

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

NOTICE OF INQUIRY

June 18, 2025

PEPPOR-2025-01, PEPCO PURCHASE OF RECEIVABLES;

and

WGPOR-2025-01, IN THE MATTER OF THE INVESTIGATION INTO THE ESTABLISHMENT OF A PURCHASE OF RECEIVABLES PROGRAM FOR NATURAL GAS SUPPLIERS AND THEIR CUSTOMERS IN THE DISTRICT OF COLUMBIA,

1. This Notice begins an inquiry into the adequacy of the Public Service Commission of the District of Columbia's ("Commission") Purchase of Receivables ("POR") program in the District that facilitates payments between the Potomac Electric Power Company ("Pepco") or Washington Gas Light Company ("WGL") and competitive suppliers.

2. In 2013, the Commission authorized Pepco's implementation of a POR program for electricity suppliers. In 2019, the Commission granted authorization for WGL to implement a POR program for natural gas suppliers. Every year, both WGL and Pepco make filings to true-up the discount rate to reflect actual costs and to establish new discount rates for the overall costs of these programs.

3. The POR program in the District was one of the factors that incentivized the entrance of new retail suppliers into the utilities marketplace, which increased the available options for the consumers. Prior to the POR program, in 2012, there were 13 active retail electricity suppliers. In 2013, after the implementation of the Pepco POR program, the number of suppliers increased to 18 and continued to grow each year until 2018, when it increased to 40. In 2023, there were 45 retail suppliers serving residential customers. The number of residential gas suppliers increased from 14 in 2019 to 20 in 2023.

4. From Calendar Year ("CY") 2013 through CY 2023, Pepco's POR discount rate was 0.00% for all customer classes. Pepco's POR Discount Rate Update filings from CY 2021 to CY 2024 demonstrate that there are cumulative under-collections related to the Residential customer classes and cumulative over-collections related to the Large Commercial customer classes. In CY 2023, Pepco's POR Discount Rate for Residential Customers was 3.9807%, and the current 2024 POR Discount Rate is 11.3079%.

5. WGL's POR Discount Rate Update filing from CY 2023 to CY 2024 shows an increase in the discount rate from 6.897% to 7.718%, using CY 2022 actual results as a proxy for

bad debt expense. WGL stated that if the Company had used CY 2023 actual results for the bad debt expense, the residential customers' discount rate would be approximately 15%.

6. By Order No. 22379, the Commission noted an upward trend in bad debt expense for the Residential Customer class since CY 2021. In CY 2023, Pepco had a cumulative under-collection of \$4.2 Million for the Residential Customer Class, while the Large Commercial Class had a cumulative over-collection of \$6.9 Million. Similarly, WGL's bad debt expense for the Residential Customer class increased significantly following the expiration of the Covid-19 moratorium and resumption of disconnections. In CY 2023, WGL had a cumulative under-collection of \$458,147 for the Residential Customer Class and a cumulative over-collection of \$47,020 for the Non-Residential Customer Class.¹ The Commission recognizes that these net imbalances impact the calculation of the POR Discount Rate. The Commission also recognizes that increased electricity and natural gas commodity costs impact the competitive suppliers' ability to compete with Pepco or WGL. Therefore, the Commission seeks comments from stakeholders on the best way to address the issues facing the POR program:

- a. Is the POR program still necessary to encourage utility competition in the District? Please explain your position in detail.
- b. Should the POR Discount Rate calculation be modified? If yes, explain how it should be modified for Residential, Small Commercial, and Large Commercial Customers, and why?
- c. How should the Commission direct Pepco or WGL to treat existing and future under-collections and or over-collections? Please provide a detailed explanation.
- d. Should the Commission change the POR Discount Rate calculation when there is a change in the utility commodity cost? If so, how should the threshold be determined?
- e. What is the current status of the utility competition (both electric and gas) in the District since the POR programs were introduced? Please provide the status for residential and commercial suppliers separately, if available.
- f. At the outset of the POR programs in DC, proponents claimed that the POR program would incentivize retail market supplier competition in the District and provide more choices of utility supply for DC customers.
 - i. Have DC customers benefited from the DC POR program? If so, explain the benefits, including the impact of the POR program on customers and the competitive market in DC.
 - ii. How would the discontinuation of a POR program affect the retail suppliers and/or DC customers?
- g. What additional factors (if any) should the Commission consider when deciding about the future of the POR program in the District?

7. Persons interested in commenting on the issues presented in this NOI shall file their comments no later than 30 days after the date of this Notice. Reply comments shall be filed no later than 45 days after the date of this Notice. Comments may be filed with Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, at the Commission's website at https://edocket.dcpsc.org/public/public_comments. Persons with

¹ WGL 2024 POR Annual Update and Tariff filed on April 5, 2024.

questions concerning this Notice should call the Commission Secretary's Office at 202-626-5150 or send an email to Hunter Davis at hdavis@psc.dc.gov.

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, flowing style.

CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

COMMISSION ACTION

PEPPOR-2025-01, PEPCO PURCHASE OF RECEIVABLES; and

WGPOR-2025-01, IN THE MATTER OF THE INVESTIGATION INTO THE ESTABLISHMENT OF A PURCHASE OF RECEIVABLES PROGRAM FOR NATURAL GAS SUPPLIERS AND THEIR CUSTOMERS IN THE DISTRICT OF COLUMBIA,

Date 6/18/25 Formal Case Nos. PEPPOR-2025-01 & WGPOR-2025-01 Order No. NOI

	Approve Initial & Date	Disapprove Initial & Date	Abstain Initial & Date
Chairman Emile Thompson	<u>ET/JP 6/18/25</u>	_____	_____
Commissioner Richard A. Beverly	<u>RB/JP 6/18/25</u>	_____	_____
Commissioner Ted Trabue	<u>TT/JP 6/18/25</u>	_____	_____

Certification of Action

Jamond D. Perry
General/Deputy General Counsel

Hunter Davis
OGC Counsel/Staff