



June 11, 2025

By Electronic Filing

Brinda Westbrook-Sedgwick
Commission Secretary
D.C. Public Service Commission
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 Westbrook Sedgwick:

Enclosed for filing please find the Response of the Apartment and Office Building Association to Pepco's Application for Reconsideration of Order No. 22416 in the above-referenced proceeding.

If you have any questions, please contact me at ffrancis@aoba-metro.org or call my cell at (301) 518-9700. Thank you for your attention in this matter.

Sincerely,

A handwritten signature in blue ink that reads "Frann G. Francis". The signature is written in a cursive, flowing style.

Frann G. Francis, Esq.

cc: All parties of record



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

IN THE MATTER OF

The Application of Potomac Electric
Power Company for Authority to
Implement a Multi-Year Rate Plan for
Electric Distribution Service in the
District of Columbia

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Formal Case No. 1176

**RESPONSE OF
THE APARTMENT AND OFFICE BUILDING ASSOCIATION
OF METROPOLITAN WASHINGTON
TO PEPCO' S APPLICATION FOR RECONSIDERATION OF ORDER NO. 22416**

I. INTRODUCTION

The Apartment and Office Building Association of Metropolitan Washington (“AOBA”) respectfully submits this Response to Pepco’s Application for Reconsideration of Order No. 22416 pursuant to Rule 141.3 of the Rules of Practice and Procedure of the Public Service Commission of the District of Columbia (“Commission”)¹. This filing responds to portions of Pepco’s Application for Reconsideration of Order No. 22416.

II. BACKGROUND

On April 9, 2025 AOBA filed a Motion for Suspension of the BSA Working Group and Enlargement of Time (“AOBA Motion”) and a Supplement to the Motion on April 17, 2025. On April 21, 2025, the Potomac Electric Power Company (“Pepco” or the

¹ The Office of the People’s Counsel and the District of Columbia Government support AOBA’s opposition to Pepco’s Application for Reconsideration of Order No. 22416.

“Company”) filed a Response to AOBA’s Motion. The Office of the People’s Counsel (“OPC”) filed a letter in support of AOBA’s Motion on April 21, 2025. The Commission issued Order No. 22416 on May 7, 2025. On June 4, 2025, Pepco submitted an Application for Reconsideration of Order No. 22416.

In its April 9, 2025 Motion, AOBA requested that *“the Commission suspend the obligation of the Bill Stabilization Adjustment (“BSA”) Working Group to file a Report containing recommendations for improvements to the BSA by September 30, 2025² and “grant an enlargement of time to file the Report.”³ Additionally, AOBA requested that “the filing of the BSA Working Group Report be delayed until: 1) the conclusion of the Lessons Learned Working Group process ... and 2) after the parties have had a chance to review the impacts of the multiple changes to the BSA this Commission has adopted in Order No. 22328.”⁴*

AOBA also included in its April 9, 2025 Motion a request for Pepco to continue its monthly PEPSAR filings, which Pepco has unilaterally elected to discontinue even though the Commission, in Order No. 22328, did not authorize such discontinuance.⁵ In support of requesting the continuance of monthly PEPBSAR filings, AOBA emphasized that these reports are *“critical to tracking how the new BSA mechanism performs in real-world application.”⁶ AOBA further explained that “continuation of the PEPBSAR reports will provide the Commission and the parties the ability to review the impacts of major outages on deferred revenue balances, as well as tracking of the impacts of billing errors and reclassifications of customers among rate classes.”⁷*

² AOBA Motion, April 9, 2025, page 1.

³ AOBA Motion, April 9, 2025, page 1.

⁴ AOBA Motion, April 9, 2025, pages 1-2.

⁵ AOBA Motion, April 9, 2025, page 4.

⁶ AOBA Motion, April 9, 2025, page 4.

⁷ AOBA Motion, April 9, 2025, page 4.

In its Order No. 22416, the Commission noted that AOBA has presented “*good cause, indicating that additional time is needed to provide the parties with an opportunity to review information and data, which will not be available until the Lessons Learned Report is filed and the February 2026 reconciliation report is filed.*”⁸ The Commission, thus, granted AOBA’s Motion to Suspend the BSA Working Group, AOBA’s Motion for an Enlargement of Time and ordered Pepco to file monthly updates consistent with paragraphs 12 and 13 in Order No. 22416.⁹

Paragraphs 12 and 13 ordered Pepco to file the monthly PEPBSAR reports. The Commission stated:

...Pepco shall provide calendar-year monthly filings beginning June 2025. Pepco shall file a monthly report containing: (1) the dollar amounts recovered through the BSA; (2) the actual distribution revenues collected in 2025, tracked against Rate Year 1 Annual Targets by rate classes; (3) any impacts of major outages on deferred revenue balances, if applicable; (4) customer counts by class; and (5) reclassifications of customers among rate classes, if applicable.¹⁰

In its Response, Pepco withdrew its proposal for a Demand charge component of the BSA which the Company presented in Formal Case No. 1176.¹¹ Pepco also noted that there is no further need for Working Group meetings since there are no proposed BSA improvements pending,¹² and stated that “*it generally agrees with AOBA that the current reporting deadline of September 30, 2025, is premature.*”¹³ However, Pepco now requests reconsideration of the portion of the Commission’s decision that directs Pepco to “*provide reclassifications of customers among rate classes within the monthly BSA*

⁸ Order No. 22416, page 4, paragraph 11.

⁹ Order No. 22416, page 6, paragraphs 15, 16, and 19.

¹⁰ Order No. 22416, page 5, paragraph 13.

¹¹ AOBA Motion, April 9, 2025, page 1.

¹² AOBA Motion, April 9, 2025, page 1.

¹³ AOBA Motion, April 9, 2025, page 1.

*filings.”*¹⁴ The Company now argues “*Pepco did not routinely provide such information in the monthly BSA surcharge reports....and to do so will create an undue burden on the Company.*”¹⁵

III. LEGAL STANDARD

In Order No. 21903, the Commission denied the Office of the People’s Counsel’s Request for Reconsideration of Order No. 21886.¹⁶ AOBA notes that in responding to the OPC Request, Pepco argued that the “*OPC Request is procedurally improper because Order No. 21886 is not a final order.*”¹⁷ Pepco further argued that if the PSC determines the OPC request is not inappropriate, the Commission should reject the prior assertions of OPC in Order No. 21886.¹⁸ The Commission agreed with Pepco stating that Order No. 21886 is a procedural order and did not make substantive determinations on the substantive issues in the case and is therefore “*not final per D.C. Code Section 34-604 (b).*”¹⁹ The Commission recognized that since it has inherent authority to reconsider its decisions, the PSC will address the merits of the OPC request. AOBA submits that Order No. 22416 is a procedural order, not a final order, since it made “*no substantive determinations on the substantive issues in the case*” and should be denied by the Commission on those grounds. However, if this Commission determines that it will

¹⁴ Pepco Application of Reconsideration of Order No. 22416, pages 1-2.

¹⁵ Pepco Application of Reconsideration of Order No. 22416, pages 1-2.

¹⁶ Formal Case No. 1176, Order No. 21903, page 1, paragraph 1 (September 14, 2023).

¹⁷ Formal Case No. 1176, Order No. 21903, page 2, paragraph 6 (September 14, 2023).

¹⁸ Formal Case No. 1176, Order No. 21903, page 2, paragraph 6 (September 14, 2023).

¹⁹ Formal Case No. 1176, Order No. 21903, page 3, paragraph 7 (September 14, 2023). “*To be a final order, it must impose an obligation, deny a right, or fix some legal relationship as a consummation of the administrative process*”.

rule on the merits of Pepco's request not to file monthly information on the reclassification of customers, AOBA urges this Commission to also deny the Pepco request.

IV. ARGUMENT

In support of its requested reversal of the Commission's requirement for Pepco to "*provide reclassifications of customers among rate classes within the monthly BSA filings,*" the Company argues that it did not provide such monthly information in the past on a monthly basis and only did so on an "*ad hoc*" basis and "*primarily just for reclassification involving the GT LV class and in limited instances, the MMA class and GS3A class.*"²⁰ Pepco then alleges, without any support, that such a requirement is burdensome and would require "*significant additional labor hours*" and "*upwards of \$35,000 to create a more automated process.*"²¹

AOBA disagrees and urges the Commission to reject these unfounded and unsupported representations. Moreover, considering the enormous BSA deferred revenue balances that have already been accumulated under Pepco's BSA mechanism,²² the Company's spending of "*upwards of \$35,000*"²³ should not be viewed as an inordinately large or unduly burdensome expenditure. As stated by the Commission, the purpose of the BSA Working Group is to provide a report "*containing recommended BSA improvements.*"²⁴ Evaluation of the need for, and appropriateness of, such improvements must consider the adequacy and accuracy of the existing mechanism versus alternatives,

²⁰ Pepco Application of Reconsideration of Order No. 22416, pages 2-3.

²¹ Pepco Application of Reconsideration of Order No. 22416, page 3.

²² Pepco's April 18, 2025, BSA Report in Docket PEPBSAR2025-01-E, Attachment 2, Line III A.1.3, which showed accumulated BSA Deferred Revenue Balances which totaled to nearly \$129 million for all BSA rate classes as of November 30, 2024.

²³ Pepco Application of Reconsideration of Order No. 22416, page 3.

²⁴ Formal Case No. 1176, Order No. 22328, paragraph 507 (November 26, 2024).

and such evaluations cannot be properly performed in the absence of the information specified by the Commission in Order No. 22416.²⁵

Further, Pepco's characterization of its past provision of the types of information detailed in Order No. 22416, paragraph 13 as "*ad hoc*" primarily reflects the Company's approach to the provision of such information. It is not reflective of the importance of that information or the frequency of actual adjustments to the Company's BSA data. Pepco's "*ad hoc*" characterization of its past provision of supporting information for such adjustments is a function of the fact the Company only provided supporting detail for its adjustments in response to discovery requests submitted by the Commission Staff, AOBA or other parties. As part of the current working group process, more timely and detailed presentation of supporting information for revenue adjustments by rate class is essential.

Contrary to Pepco's representations, adjustments to Pepco's BSA revenue deferral calculations based on customer reclassifications and/or the correction of billing errors is not limited to the GT-LV class and/or the MMA and GS-3A rate classes. Billing errors are frequently found in reported monthly billing data for all rate classes. However, those adjustments are often not reflected in Pepco's BSA reporting, and identification of the dollar impacts of such adjustments by billing period for the affected billing periods are often non-existent. In addition, customer reclassifications, by their very nature involve customers moving from one rate class to another and are not properly characterized as being primarily related to the GT-LV class. Although the dollar impacts of reclassifications are often greater in dollar terms for the GT-LV class than other classes, AOBA submits that it is important to understand the impacts and timing of customer reclassifications for

²⁵ Formal Case No. 1176, Order No. 22416, paragraph 13 (May 7, 2025).

all impacted classes. AOBA also notes that Pepco has a process whereby once a year, typically in the month of May, Pepco reviews the usage and demand levels of all of its General Service customers to ensure that customers are properly classified for billing purposes. Yet, the impacts of such customer classifications on actual and allowed revenues by rate class are not systematically identified and reported, and that lack of documentation of customer transfers undermines the ability of parties to assess the need for improvements or modifications to the BSA mechanism.

Considering that Pepco's BSA mechanism was first implemented more than 15 years ago,²⁶ it is incredible that Pepco is not already routinely tracking and reporting customer reclassifications and billing error corrections. Over the years of Pepco's BSA reporting, the Company has made numerous "manual adjustments" to its reported BSA results to reflect such customer reclassifications.²⁷ Pepco has offered no explanation why it is still reporting such reclassifications on an "*ad hoc*" basis since the Company is well aware that these reclassifications have a noticeable financial impact on its commercial customers, and to some extent its master-metered customers.

In fact, there are numerous instances where Pepco has made manual adjustments in which the Company has reflected reclassifications of customers.²⁸ Most reclassifications for commercial customers seem to be done on an annual basis in April and May when Pepco reviews customers billing data to determine if customers have changed the rate class on which they are billed. Aside from commercial customers, there is also movement of Masterer Metered Apartment customers, on a more limited basis,

²⁶ Formal Case No. Order No. 15556, Phase II, page 1, paragraph 1, (September 28, 2009).

²⁷ See Pepco's Monthly BSA filings in the Commission's PEPBSAR docket.

²⁸ Ibid.

where such buildings are converted to individually metered apartments. The account reclassification of such customers should be readily identifiable and available to Pepco.

AOBA submits that Pepco has an obligation to its customers to maintain correct billing data and if necessary, make any corrections not on an “*ad hoc*” basis, but as soon as possible. In determining what changes, if any, or if the BSA should be continued, it is important for the Commission and all parties to have reliable, accurate information, free from billing errors in order to make such determinations. Providing such billing data should be, and must be, part of Pepco’s normal activities and should not be viewed as an additional burden. Such information is integral to understanding the functioning of the BSA with the new changes approved by the Commission in Order No. 22328.

V. CONCLUSION

For the reasons stated herein and in AOBA’s Motion for Suspension of the BSA Working Group Report and Enlargement of Time, AOBA respectfully requests that the Commission deny Pepco’s Application for Reconsideration, and urges the Commission to affirm that Pepco’s monthly PEPBSAR filings should continue as a vital source of data for post-implementation analysis, and that Pepco must provide: (1) the dollar amounts recovered through the BSA; (2) the actual distribution revenues collected in 2025, tracked against Rate Year 1 Annual Targets by rate classes; (3) any impacts of major outages on deferred revenue balances, if applicable; (4) customer counts by class; and (5) reclassifications of customers among rate classes, if applicable, as ordered by the Commission in Order No. 22416.²⁹

²⁹ Order No. 22416, page 5, paragraphs 12-13.

Dated: June 11, 2025

Respectfully submitted,

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CERTIFICATE OF SERVICE
Formal Case No. 1176

I hereby certify on this 11th day of June 2025, that the attached Response to Pepco's Application for Reconsideration of Order No. 22416 was filed electronically on behalf of the Apartment and Office Building Association of Metropolitan Washington and copies were sent via electronic mail to the service list below:

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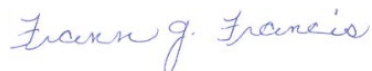
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