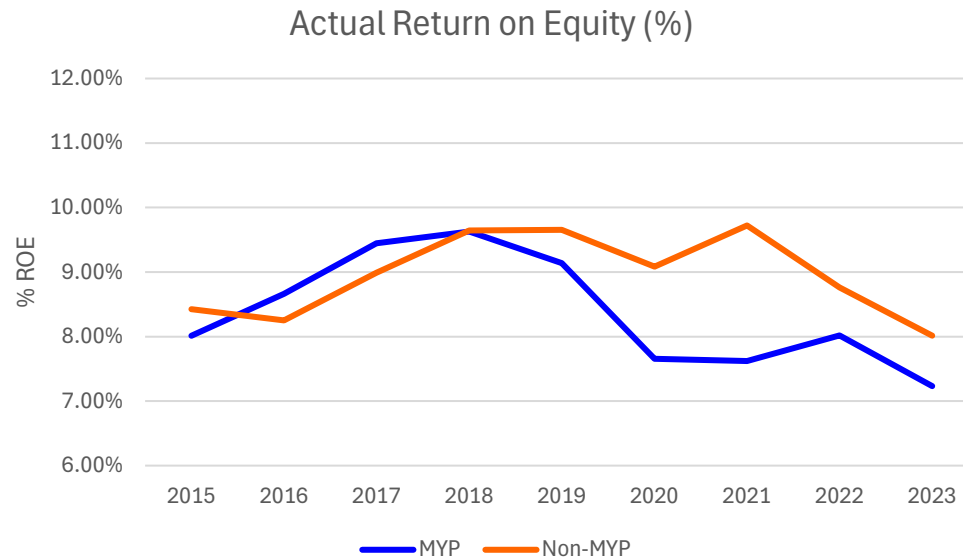
- Carbon emissions data for all 50 states and DC was collected from the US EIA
- Per-customer electric consumption data sourced from FERC form 1 for 60+ peer utilities
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources

# AFOR Objective: Earnings

*Is use of multi-year planning correlated with earnings in excess of those seen from single-year planning?*

## MYP OUTCOMES

- **Between 2015 – 2023, utilities operating under MYPs have realized lower ROE than those under single-year planning**
- Utilities utilizing single test year planning also commonly utilize historic test years, which are typically allowed higher ROE. This trend still holds even when you exclude those utilities from the analysis.



## RELEVANT OBJECTIVES

*As established in DC PSC Case 1156*

- 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

## METHODOLOGY

- Realized Return on Equity sourced from FERC Form 1 data for 60+ peer utilities (remaining income over equity)
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources

# AFOR Objective: Reliability

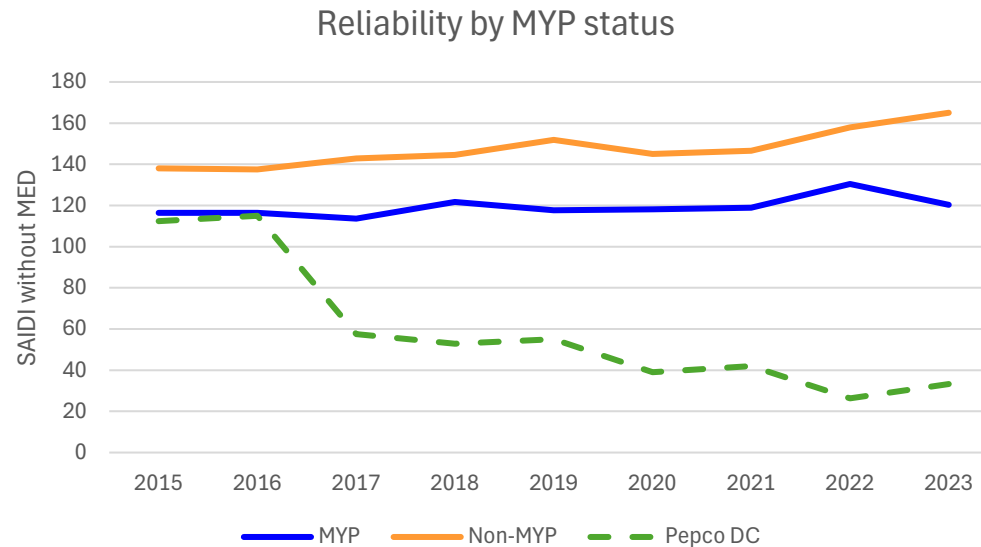
*Is use of multi-year planning correlated with positive reliability?*

## NATIONAL MYP OUTCOMES

- On average, utilities in states that have adopted MYPs have better overall SAIDI scores than utilities with traditional single-year ratemaking methodologies
- In addition, utilities without MYPs are gradually trending towards worse reliability outcomes than their counterparts with MYPs

## PEPCO OUTCOMES

- Pepco DC has remained a national leader in maintaining superior electric reliability, before and after adoption of an MYP in 2018



## RELEVANT OBJECTIVES

*As established in DC PSC Case 1156*

- 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

## METHODOLOGY

- Analyzed trends in SAIDI without Major Event Days from more than 900 electric utilities
- Outliers with SAIDI below 5 or above 1500 were removed from the dataset
- Data sourced from FERC form 1 filings
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources

# MYP Benefit: Reduced Administrative Burden & Regulatory Expense

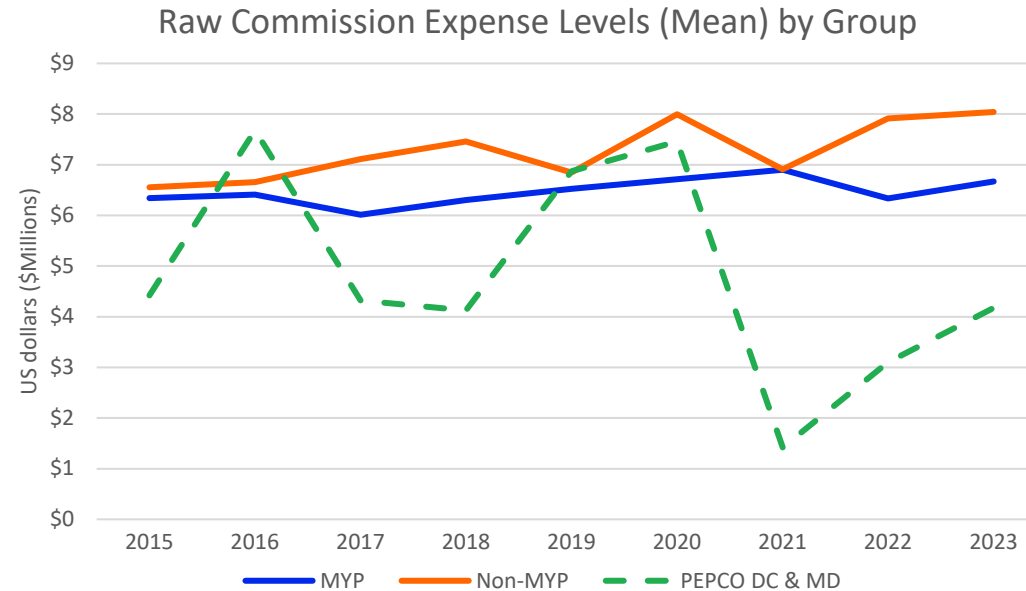
*Is use of multi-year planning correlated with reduced regulatory expenses?*

## NATIONAL MYP OUTCOMES

- Utilities utilizing multi-year planning both spend less on regulatory expenses and exhibit slower growth of those costs compared to those that file annual base rate cases
- While difficult to quantify, lower costs are likely accompanied by less administrative effort by all parties involved

## PEPCO OUTCOMES

- Pepco's historically low level of regulatory expense in 2021 and 2022 demonstrates the benefits to customers from reducing the frequency of rate cases.
- Pepco incurred an average of \$2.6 million less annual in regulatory expenses over the 3-year period ending in 2023 compared to 2015-2018 levels.



## METHODOLOGY

- Commission Expense Data sourced from FERC form 1 filings
- MYP status definitions and adoption year determination was based on S&P, NARUC, and additional cross validated sources

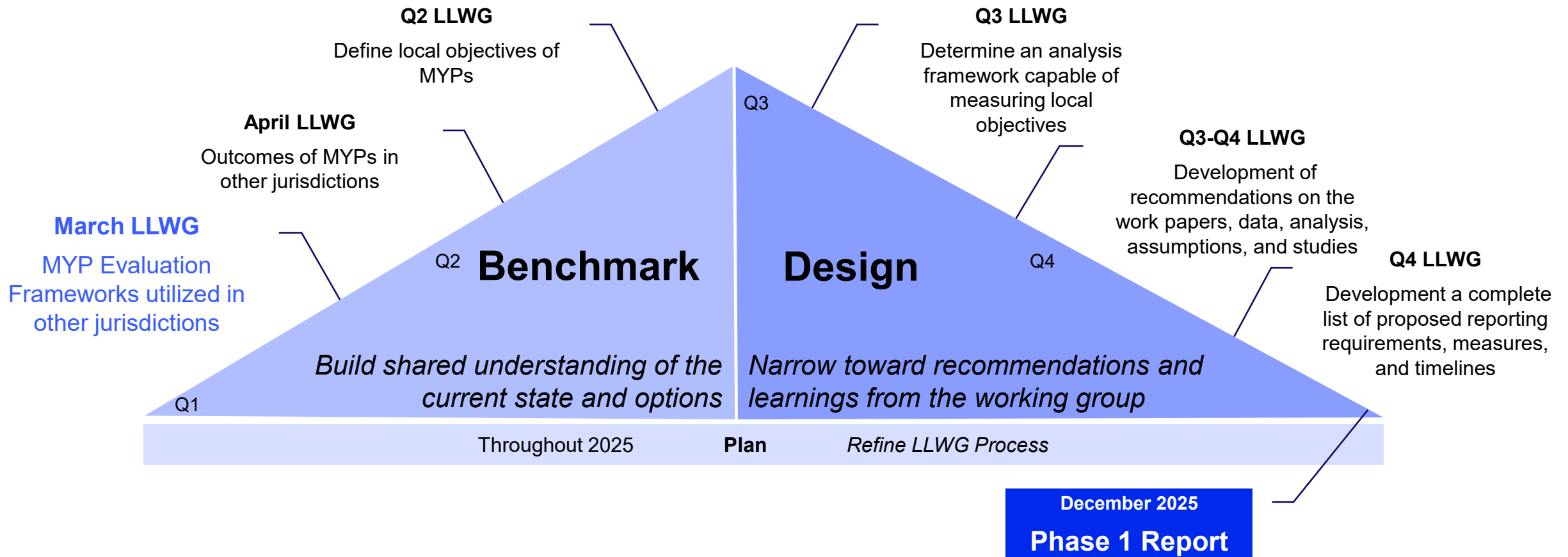
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# Findings & Next Steps

# States predominately utilizing MYPs are as likely to achieve positive outcomes as those that utilize single-year planning

MYP Outcome	Analysis Conclusions	Pepco DC Outcomes	Best Practices
<b>Affordability</b>	MYPs are not explicitly correlated with accelerated growth of customer rates	MYPs have enabled Pepco to advance affordability for Residential and Commercial customers through targeted rate offsets and gradual elimination of inter-class subsidizations, respectively	<b>Phase-in rates, caps constrain volatility</b>
<b>Public Policy Support/ Climate Goals</b>	States that utilize MYPs lead in renewable and climate outcomes	In-district solar and renewable electricity generation growth has outpaced peers through forward planning and supportive policy frameworks	<b>Performance mechanisms influence action</b>
<b>Utility Earnings</b>	Utilities operating under MYPs have realized lower ROE than those under single-year planning	Since adopting multi-year planning, Pepco has realized a reasonable ROE and is currently capped at allowed returns	<b>Earnings caps limit risk of over-earning</b>
<b>Reliability</b>	Utilities that utilize MYPs have better overall reliability than those that utilize single-year planning	Pepco DC has remained a national leader in maintaining superior electric reliability, before and after adoption of multi-year planning	<b>Performance standards ensure success</b>
<b>Administrative Burden</b>	Regulatory expenses are lower on average for utilities utilizing multi-year planning	Regulatory expenses have declined since adopting multi-year planning and reducing the frequency of rate cases	<b>Steady-state MYPs minimize cost and effort</b>

# Proposed LLWG Schedule: Study MYP evaluation framework alternatives and outcomes before aligning on DC-specific objectives and frameworks



# Appendix

# DC PSC MYP Objectives

As defined in AFOR Objectives established in Case 1156

Topic	Objective	Measurement & Target <i>As defined by DC Regulations and PSC Mission</i>
General	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	Ensures the quality, availability, and reliability of utility services, defined as SAIDI <1.35 and SAIFI <0.89, excluding major events.  Evaluating the financial position of utility companies to ensure financial strength, credit ratings, and financial flexibility of the utility, defined as maintaining an investor-grade rating, adequate cash flow, and balanced capital structure.
Public Policy	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	District-wide carbon neutrality by 2045; 100% renewable procurement by 2032, 10% of electricity from solar in-District by 2041; 100% of public and large private fleets zero-emission by 2045 and 25% of all registered vehicles by 2030.
Public Policy	3) The AFOR's ratemaking mechanisms advance or otherwise align with the District's public policy goals	
Transparency	4) The AFOR identifies baseline revenue and cost information, and clearly explains what process or mechanism the utility used to project revenues and expenses	The AFOR should identify a baseline and clearly and transparently define the process/mechanisms with revenues and expenses should be projected.
Customer Benefits	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	An AFOR designed to accomplish all of the above in a way that measurably benefits customers as opposed to just the utility.
Utility Performance	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	High level of customer service, defined as providing clear billing information that results in well-informed customers capable of easily addressing issues related to their utility services, with 70% of calls answered within 30 seconds, among other targets.
Ratemaking Methodology	7) The revenue requirements will be allocated across customer classes over time, and how rate design issues within customer classes will be handled over time, in a just and reasonable manner;	Allocation across customer classes are just and reasonable, defined as reflecting the true cost of providing service to each class and their consumption patterns.
Customer Risk Avoidance & Prudence	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	Avoid over-earning approved return on equity, which was established at 9.5% for 2025-26 in Case 1176 Order 22328 and subject to an automatic rate credit at the end of the 2-yr MYP period.
Evaluation & Transparency	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	
Customer Risk Avoidance	10) The AFOR avoids any unreasonable shifting of risk to utility customers	Protects consumers from unreasonable risk shifting to utility customers, defined as establishing a target rate of return commensurate with the utility's operating risks and establishing performance incentives that are reasonable and within the utility's control.

# Lessons Learned Working Group Objectives

**Case 1176 Order:** *To facilitate the Lessons Learned process, the Commission hereby directs Commission Staff to convene Formal Case No. 1176 Modified MRP Extended Pilot Lessons Learned Working Group (“LLWG”) meeting within 60 days from the date of this Order consisting of all Parties to this proceeding to discuss and develop a framework for the evaluation of Formal Case No. 1176. We expect that developing this framework will require multiple meetings, and we encourage Staff to convene as many meetings as necessary. Topics may include, but are certainly not limited to: the development of recommendations on the work papers, data, analysis, assumptions, or studies needed to develop a “formal evaluation framework” to determine the overall performance and effectiveness of MRPs; whether and how testimony based on forecasted data should be provided to cover such areas as ROR, ROE, capital structure, Class Cost of Service Studies (“CCOSS”), billing determinants, rate design, engineering, and accounting; and a complete list of proposed reporting requirements, measures, and timelines*

# Pepco DC Rate Base, Expenses, Returns (2021-2024)

	Raw 2021	2022	2023	2024	Deltas 22-21	23-22	24-23
<b>\$ in 1,000s</b>							
Capital Additions		232,800	238,500	321,000		5,700	82,500
<b>Total Capital Additions</b>		<b>232,800</b>	<b>238,500</b>	<b>321,000</b>		<b>5,700</b>	<b>82,500</b>
Electric Plant in Service	4,303,455	4,536,263	4,774,756	5,069,570	232,808	238,493	294,814
Accumulated Depreciation	(1,315,615)	(1,400,107)	(1,476,790)	(1,564,675)	(84,492)	(76,683)	(87,885)
Accumulated Amortization	(26,503)	(33,122)	(47,831)	(63,426)	(6,619)	(14,709)	(15,595)
Materials and Supplies	52,652	58,913	63,512	72,334	6,261	4,599	8,822
Cash Working Capital	8,723	9,713	8,700	7,499	990	(1,013)	(1,201)
Accumulated Deferred Income Taxes	(829,898)	(802,371)	(784,390)	(763,809)	27,527	17,981	20,581
Prepaid Pensions/OPEB Liab. (net of tax)	68,417	65,793	61,350	56,822	(2,624)	(4,443)	(4,528)
Customer Deposits	(8,896)	(8,399)	(10,705)	(13,727)	497	(2,306)	(3,022)
Pepco Portion of Sevco Assets	19,370	14,555	10,460	7,226	(4,815)	(4,095)	(3,234)
Regulatory Assets	34,702	31,895	28,694	19,711	(2,807)	(3,201)	(8,983)
Unamortized Credit Facility Costs	201	314	316	264	113	2	(52)
<b>Total Rate Base</b>	<b>2,306,608</b>	<b>2,473,447</b>	<b>2,628,072</b>	<b>2,827,789</b>	<b>166,839</b>	<b>154,625</b>	<b>199,717</b>
Sale of Electricity	563,995	617,182	662,809	698,932	53,187	45,627	36,123
Other Revenues	4,926	6,051	8,372	9,458	1,125	2,321	1,086
<b>Operating Revenues</b>	<b>568,921</b>	<b>623,233</b>	<b>671,181</b>	<b>708,390</b>	<b>54,312</b>	<b>47,948</b>	<b>37,209</b>
Operation and Maintenance	164,442	169,113	167,136	175,337	4,671	(1,977)	8,201
Depreciation	114,902	122,140	129,255	136,164	7,238	7,115	6,909
Amortization	12,686	14,537	23,119	26,234	1,851	8,582	3,115
Other Taxes	150,600	152,272	148,557	172,211	1,672	(3,715)	23,654
D.C. Income Tax	4,823	(13,073)	2,824	9,786	(17,896)	15,897	6,962
Federal Income Tax	(5,675)	5,033	11,297	8,756	10,708	6,264	(2,541)
<b>Operating Expenses</b>	<b>441,778</b>	<b>450,022</b>	<b>482,188</b>	<b>528,488</b>	<b>8,244</b>	<b>32,166</b>	<b>46,300</b>
Debt Coverage	53,253	57,124	61,482	69,285	3,871	4,358	7,803
Equity Coverage	73,890	116,087	127,511	110,617	42,197	11,424	(16,894)
<b>Operating Income</b>	<b>127,143</b>	<b>173,211</b>	<b>188,993</b>	<b>179,902</b>	<b>46,068</b>	<b>15,782</b>	<b>(9,091)</b>
<b>Return on Rate Base</b>	<b>5.51%</b>	<b>7.00%</b>	<b>7.19%</b>	<b>6.36%</b>	<b>1.49%</b>	<b>0.19%</b>	<b>-0.83%</b>
Actual ROE	6.33%	9.26%	9.57%	7.72%	2.93%	0.31%	-1.85%
Incremental Rev Needed	47,349	245	(5,486)	30,629	(47,104)	(5,731)	36,114
Expense on Inc Rev	13,029	67	(1,510)	8,428	(12,962)	(1,577)	9,938
Rev to Target	616,270	623,478	665,695	739,019	7,208	42,217	73,323
Expenses with Target	454,807	450,089	480,678	536,916	(4,718)	30,589	56,238
Debt Coverage	53,253	57,124	61,482	69,285	3,871	4,358	7,803
Equity Coverage	108,210	116,265	123,534	132,817	8,055	7,270	9,283
<b>Target Net Income</b>	<b>161,463</b>	<b>173,389</b>	<b>185,017</b>	<b>202,102</b>	<b>11,926</b>	<b>11,628</b>	<b>17,086</b>
Net Income Shortfall	34,320	178	(3,976)	22,200	(34,142)	(4,154)	26,177
Weighted Cost of Debt	2.31%	2.31%	2.34%	2.45%	0.00%	0.03%	0.11%
Net amount available for common equity	4.69%	4.70%	4.70%	4.70%	0.01%	0.00%	0.00%
Common Equity Ratio	50.58%	50.68%	50.68%	50.64%	0.10%	0.00%	-0.04%
Debt Financed	49.42%	49.32%	49.32%	49.36%	-0.10%	0.00%	0.04%
Estimated Tax Rate	27.52%	27.52%	27.52%	27.52%	0.00%	0.00%	0.00%
<b>Target ROE</b>	<b>9.275%</b>	<b>9.275%</b>	<b>9.275%</b>	<b>9.275%</b>	<b>0.000%</b>	<b>0.000%</b>	<b>0.000%</b>
<b>Target ROR</b>	<b>7.00%</b>	<b>7.01%</b>	<b>7.04%</b>	<b>7.15%</b>	<b>0.01%</b>	<b>0.03%</b>	<b>0.11%</b>
<b>Metrics</b>							
Capital Additions as % of Previous Rate Base		10%	9%	12%		-0.4%	2.7%
Capital Addition Rev as % of Total Distribution Revenue		3%	3%	3%		-0.1%	0.6%

## CERTIFICATE OF SERVICE

I hereby certify on this 13th day of May 2025, that I caused true and correct copies of the minutes from the April 29, 2025 meeting of the Lessons Learned Working Group to be emailed to the following:

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/s/ Brian R. Caldwell  
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