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September 2, 2025

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

**Re: Formal Case No. GD-2023-2/RM1-2025-01/RM2-2025-01**

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's Initial Comments to the Notice of Proposed Rulemaking (NOPR) on Chapters 1 and 2 of the Commission's regulations.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

s/ *Dennis P. Jamouneau*  
Dennis P. Jamouneau

Enclosure:

cc: All Parties of Record

**IN THE MATTER OF**

<b>THE INQUIRY INTO THE DISCOVERY</b>	)	<b>GD-2023-2</b>
<b>PROCESS FOR RATE APPLICATIONS</b>	)	
	)	
<b>AND</b>	)	
	)	
<b>THE PUBLIC SERVICE COMMISSION’S</b>	)	<b>RM1-2025-01</b>
<b>RULES OF PRACTICE AND PROCEDURE</b>	)	
	)	
<b>AND</b>	)	
	)	
	)	<b>RM2-2025-01</b>
<b>UTILITY RATE CHANGES</b>	)	

**POTOMAC ELECTRIC POWER COMPANY’S INITIAL COMMENTS**

On May 2, 2025, the Public Service Commission of the District of Columbia (Commission) issued a Notice of Proposed Rulemaking (NOPR) on two separate sections of the Commission’s regulations – Chapters 1 and 2. In doing so, the Commission referenced a July 27, 2023 Notice of Inquiry (NOI) that requested stakeholder input on streamlining the discovery process and efficiency of base rate proceedings. Importantly, the Commission explains that the instant NOPR intends to cover traditional, historical base rate proceedings but does not address minimum filing requirements or other elements related to multiyear rate cases or other alternative forms of regulation, which are currently being discussed in a working group as directed by the Commission in Order No. 22328.<sup>1</sup>

Potomac Electric Power Company (Pepco or the Company) appreciates the Commission’s focus on efficiency. The Company also observes that many of the changes proposed for Chapter 2, which are essentially minimum filing requirements

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<sup>1</sup> NOPR at page 2.

for a traditional, historical test year rate proceeding, either represent incremental additions to current regulations or reorganization of current regulations. Accordingly, Pepco respectfully recommends that the Commission not adopt the proposed regulations. Rather, the Company recommends that the Commission solicit from stakeholders, and from Commission Staff, the types of information and data that is typically used and reviewed in rate case proceedings and draft regulations using stakeholder and Staff input. Pepco's recommendation is based on the need to balance regulatory efficiency while also providing reviewers the information required to assess the needs identified by the utility in its base rate application. To that end, Pepco suggests that the Commission either establish a limited working group or direct stakeholders to file detailed comments. From that working group or those comments, regulations can be proposed and approved.

Notwithstanding Pepco's recommendation, Pepco offers these following comments on the NOPR. Generally speaking, and while not specifically addressed in the NOPR or the current regulations, Pepco reiterates its position that any recurring requirement for a base rate case should be included in regulations rather than Commission orders or other directives. Pepco's position in this regard mitigates against the potential for confusion and ambiguity that can be created by obligations that have occurred as a result of orders in previous rate cases, but that may no longer make sense or otherwise be entirely obsolete. Pepco proposes an additional regulation in Chapter 2 to address this concern.

These initial comments do not respond to every proposed change and the Company reserves its right to further comment in the future. Pepco's comments are generally

organized by proposed regulation and in the order presented in the NOPR.

**Section 108, EX PARTE COMMUNICATIONS, is amended as follows:**

**108.1** ~~No interested person may, with respect to any case, make (or knowingly cause to be made) to any Commissioner, Hearing Agent, or personal assistant to the Commissioners, any ex parte communication while the proceeding is pending before the Commission.~~ **Unless otherwise authorized by law, no person shall communicate with the Commissioners, Commissioner's Policy Advisor(s), or Hearing Officer(s) in any way regarding matters pending before the Commission unless:**

- (a) all parties are present or have been copied if the communication is written or in electronic form;**
- (b) all parties have waived their presence or right to receive communication;**
- (c) the communication is related to matters of procedure; or**
- (d) the communication is made in the course of another proceeding of the Commission to which it primarily relates and is on the public record.**

**108.2** **If the Commissioners, Commissioner's personal assistant(s) Policy Advisor(s), or Hearing Officer(s) receive any ex parte communication, the Commission shall inform all parties of the ex-parte communication(s) and the content of the ex-parte communication(s) shall be filed in the docket of the pending matter. The provisions of § 108.1 do not apply to any of the following communications:**

- ~~**(a) Those specifically authorized by law to be made on an ex-parte basis;**~~
- ~~**(b) Those related to a matter of procedure; or**~~
- ~~**(c) Those made in the course of another proceeding of the Commission to which it primarily relates, and is on the public record.**~~

**108.3** **Commission Staff are prohibited from receiving ex parte communications as defined in § 108.1, unless the communication is made through the Office of the General Counsel. The**

**communication and response shall be summarized in writing by the Office of the General Counsel and included in the record of the proceeding within five days of providing the response.** ~~Any employee of the Commission or person may apply to the Office of General Counsel for an advisory opinion as to whether any provision of this section is applicable to a communication.~~

**Pepco Comments:**

Pepco appreciates the need to have rigorous *ex-parte* restrictions and does not take issue with proposed Sections 108.1 or 108.2, which govern communications with the Commissioners, Commissioner Policy Advisors, and Hearing Examiners. The Company agrees with these provisions because the cited positions within the Commission are responsible for decision-making in contested proceedings. However, for proposed section 108.3, Pepco disagrees that Commission Staff should be similarly treated given their role, particularly for technical Staff. The Company further submits that, to the extent proposed section 108.3 seeks to prohibit *any* communication between a party and Commission Staff, the Commission not adopt this regulation. Procedural and other non-substantive matters should be permitted to be discussed with Commission Staff and adding a gatekeeper for such communications is inefficient and legally unnecessary.

**Section 115, SERVICE OF PLEADINGS AND OTHER DOCUMENTS, is amended as follows:**

...

- 115.2      Cross complaints, intervening petitions, answers, amendments, written motions, and all other documents shall be ~~served by the parties within one (1) day after the pleading is filed with the Commission~~ **filed with the Commission and a copy of same shall be electronically served by the filing party on all other parties on the same day as the filing.**

**Pepco Comments:**

Pepco takes no issue with the proposed regulation as written. However, because many matters are also being considered and, at times, litigated outside of the “formal case” structure – such as those in “Electric Tariff” dockets – there can be confusion as to what constitutes the full and proper service list to use. The Company would recommend requiring intervention from all entities that wish to fully participate in *any* matter to avoid instances of ambiguity in the future.

**Section 122, INFORMATION REQUESTS, is amended as follows:**

...

- 122.8      ~~Commission~~ ~~The Staff~~ ~~staff~~ may request information from ~~a the~~ **Public Utility** ~~utility~~ at any time, and those requests originally need not

be in writing. The oral request, if submitted with respect to a ~~contested~~ case in which Staff is participating shall be reduced to writing a ~~written memorandum~~ and served on all parties within three (3) days of the initial request.

...

- 122.10      **Data responses shall be submitted to the requesting party, the Commission Secretary, and the Commission’s Office of Technical and Regulatory Affairs, in a text-searchable format converted directly from a word processing program to portable document format (PDF) with the optical character recognition (OCR) feature enabled.**

**Pepco Comments:**

For proposed section 122.10, Pepco would suggest that the regulation be expanded to include service to all parties – which tracks with Section 115.2, above. Further, to the extent that the Commission’s Office of Technical and Regulatory Affairs (OTRA) is included, Pepco agrees with the addition as long as an email address from OTRA is included in the service list for the given proceeding.

~~If a response to a particular information request is so voluminous that sending copies to all parties would be unduly burdensome, the responding party may serve the response on the following:~~

- ~~(a) — The requesting party;~~
- ~~(b) — The Secretary of the Commission; and~~
- ~~(c) — The Commission’s Office of Accounting and Finance~~

- 122.11      **Information responses containing calculations shall be submitted together with the relevant electronic excel format files with all formulas intact. All data responses shall identify the name and the title of the person submitting the response.**

~~If a response is served pursuant to § 122.10, the responding party shall give notice to other parties expecting a response, that a copy may be inspected by applying to the Secretary of the Commission.~~

**Pepco Comments:**

Pepco seeks clarification as to whether “submitted” in this proposed regulation is intended to mean “filed.” If so, Pepco did not understand that the Commission

had a database or filing mechanism that permitted the receipt of excel files.

Pepco further submits that the proposed requirement for a “name and title” for each data response is unnecessary outside of a litigated proceeding, such as a base rate case. Pepco does not object to adding sponsors to data responses when and if a hearing is held by the Commission in other proceedings, but adding a sponsor for every data request can be difficult for questions that span multiple subject matters and, over time, sponsors can change. A simpler way to achieve the assumed objective is to require sponsors for actively litigated cases.

- 122.12 ~~Large volumes of materials to be examined in response to a request may be made available for examination at reasonable times at the responding party’s offices.~~
- 122.13 ~~Data responses, to the extent possible, shall be submitted in the requested format, including machine readable forms. All data responses shall identify the name and the title of the person sponsoring the response.~~

**Section 133, EXHIBITS, is amended as follows:**

- ...
- 133.5 Case-in-Chief exhibits and rebuttal exhibits shall be ~~served on each party, and thirteen (13) written copies shall be filed with the Secretary for use by the Commission and its staff. In addition, one (1) written copy shall be served on each Commission agent and consultant previously identified by the Commission’s Secretary or General Counsel~~ **filed with the Commission and served on each party and consultant(s) previously identified by the Commission Secretary.**
- 133.6 Narrative testimony and exhibits shall be marked with a tab in the filed written version and a bookmark in the electronic PDF version required under Sections ~~118 and 119~~ of this chapter and be identified prior to filing as follows:
- (a) ~~The name of the party shall be set forth on each exhibit in the form of an acronym or initials (e.g., OPC, PEPCO, WGL, VZ-DC, DCG, PSC, GSA, AOBA);~~ **When the document to be filed is the testimony of a witness, each set of the testimony shall identify the witness and the type of testimony filed (e.g., PEPCO Smith Direct Testimony; PEPCO Smith Rebuttal Testimony);**
  - (b) **If there is an exhibit attached to the testimony of the witness, that exhibit shall be labeled with a number; the first exhibit would be labeled Exhibit 1 (e.g., PEPCO Smith**

**Direct Testimony – Exhibit 1; PEPCO Smith Rebuttal Testimony – Exhibit 1);** ~~(b) When the document to be filed is the testimony of a witness, each set of the testimony shall, following the party's initials, bear a letter (in upper case); thus, the first witness of the Company shall have his or her testimony identified, for example, as PEPCO (A); the second witness, PEPCO (B), and so on. Each witness shall retain the same letter; however, the first witness' second set of testimony shall be lettered (2A) and so on; **and**~~

- (c) **If there is no testimony submitted with the exhibit, then the exhibit shall bear the capitalized initials of the party and be numbered sequentially (e.g., PEPCO-1, PEPCO-2).** ~~If there is an exhibit attached on the testimony of the witness, that exhibit shall bear an Arabic number. Thus, the first exhibit of the first witness would be marked, for example, PEPCO (A)-1. His or her second exhibit shall be marked, for example, PEPCO (A)-2, and so on. Any exhibit attached to the second set of testimony of a witness would be marked, for example, PEPCO (2A)-1; and~~
- (d) ~~If there is no testimony submitted with the exhibit, then the exhibit shall bear the capitalized initials of the party and be numbered sequentially (e.g., PEPCO-1, PEPCO-2).~~

**Chapter 2, UTILITY RATE CHANGES, of Title 15 DCMR, PUBLIC UTILITIES AND CABLE TELEVISION, is deleted and replaced in its entirety to read as follows:**

**200 GENERAL REQUIREMENTS**

- 200.1 This chapter is applicable to Public Utilities in the District of Columbia and provides the procedures for base rate applications before the Commission.
- 200.2 Any Public Utility seeking a change in its base rates shall meet the minimum filing requirements set forth in Sections 201 through 220.
- 200.3 A Public Utility's filing for a change in rates or charges shall include such material as to be sufficient on its own to sustain the Public Utility's burden of proving that the proposed changes are just and reasonable.
- 200.4 The filing and supporting workpapers shall be of such composition, scope, and format as to comprise the Public Utility's complete case-in-chief.



- 200.5 If the change in rates or charges presented is not consistent with any Commission decision directly involving the filing Public Utility, the Public Utility shall include in its filing and supporting workpapers an explanation why the filing is not consistent the Commission’s prior decision.
- 200.6 The Public Utility’s filing should address 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 set forth in D.C. Code § 34-808.02.
- 200.7 The Commission will undertake a completeness review within thirty (30) days of receipt of the filing and notify the Public Utility whether the filing is accepted. If a proposed rate change is deficient, the filing will be dismissed without prejudice.

#### **PEPCO COMMENTS:**

For proposed Section 200.7, Pepco recommends that the regulation be modified, in the case of a “deficiency,” to require a specific reason or explanation of the deficiency, and permit the affected utility to rectify the deficiency rather than require an outright dismissal of an application, which would not be administratively efficient and would cause the utility to incur unnecessary costs. In addition, Pepco would request that the Commission define what constitutes “deficiency” or require the deficiency to be material rather than minor or administrative.

The Company seeks clarification regarding the timing of the differing requirements proposed in the updated chapter 2. Under current regulations, section 200.10, certain information is required to be filed within 21 days of the filing of the application. Pepco presumes that the proposed regulations require all data and information to be submitted along with the application if the proposed regulations are adopted.

Similarly, Pepco seeks clarification as to whether current Sections 213.1 and 213.2 are eliminated in their entirety. These sections, respectively, allow for updates to actuals when updates have a “significant impact” on the original filing and require the utility to file an actual historical cost-of-service study for the entire proposed test year when the application is based on forecasted data.

#### **201 PRE-FILING REQUIREMENTS**

- 201.1 A Public Utility is required to provide sixty (60) days advanced written notice to the Commission of its intent to initiate a new base rate case.
- 201.2 Within thirty (30) days of the advanced written notice, a Public Utility

shall schedule a pre-filing meeting with interested stakeholders and the Commission's Staff to provide an overview and briefing of the major elements (*e.g.*, proposed revenue requirement and projected percentage increase, requested rate of return, identification of major capital investments, quantification of emissions reductions driven by climate initiatives, and identification of major changes) of the upcoming base rate case application.

- 201.3 A Public Utility and stakeholders shall discuss proposed dates for scheduling a pre-hearing conference. The Public Utility's application shall include at least three (3) mutually agreeable dates to convene a pre-hearing conference that are within thirty (30) days of the date of the filing of the application.

**Pepco Comments:**

For proposed section 201.3, Pepco would recommend the regulation include a requirement for any party to the case to file, along with the intervention in the case, a proposed schedule and/or adopt the schedule proposed by the utility. This requirement would expedite the process envisioned by the regulation without imposing a significant burden on any party.

**202 GENERAL FILING INFORMATION FOR BASE RATE CASES (SCHEDULE A) (TRADITIONAL TEST YEAR RATE OF RETURN)**

- 202.1 The Public Utility shall provide in its application for a base rate change the following set forth in Schedule A:
- (a) A description of base rates (Schedule A1);
  - (b) A description of utility plant(s) in service (Schedule A2);
  - (c) A description of working capital (Schedule A3);
  - (d) A description of construction work in progress (CWIP) (Schedule A4);
  - (e) A description of allowance for funds used during construction (Schedule A5);
  - (f) A description of cost of shareholders' equity (Schedule A6);
  - (g) A description of sales, load, and customer data (Schedule A7);

- (h) A description of the Public Utility's affiliate cost of service study (Schedule A8);
- (i) A description of the Public Utility (Schedule A9);
- (j) A copy of the Public Utility's current organizational chart (Schedule A10);
- (k) A description of ownership of the Public Utility and all relationships between the Public Utility and its parent, subsidiaries, and other affiliates (Schedule A11); and
- (l) Identification of corporate transactions (e.g., mergers, acquisitions, asset sales) within the previous five (5) years that have an impact on the requested change in rates (Schedule A12).

**203                    ADDITIONAL INFORMATION REQUIRED IN BASE  
RATE CHANGE APPLICATIONS (SCHEDULE B)**

203.1                All base rate change applications, other than tariff filings not affecting existing rates, shall include the following information set forth in Schedule B:

- (a) A statement of test year (historical, partially forecasted, or fully forecasted) and the basis for choosing this test year (Schedule B1);
- (b) A description of the nature and basis of the changes proposed (Schedule B2);
- (c) A listing of the tariff pages affected by the changes proposed (Schedule B3);
- (d) A listing of the existing rates and proposed rates for each service for which changes are being proposed (Schedule B4);
- (e) A full statement and description of any new or revised tariff rules and regulations (Schedule B5);
- (f) A statement listing the jurisdictional operating revenues of the Public Utility for the proposed test year (Schedule B6);
- (g) A listing of the total number of jurisdictional customers or accounts served for the historical test year and the proposed test year (Schedule B7);

- (h) A calculation of the number of jurisdictional customers or accounts in each customer classification whose bills will be affected and a calculation of the average effect of the proposed change on jurisdictional customers in each customer classification based upon data for the historical test year and the proposed test year (Schedule B8); and
- (i) A calculation of the total proposed revenue change in dollars by customer classification, projected annually (Schedule B9).

203.2 Whenever, in a base rate change application, a Public Utility proposes to change the ratemaking principles adopted in its most recent base rate case, the Public Utility shall also file with its § 203.1 filing a statement describing each proposed change in the ratemaking principles adopted by the Commission in the Public Utility's last base rate proceeding, showing the effect of each such change upon the Public Utility's request if no such changes were made (Schedule B10).

203.3 Any base rate change application that proposes to increase a Public Utility's jurisdictional operating revenues by more than one percent (1%) when projected on an annual basis shall include, in addition to the information required by §§ 203.1 and 203.2, the following information:

- (a) A statement showing the Public Utility's calculation of the jurisdictional rate of return earned or to be earned in the historical test year and the proposed test year(s) (Schedule B11);
- (b) The anticipated jurisdictional rate of return to be earned when proposed rate changes become effective (Schedule B12);
- (c) The jurisdictional base rate(s) used in the rate of return calculation supported, if available, by summaries of original cost or other factors used in its determination (Schedule B13);
- (d) A summary, on a functional basis, of the book value (actual or projected) of the Public Utility's jurisdictional property at the close of the historical test year and the proposed test year(s) (Schedule B14);
- (e) A statement showing the amount of depreciation reserve, at the close of the historical and proposed test years, applicable to the property summarized in paragraph (d) (Schedule B15);
- (f) A statement of jurisdictional operating income, setting

forth the operating revenues and expenses by accounts,  
for the historical and proposed test years (Schedule B16);

- (g) A brief description of and basis for any major change affecting the Public Utility's operating or financial condition during the proposed test year, known as of the date of the filing of the application, and any major change during the rate effective period as follows (Schedule B17):
  - (1) Known and measurable as of the date of the filing of the application; or
  - (2) Known and which can be approximated with reasonable certainty as of the date of the filing of the application.
  - (3) For purposes of this section, "a major change" means one which materially alters the Public Utility's operating or financial condition from that reflected in paragraphs (a) through (f); and
- (h) The most recent historic balance sheet available as of the date of filing (Schedule B18).

203.4 The historical test year is the preferred proposed test year. However, the proposed test year may include forecasted data; provided, that the proposed test year does not include more than six (6) months of forecasted data.

**Pepco Comments:**

Pepco proposes the removal of the first sentence in proposed section 203.4. Parties may differ in terms of their views on multiyear rate cases or other alternate forms of regulation, but the first sentence in this section inappropriately provides a preference on a matter of policy and is at odds with the law, which permits the Commission to consider alternative forms of regulation.

203.5 When a Public Utility submits forecasted data as part of its proposed test year data, the Public Utility's filing shall include, in addition to the information and data required by §§ 203.1 through 203.3, the following information:

- (a) The basis for including forecasted data in the test year (Schedule B19);
- (b) Key assumptions which underlie the projected jurisdictional ratemaking data for the proposed test year, including but not

limited to, the following (Schedule B20):

- (1) Operating Revenues;
  - (2) Construction Program and;
  - (3) Operating and maintenance expenses (excluding those expenses under § 203.5(a).
- (c) Description of the procedures employed in the preparation of the projected data for the proposed test year (Schedule B21); and
- (d) Analyses of changes in jurisdictional base rates ~~base~~, jurisdictional expenses and jurisdictional operating income between the historical test year and the proposed test year (Schedule B22).

203.6 Any request by a Public Utility for relief from attrition shall be accompanied by the following:

- (a) A demonstration of the existence and causes of attrition using the following tests:
- (1) The rate of return on investment (ROI) test: a comparison of the actual and authorized rates of return on total investment and return on equity for the historical test year and the nine (9) years preceding the historical test year (Schedule B23);
  - (2) The operating ratios test: a comparison, for the historical test year and the nine (9) years preceding the historical test year, of the following (Schedule B24):
    - (A) The actual revenues to expenses with the authorized revenues to expenses; and
    - (B) The actual revenues to actual expenses; and
  - (3) The revenues per net investment test: a comparison, for the historical test year and the nine (9) years preceding the historical test year, of the following (Schedule B25):
    - (A) The actual revenues to investment with the authorized revenues to investment; and

- (B) The actual revenues to actual investment;
- (b) Any other attrition tests offered by a Public Utility to demonstrate the existence and causes of attrition; provided, that the Public Utility demonstrates that such tests are consistent with Commission orders and are relevant to the proceeding (Schedule B26);
  - (c) Testimony and exhibits demonstrating the probability of the presence of attrition in the rate-effective period; and
  - (d) Testimony and exhibits showing any factors which would likely offset, at least in part, the presence of attrition during the rate-effective period.
- 203.7 In the attrition tests identified in § 203.6, a Public Utility shall, as applicable, do the following:
- (a) Exclude fuel, gas, and interchange costs from its expenses;
  - (b) Exclude income derived from fuel, gas, and interchange costs from its revenues;
  - (c) Include income taxes as expenses; and
  - (d) Adjust its data for abnormal weather.
- 203.8 When a Public Utility's historical test year and proposed test year are the same, the Public Utility shall submit a single set of data.
- 203.9 When a Public Utility's historical test year and proposed test year are different, the Public Utility shall file two separate sets of data for each of the test years.
- 204 [RESERVED]**
- 205 [RESERVED]**
- 206 [RESERVED]**
- 207 [RESERVED]**

**208                    COMPARATIVE FINANCIAL DATA (SCHEDULE C)**

- 208.1            Comparative financial data shall be provided as set forth in this section set forth in Schedule C.
- 208.2            The Public Utility shall submit with its base rate application a comparison of data (analysis of records between the current and directly preceding rate application period).
- 208.3            The following plant data shall be provided for the proposed test year on a pro forma basis and on an actual basis for the historical test year and for the five (5) calendar years preceding the historical test year (Schedule C1):
- (a)      Plant in service;
  - (b)      Plant under construction (separately identify short and long term if separate accounts are kept);
  - (c)      Plant held for future use; and
  - (d)      Accumulated depreciation and amortization.
- 208.4            The amounts and percentages of capital as reflected in § 209.21 shall be provided for the proposed test year on a pro forma basis and on an actual basis for the historical test year and for the five (5) calendar years preceding the historical test year (Schedule C2).
- 208.5            For the proposed test year, the historical test year and each of the five (5) calendar years preceding the historical test year, the Public Utility shall provide a total company income statement in the same format as presented in its application for a base rate increase (Schedule C3).
- 208.6            Consolidated data, if applicable, shall be provided in the format used in the Public Utility's annual report to shareholders. Other income and deductions shall be shown for the proposed test year, the historical test year and for each of the five (5) calendar years preceding the historical test year (Schedule C4).
- 208.7            The following interest and fixed charge coverage data shall be provided for the proposed test year, the historical test year, and for each of the five (5) calendar years preceding the historical test year (Schedule C5):
- (a)      Pre-tax interest coverage;



- (b) After-tax interest coverage;
  - (c) Pre-tax fixed charge coverage; and
  - (d) After-tax fixed charge coverage.
- 208.8 Each of the items in § 208.7 shall be computed using both the formula prescribed in indentures and that prescribed by the SEC. The data shall show the following:
- (a) The development of the coverage in detail including elements included in the income coverage amounts;
  - (b) The amounts of tax entering into the calculations;
  - (c) The amounts of interest;
  - (d) The preferred dividend requirements; and
  - (e) Other fixed charges.
- 208.9 The data filed under § 208.7 shall show the embedded cost of debt and preferred stock computed on a basis consistent with the principal, interest and dividend amounts used in the coverage computations.
- 208.10 Any ratings from rating agencies on preferred stock and bond ratings data, including the latest Public Utility corporate bond issuance, shall be provided for the proposed test year, the historical test year and for each of the five (5) calendar years preceding the historical test year. Ratings are to be differentiated as to type of security if rated differently (Schedule C6).
- 208.11 The following common stock data shall be provided for the historical test year and for each of the five (5) calendar years preceding the historical test year except as noted (Schedule C7):
- (a) Shares outstanding-year-end;
  - (b) Shares outstanding-weighted, with description of weighing method;
  - (c) Net income for equity per share, on year-end basis and weighted basis;
  - (d) Dividends paid per share, and date of payment, dividends

declared per share and date of declaration, and ex-dividend date;

- (e) Market price per share, high and low for each quarter;
- (f) Book value in total dollars on a year-end and on a weighted share basis separated as to the following:
  - (1) Par or stated value;
  - (2) Capital surplus;
  - (3) Earned surplus;
  - (4) Other (describe); and
  - (5) A total of subparagraphs (1) through (4) of this paragraph;
- (g) Growth in total book value per share year-end, and growth in book value per share year-end for retained earnings;
- (h) For major issues, the following data (Schedule C8):
  - (1) Number of shares issued;
  - (2) Stock issue method, whether by rights, direct offer or other method;
  - (3) Date of issue;
  - (4) Price received (net);
  - (5) Financing costs; and
  - (6) A narrative description of any stock issue methods other than public sales including provisions for purchase relating to qualifications, differentials from market prices or par values, and maximum and minimum amounts allowed to be subscribed;
- (i) For minor or continuing issues such as Employee Stock Option Plan or Dividend Reinvestment Plan, the number of shares and amount received; and

- (j) The date of any formal presentation to securities analysts or rating agencies within the last twelve (12) months. The Public Utility shall make available for inspection copies of all formal prepared reports distributed to the public in connection with such presentations and a listing of documents distributed in support of such presentations for which privilege of confidentiality is asserted.
- 208.12 The submission shall provide the case sinking fund requirement on debt and preferred stock by issue for the most recent historical twelve (12) month period and the following two (2) calendar years. The submission shall indicate whether these amounts are included in amounts outstanding as of the end of the previous years. The submission shall indicate by issue what sinking funds (or repayments) will be provided in advance of the required dates (Schedule C9).
- 208.13 The filing shall provide the following (Schedule C10):
  - (a) The estimated dollar amounts of construction expenditures, including Allowance for Funds Used During Construction (AFUDC) or Interest During Construction (IDC), for the proposed test year and the historical test year;
  - (b) The amount of the AFUDC or IDC included in the construction expenditure estimate; and
  - (c) The computation of the AFUDC or IDC rate used in the proposed test year and the historical test year by components of the rate.
- 208.14 The filing shall provide dollar amounts of the statement of cash flow as they are reported in the Public Utility's annual filing with the Commission for the most recently available quarter (Schedule C11).
- 208.15 Comparison of last base rate case revenues to application test year revenues (Schedule C12).
- 208.16 Comparison of authorized ROE and actual ROE over the previous five (5) calendar years (Schedule C13).
- 208.17 Comparison of revenue surplus or deficiency and revenue requirements over each of the previous five (5) calendar years (Schedule C14).

### **Pepco Comments on 208.16 and 208.17**

The Company questions the need for the five (5) years of historical data related to ROE and revenue surplus/deficiency as well as the revenue requirements. This data does not appear relevant and, in fact, the purpose of a rate case is to demonstrate and support the Company's under-earning and/or need for an increase in rates.

- 208.18      Comparison of last base rate case sales to test year sales projections (Schedule C15).
- 208.19      Comparison of last base rate case sales per customer to application test year sales per customer (Schedule C16).
- 208.20      Comparison of last base rate case customer counts to application test year customer counts (Schedule C17).
- 208.21      Comparison of last base rate case capital structure (consolidated, partially consolidated or other) and weighted cost thereof to the most recent data available, the end of the historical test year, and proposed test year capital structure. For each class or type of capital the data shall show the following (Schedule C18):
  - (a)      Amount in dollars;
  - (b)      Percent of total;
  - (c)      Cost rate;
  - (d)      Weighted cost; and
  - (e)      Number of shares or securities.
- 208.22      The Public Utility shall provide a rate of return summary which shall reference the supporting schedule for each item showing detailed composition and calculations (Schedule C19).
- 208.23      Comparison of last base rate case and proposed years' information showing the calculation of the proposed capital cost for each component of the capital structure (Schedule C20).
- 208.24      Comparison of current credit ratings with the previous five (5) calendar years (Schedule C21).
- 208.25      Comparison of last base rate case and proposed years' balance sheet and income statements (Schedule C22).

208.26

Comparison of last base rate case and proposed years' financial metrics which shall be set forth in a schedule (Schedule C23):

- (a) Rate of return on average common equity;
- (b) Common stock earnings retention ratio;
- (c) Return on Common Equity (ROE). Authorized ROE and actual ROE for each year since the Public Utility's previous base rate case;
- (d) Funds from Operation (FFO) Interest Coverage;
- (e) FFO to Debt Ratio;
- (f) Overall Fixed Charge Coverage, defined as: net income plus gross interest/gross interest plus preferred dividends;
- (g) Cash Flow Coverage of the Dividend, defined as: net income for Common plus depreciation plus amortization plus deferred taxes plus deferred investment tax credits / common dividends;
- (h) Earnings Before Interest and Taxes (EBIT) Interest Coverage;
- (i) Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) Interest Coverage;
- (j) Common Dividend Payout Ratio, defined as: common dividends/net income for common shares;
- (k) Historical Financial Metrics;
- (l) Provide a list of key drivers for the requested base rate increase;
- (m) Provide a description and analysis of the Public Utility's revenue deficiency or sufficiency;
- (n) Provide a description and analysis of the Public Utility's revenue conversion factor;
- (o) Provide a description and analysis of the Public Utility's present and proposed revenues; and

- (p) Provide a description and analysis of the Public Utility's comparison of present and proposed monthly bills.

**Pepco Comments:**

Proposed part (k), historical financial metrics, is undefined and Pepco requests clarification in the regulation as to what is required.

Proposed part (m), which requests a “a description and analysis of the Public Utility’s revenue deficiency or sufficiency,” lacks a comparison point. It is unclear whether this deficiency or sufficiency refers to the Company’s last case, what was previously authorized, or what the Company may be proposing in the case it is filing.

Similarly, parts (o) and (p) are unclear. The Company does not understand whether the “present” and “proposed” refers to a previous case’s bill impact compared to what the Company proposes in the instant case or some other comparison point.

**209 ACCOUNTING AND OPERATING INFORMATION  
(SCHEDULE D)**

- 209.1 The accounting and operating information set forth in this section shall provide for the historical test year and the proposed test year, except as specifically provided otherwise in each subsection set forth in Schedule D.
- 209.2 The filing shall include an income statement (showing net utility operating income) for the Public Utility’s jurisdictional operations for the historical test year and the proposed test year (Schedule D1).
- 209.3 The filing shall include a General Ledger and subledgers, or an equivalent available for access as of the most recent date within the historical test year showing account number, account title, and monthly amounts. The data shall show the balance in each control account and all underlying subaccounts per book (Schedule D2).
- 209.4 The filing shall include the allocation factors for each classification of revenue, expense, and base rate and the method for determining the allocation factors (Schedule D3).
- 209.5 The filing shall include the following monthly balances and a calculation of the thirteenth (13th) month average data or an average of the averages for both the historical test year and the proposed test year operations of the total company, and an allocation of these balances to the District of Columbia

jurisdiction and the method for determining the allocation factors (Schedule D4):

- (a) Plant in service;
- (b) Plant purchased or sold;
- (c) Plant held for future use;
- (d) Construction-work-in-progress (included in base rates);
- (e) Depreciation reserve;
- (f) Plant acquisition adjustment;
- (g) Amortization of plant acquisition adjustment;
- (h) Materials and supplies;
- (i) Unamortized Investment Tax Credit (as applicable) under all applicable Tax and Revenue laws;
- (j) Accumulated deferred income taxes (ADIT); including
  - (1) A schedule that provides a list of the specific book-timing difference and amounts that make up the total ADIT; and
  - (2) A break-down between the ADIT balances that are protected by IRS normalization rules and those that are not protected.
- (k) Customer deposits.
- (l) List of all grants received or pending (*e.g.*, Inflation Reduction Act) and a narrative explaining the impact on rates.
- (m) List of all tax incentives received and a narrative explaining the impact on rates.

209.6 The filing shall also include the following (Schedule D5):

- (a) The journal entries relating to the purchase of Public Utility plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation or otherwise

since the end of the test year adopted in the last base rate case; and

- (b) A schedule showing the calculation of the acquisition adjustment at the date of purchase of each item of Public Utility plant, the amortization period, and the unamortized balance at the end of the proposed test year and the historical test year.

- 209.7 The filing shall include a schedule in comparative form showing the total Public Utility operating expense account balances for the historical test year, the proposed test year and for each of the five (5) calendar years preceding the historical test year for each account or subaccount included in the applicant's annual report or other similar published reports to the Commission. The appropriate pages from these reports may be supplied for calendar year comparative data (Schedule D6).
- 209.8 The filing shall include a schedule of total company salaries and wages for the historical test year and the proposed test year and for each of the five (5) calendar years preceding the historical test year in a format which provides a break-out by operational functions (Schedule D7).
- 209.9 The filing shall include the detailed workpapers showing and explaining calculations supporting all proposed ratemaking adjustments with a comprehensive narrative explanation of each adjustment. There shall be a clear audit trail within the workpapers and to the filed testimony and exhibits.
- 209.10 The filing shall include a list of all one-time or out-of-period accounting entries affecting the jurisdictional proposed test year and the historical test year net Public Utility operating income by one percent (1%) or more, but not less than one hundred thousand dollars (\$100,000).
- 209.11 The filing shall include tax data for the historical test year, including the following (Schedule D8):
- (a) A detailed calculation of Federal and State income taxes included in the company's proposed revenue requirement. If these taxes are derived from total company, income taxes, provide a detailed calculation of total company income taxes and the subsequent derivation of the Federal



and State income taxes included in the proposed revenue requirement; and

- (b) Analysis of the operating expenses for the total company, District of Columbia jurisdiction, and other regulated jurisdictions.

209.12 The filing shall include the amount of contributions for political purposes (in cash or services) if any is incorporated in the Public Utility's cost of service (Schedule D9).

209.13 If lobbying expenses are included in the Public Utility's cost of service, the filing shall include a statement describing the applicant's lobbying activities and a schedule showing the name of the individual, compensation attributable to lobbying, all Public Utility paid or reimbursed expenses or allowances, and the account charged for all personnel for whom a principal function is lobbying, whether on the local, state, or national level. The filing shall indicate the account number to which each expense is charged (Schedule D10).

209.14 The filing shall include the following information with regard to Public Utility uncollectible accounts for the proposed test year, the historical test year, and the five (5) calendar years preceding the historical test year (Schedule D11):

- (a) Reserve account balance at the beginning of each year;
- (b) Charges to reserve account (accounts charged off);
- (c) Credits to reserve account;
- (d) Current year provision;
- (e) Reserve account balance at the end of each year; and
- (f) Percent of provision to total revenue.

209.15 The filing shall include a listing of non-utility property and non-utility property taxes and the account where amounts are recorded as of the end of the proposed test year and the historical test year (Schedule D12).

209.16 The filing shall include a list, in the detail specified in the Public Utility's annual report to the Commission, of the balances in the following accounts as of the end of the proposed test year and the

historical test year (Schedule D13):

- (a) Preliminary Survey and Investigation Charges;
- (b) Property or Plant Held for Future Use;
- (c) Other Deferred Credits; and
- (d) Other Deferred Debits.

- 209.17 The filing shall include a schedule showing a comparison of the District of Columbia balance in the jurisdictional Public Utility operating revenue accounts for each month of the proposed test year to the same month of the year preceding the proposed test year and for each month of historical test year to the same month of the year preceding the historical test year for each revenue account or subaccount in no less detail than the format of the Public Utility's annual report to the Commission. The filing shall also include an appropriate footnote to show the month the full change due to any general base rate case was recorded in the accounts (Schedule D14).
- 209.18 The filing shall include a schedule showing a comparison of the balance in each total Public Utility operating expense account for each month of the proposed test year to the same month of the year preceding the proposed test year and for each month of the historical test year to the same month of the year preceding the historical test year for each account or subaccount in no less detail than the format for operation and maintenance expense in the Public Utility's annual report to the Commission (Schedule D15).
- 209.19 The filing shall include a brief summary of significant and major pending refunds from suppliers or settlements from litigation. The response shall include an estimate of the amount of refund or settlement, or other explanation of significance (Schedule D16).
- 209.20 The filing shall include a description of changes made to the jurisdictional allocation methods since the Public Utility's last base rate case (Schedule D17).
- 209.21 The filing shall include a copy of current union contract(s) (Schedule D18).
- 209.22 The filing shall provide the actual number of full-time equivalent employees for the proposed test year (if historical) and the two (2) calendar years prior to the proposed test year. If a partially

forecasted test year is proposed, the filing shall also include the budgeted number of full-time equivalent employees for the proposed test year, and the two (2) calendar years prior to the proposed test year, derived from the last budget before the beginning of each particular year. Data provided shall be by functional areas where readily available, as well as by exempt and nonexempt, or management and nonmanagement, as may be appropriate. As well as the following (Schedule D19):

- (a) Description of Public Utility's incentive compensation plan; and
- (b) Description as to how incentive compensation is allocated to rates.

209.23 The filing shall include the percentage of labor charged directly or indirectly to the following (Schedule D20):

- (a) Capital accounts;
- (b) Operation and maintenance accounts; and
- (c) Other accounts from the most recent study available.

209.24 The filing shall include a list of major projects included in Construction Work In Progress (CWIP) for the proposed test year and the historical test year. For each item listed, provide the following data (Schedule D21):

- (a) Type of plant;
- (b) Jurisdictional location;
- (c) Year-end balance;
- (d) Average balance; and
- (e) Estimated in-service date.

209.25 The filing shall include a summary of each item of revenue and expense entering into the calculation of cash working capital and make available for inspection a complete copy of the lead-lag study, if any (Schedule D22).

209.26 The filing shall include a statement on whether the Public Utility has filed or plans to file insurance claims covering losses of over one hundred thousand dollars (\$100,000) per event which were

incurred during the historical test year. The statement shall list the cause of such claims and the cost incurred. The statement shall indicate whether the cost or loss was expensed, capitalized, or caused a reduction in reserve for the amount of the insurance claim net of any deductible (Schedule D23).

- 209.27 The filing shall include an analysis of plant additions and retirements by plant account for the proposed test year and the historical test year (Schedule D24).
- 209.28 The filing shall include an analysis of changes in the accumulated reserve showing separately the annual accrual, retirements, gross salvage, and cost of removal for the proposed test year and the historical test year (Schedule D25).
- 209.29 The filing shall include two (2) copies of the Form 10K (or its equivalent) reports for the most recent year and the first preceding year and the Form 10Q (or its equivalent) reports for the test year (Schedule D26).
- 209.30 The filing shall include a copy of the Public Utility's latest federal tax return (Schedule D27).
- 209.31 The filing shall include copies of the audit adjustments made as a result of the audit completed by the independent auditor for the most recent year-end and the first preceding year (Schedule D28).
- 209.32 The filing shall include a copy of the latest applicable federal regulatory agency's audit report (Schedule D29).
- 209.33 The filing shall include copies of all Internal Revenue Service Revenue Agent Reports for the most recent year (Schedule D30).
- 209.34 The filing shall include copies of the applicable federal and/or state regulatory agency's required annual report for the most recent year and the first preceding year (Schedule D31).
- 209.35 The filing shall include a cross-walk from internal account to Federal Energy Regulatory Commission (FERC) accounting (Schedule D32).
- 209.36 The filing shall include a schedule of, or access to, comparative trial balances detailed by account for the test year and the first preceding year (Schedule D33).

- 209.37 The filing shall include any prospectus issued by the Public Utility or its parent company in the prior 24 months (Schedule D34).
- 209.38 The filing shall include the most recent Annual Report to Shareholders for the Public Utility, or its parent company, as appropriate (Schedule D35).
- 209.39 The filing shall include a listing of recurring journal entries shall include the entry number and a description. The list shall specifically include the amortization of deferred debits and deferred credits (including regulatory assets and regulatory liabilities) (Schedule D36).

**Pepco Comments:**

For proposed regulation 209.39, Pepco presumes the data is limited to regulatory assets and liabilities. On that basis, Pepco does not object to the proposed regulation.

- 209.40 The filing shall include a schedule detailing the overheads capitalized for the test period and the preceding year (Schedule D37).
- 209.41 The filing shall include workpapers which provide the following (Schedule D38):
- (a) A narrative that explains the Public Utility's clearing account utilization policy. The explanation shall set forth the basis used for clearing account distribution to capital and expense accounts; and
  - (b) A schedule of monthly activity that includes the beginning balances, the charges to and distributions from the accounts, and the ending balances for the test year and the first preceding year.
- 209.42 The filing shall include a summary of the number of customers for the 14-month period beginning one month prior to the test year and ending one month after the test year end (Schedule D39).
- 210 AFFILATE INFORMATION (SCHEDULE E)**
- 210.1 A Public Utility shall submit with the application information

regarding its affiliates.

210.2

The following data shall be provided regarding affiliate information for the application test year(s), as applicable, set forth in Schedule E:

- (a) Most recent cost allocation manual (CAM), which shall include the following (Schedule E1):
  - (1) An organization chart of the holding company, depicting all affiliates, and regulated entities.
  - (2) A description of all assets, services and products provided to and from the regulated entity and each of its affiliates.
  - (3) A description of all assets, services and products provided by the regulated entity to nonaffiliates.
  - (4) A description of the cost allocators and methods used by the regulated entity and the cost allocators and methods used by its affiliates related to the regulated services and products provided to the regulated entity.
- (b) A description of each corporate entity, including location, list of officers and the statement of the business of each entity (Schedule E2).
- (c) A listing of the transactions allocated or charged directly between the utility and corporate affiliates during the annual period (Calendar Year for the District of Columbia, Maryland, and Virginia) (Schedule E3).
- (d) Copies of all Service Level Agreements/contracts with affiliates and/or subsidiaries (Schedule E4).
- (e) A listing, by asset category and netbook value, of assets sold or transferred to any affiliate and/or subsidiary since the Public Utility's last base rate case (Schedule E5).
- (f) A listing and description of the services and/or products (and related costs) provided by each affiliated and or subsidiary company to the Public Utility for the test period (Schedule E6).

- (g) A listing of any significant Public Utility company facilities and/or resources, whether plant, other assets or personnel, that were used (Schedule E7).

**Pepco Comments:**

For proposed subsection 210.2(g), Pepco seeks to clarify the intent and scope of the required “listing” as well as what is meant by “significant.” The proposed regulation does not specify the scope nor how it differs or not from the other information provided in a rate case related to plant. Moreover, it is unclear what “used” means and how or whether the use of facilities, resources, assets or personnel may bear on a utility rate application.

- 210.3 The Public Utility shall submit Service Level Agreements that includes language that states that the affiliate payment or billing terms for the Public Utility’s services due to and or from the Public Utility are at arm’s length and comparable to the terms of the Public Utility’s other company’s vendors payables/receivable terms (Schedule E8).

**Pepco Comments:**

It is unclear whether this proposed regulation is seeking to impose contract language for utility agreements or seeking information related to payment or billing terms.

**211 SPECIFIC INFORMATION TO BE SUPPLIED BY PEPSCO (SCHEDULE F)**

- 211.1 In addition to other base rate case filing requirements of §§ 201-203, the Potomac Electric Power Company (also referred to in this section as the Electric Company) shall provide the data required in this section set forth in Schedule F.
- 211.2 The filing shall include an analysis of the following (Schedule F1):
  - (a) Account 930.1 - General Advertising Expense;
  - (b) Account 930.2 - Miscellaneous General Expenses;
  - (c) Account 913 - Advertising Expense;
  - (d) Account 909 - Information and Instructional Advertising Expense;
  - (e) Account 910 - Miscellaneous Customer Service and

Information Expenses; and

- (f) Account 426 - Other Income Deduction, for the proposed test year and the historical test year.

211.3 The filing shall include two (2) schedules, one for the total Electric Company and the District of Columbia showing the following (Schedule F2):

- (a) The number of customers, actual or estimated, as applicable, by customer class as of the end of the proposed test year, the historical test year and one year prior to the historical test year;
- (b) The average number of customers, actual or estimated, as applicable, by customer class for the proposed test year, the historical test year and one year prior to the historical test year;
- (c) The number of KWH sold or to be sold by customer class for the proposed test year, the historical test year, and one year prior to the historical test year;
- (d) Unadjusted base revenue by customer class for the proposed test year and the historical test year;
- (e) Adjustments to base revenue by customer class to reflect the normalization of rate increases and decreases previously granted; and
- (f) Fuel adjustment revenue by customer class for the proposed test year and the historical test year.

**Pepco Comments:**

Pepco recommends that 211.3(f) be eliminated because it is no longer necessary.

211.4 The filing shall include a schedule showing KWH sales by customer class by year for the historical test year and the next nine (9) years, by total system, and by each of the jurisdictions (Schedule F3).

211.5 The filing shall include a statement concerning any unplanned and/or unexpectedly extended down time of longer than twenty-four (24) hours of any generating units during the historical test



year, including duration of the down time and cost to the Electric Company by unit (Schedule F4).

**Pepco Comments:**

Pepco recommends that 211.4 and 211.5 should be eliminated as no longer necessary and apparent requirements from when Pepco owned generation.

- 211.6            The filing shall include a schedule showing the following (Schedule F5):
- (a)        Total construction expenditures by year for the historical test year, the two (2) years prior to the historical test year, and the three (3) years succeeding the historical test year; and
  - (b)        Construction expenditures by major project by year for the historical test year and the three (3) years succeeding the historical test year.
- 211.7            The filing shall include copies of the annual ten (10) year forecast, beginning with studies prepared four (4) years prior to the historical test year and continuing through the latest studies available pertaining to demand by customer class, capacity, reserve and load factor (Schedule F6).
- 211.8            The filing shall include a schedule showing actual annual figures beginning with the period four (4) years prior to the historical test year and continuing through the latest studies available pertaining to demand by customer class, capacity, reserve, and load factor (Schedule F8).
- 211.9            The filing shall include a copy of the following (Schedule F9):
- (a)        The latest prospectus;
  - (b)        The latest annual report to shareholders and statistical summary; and
  - (c)        The latest annual report to the Commission.

**Pepco Comments:**

Proposed section 211.9(a) is duplicative of proposed section 209. In addition, part (c), which mirrors proposed 209.34, states “annual report to the Commission” is unclear. Pepco recommends that the annual report, if any, be

specifically named in the regulations (in either or both cited instances) if adopted.

**212                    SPECIFIC INFORMATION TO BE PROVIDED BY  
WASHINGTON GAS LIGHT COMPANY (SCHEDULE G)**

212.1                In addition to other base rate case filing requirements of §§ 201-203, the Washington Gas Light Company (also referred to in this section as the Gas Company) shall provide the data required by this section set forth in Schedule G.

212.2                The filing shall include an analysis of the following (Schedule G1):

- (a)      Account 930.1 - General Advertising Expenses;
- (b)      Account 930.2 - Miscellaneous General Expenses;
- (c)      Account 913 - Advertising Expense; and
- (d)      Account 909 - Informational Advertising, for the proposed test year and the historical test year.

212.3                The analysis required by § 212.2 shall show, by account, at least the following delineation for the proposed test year and the historical test year:

- (a)      Industry association dues;
- (b)      Stockholder and debt serving expenses;
- (c)      Rate department load studies;
- (d)      Directors' fees and expenses;
- (e)      Dues and subscriptions;
- (f)      Information Advertising (Account 909), including the following:
  - (1)      Conversation advertising done by the company by types of advertisement and media;
  - (2)      Other informational advertising done by the Gas Company; and

- (3) Informational advertising done by trade associations;
- (g) Promotional Advertising (Account 913.000), including the following:
  - (1) Advertising done by the Gas Company by type of appliance advertised and media used; and
  - (2) Promotional advertising done by trade associations;
- (h) General Advertising Expenses (Account 930.100) including the following:
  - (1) Institutional advertising done by the Gas Company and the media used;
  - (2) Other general advertising done by the Gas Company; and
  - (3) General advertising done by trade associations.

212.4 The filing shall include a schedule showing for the historical test year and the calendar year preceding the historical test year the following information regarding the applicant's investment in subsidiaries and joint ventures (Schedule G2):

- (a) The name of each subsidiary or joint venture;
- (b) The date of initial investment; and
- (c) The amount and type of investment made for each of the periods included in this report.

212.5 The filing shall include a balance sheet and income statements for the Gas Company's subsidiaries and joint ventures for the historical test year and the two  
(2) calendar years preceding the historical test year (Schedule G3).

212.6 The filing shall include a schedule showing for the historical test year and the calendar year preceding the historical test year dividends or income of any type received by the Gas Company from its subsidiaries and its joint ventures and

indicate how this income is reflected in the report filed with the Commission and stockholder reports (Schedule G4).

- 212.7 The filing shall include for the historical test year, the following data for officers of Washington Gas Light Company who are also officers of a subsidiary and where a part of the salary is included in the filed cost of service (Schedule G5):
- (a) The name and title of each officer; and
  - (b) The annual salary and amount charged to subsidiaries.
- 212.8 The filing shall include gas supply forecasts for the five (5) calendar years after the historical test year (Schedule G6).
- 212.9 The filing shall include a copy of the following (Schedule G7):
- (a) The latest prospectus;
  - (b) The latest annual report to shareholders and statistical summary; and
  - (c) The latest annual report to the Commission.

**213 DISCRIMINATION EXPENSES (SCHEDULE H)**

- 213.1 Discrimination expenses shall be accounted for and reported in the manner as prescribed by the Commission set forth in Schedule H.
- 213.2 Any base rate change application shall contain a statement of discrimination expenses for the test year separately identified by account (Schedule H1).
- 213.3 Discrimination expenses include, but are not limited to, the following (Schedule H2):
- (a) Fines or penalties imposed by judicial or administrative decrees;
  - (b) Plaintiff's or complaining party's legal fees paid by a defendant or responding party;
  - (c) All legal costs and fees related to the unsuccessful defense of charges of discriminatory employment or procurement practices;

- (d) Awards to plaintiffs or complaining parties in discriminatory employment or procurement proceedings;
- (e) Duplicate labor costs such as back pay or bonus or other pay awards to plaintiffs or complaining parties where the Public Utility has paid other employees; or
- (f) Cost of reporting, training, and recruiting undertaken as a result of a court order, administrative decree, or settlement that are in addition to those which otherwise would be incurred to assure continuing equal employment opportunity.

## **214 CAPITAL EXPENDITURES (SCHEDULE I)**

214.1 A Public Utility shall submit with the application information regarding capital expenditures (*i.e.*, upfront cost of distribution technologies, utility poles, electrical wires, substations, transformers, other electrical equipment, gas facilities, gas mains, and gas services, as well as long-term interest payments required to finance upfront capital costs) set forth in a Schedule (Schedule II).

214.2 The following data shall be provided on capital expenditures for the test year(s), as applicable:

- (a) For each capital expenditure estimated to cost in excess of \$1,000,000 for Pepco or \$500,000 for WGL for which rate recovery is proposed;
- (b) Description of the project;
- (c) Justification for the project;
- (d) Original cost estimate and current cost estimate;
- (e) Original commercial operational date (“COD”) estimate and current COD estimate;
- (f) Copy of all cost-benefit studies pertaining to the project;
- (g) Board minutes indicating approval of the project;
- (h) For each project that has experienced cost escalation (a variance between the original cost estimate and current cost estimate), an explanation for the cost escalation;

- (i) For each project that is delayed, an explanation for the delay;
- (j) Provide breakdown details of capital expenditure related to DC Climate goals (Schedule I2);
- (k) Provide breakdown details of capital expenditure related to reliability (Schedule I3);
- (l) Provide breakdown details of capital expenditure related to IT (Schedule I4);
- (m) Provide breakdown details of capital expenditure that are load driven (Schedule I5);
- (n) Provide a reconciliation of capital expenditures transferred/growth in base rates (Schedule I6); and
- (o) Provide a list of completed projects that contributed to the increase in base rates from the previous base rate case (Schedule I7).

**Pepco Comments:**

For proposed part (f), Pepco seeks clarification, particularly in light of the BCA discussions and future Commission decisions as part of Formal Case No. 1167. This requirement could be interpreted broadly to include all projects, which is a decision not yet reached by the Commission and which would be burdensome if required for all projects. Rather, Pepco would propose that the Commission regulations be updated once decisions are made by the Commission in Formal Case No. 1167.

In addition, Pepco further recommends that the proposed regulation, if adopted, either align with Pepco's definitions of Executive Categories, which were explained in Formal Case No. 1176 or for parts (j) through (m) be collapsed and categorized under the most updated categorization methods adopted by the utility.

Finally, Pepco does not understand what is being requested under part (n).

**215 SUMMARY OF SHORT-TERM DEBT (SCHEDULE J)**

215.1 The following data shall be provided for short-term debt (consolidated, partially consolidated or other) for the historical test year and the proposed test year, as applicable set forth in a Schedule (Schedule J1):

- (a) Type of instrument, term, maturity date, and holder;
- (b) Amount outstanding or estimated to be outstanding;
- (c) Applicable interest rate;
- (d) Annualized interest requirement;
- (e) Composite cost rate for total short-term debt;
- (f) Standby fee or compensating balances, if any, currently required or expected to be required. Also indicate whether required by formal contractual agreement or by informal understanding;
- (g) Lines of credit and principal lending institutions for the current calendar year and subsequent year; and
- (h) Average historical daily cash balances as recorded on the books of the Public Utility, by bank, for the most recent twelve (12) month period where such balances are used to meet line of credit requirements.

215.2 For purposes of this section, the term “average” is used to indicate the arithmetic mean.

**216 SUMMARY OF EMBEDDED COST OF LONG -TERM DEBT (SCHEDULE K)**

216.1 The following data shall be provided on long-term debt (consolidated, partially consolidated or other) for the historical test year and the proposed test year, as applicable set forth in a Schedule (Schedule K1):

- (a) Type and coupon rate of issue;
- (b) Date issued;
- (c) Maturity date;
- (d) Original principal amount issued;
- (e) Face amount outstanding or to be outstanding;
- (f) Unamortized discount or premium, and description of amortization method;

- (g) Carrying value, net of outstanding amount unamortized discount or premium, and expenses;
- (h) Annualized interest cost;
- (i) Composite embedded cost rate;
- (j) Initial corporate and underwriting expenses;
- (k) Annualized amortization of corporate and underwriting expense;
- (l) Unamortized balance of corporate and underwriting expenses; and
- (m) Unamortized reacquisition costs;

216.2 A schedule shall be provided showing the following (Schedule K2):

- (a) The amounts of outstanding debt instruments which were reacquired by market purchase;
- (b) The amounts paid for the reacquired debt instruments;
- (c) The dates of reacquisition;
- (d) The gains or losses realized; and
- (e) The method of accounting for the reacquired debt and gains or losses resulting from reacquired debt.

## **217 SUMMARY OF EMBEDDED COST OF PREFERRED STOCK (SCHEDULE L)**

217.1 The following data shall be provided for preferred stock for the historical test year and the proposed test year set forth in a Schedule (Schedule L1):

- (a) Type, dividend rate, and par value;
- (b) Date issued;
- (c) Par value outstanding or to be outstanding;
- (d) Premium;



- (e) Issue expense;
- (f) Net proceeds after premium and issue expense;
- (g) Annualized dividends;
- (h) Embedded cost rate; and
- (i) Summary of stock provisions as to convertibility, redemption, sinking fund, preference provisions, and penalties in event of default.

**218 RATE DESIGN (Schedule M)**

- 218.1 The Public Utility shall submit with the application information regarding rate design (*e.g.*, revenue requirement, and fair apportionment of costs among customers) set forth in Schedule M.
- 218.2 The Public Utility shall submit with its application the following information designated for the application test year(s), as applicable, which shall be set forth in a schedule (Schedule M1),
- (a) Narrative statement describing the proposed rate design;
  - (b) Justification for the proposed rate design;
  - (c) Rate impact of proposed rate design; and
  - (d) Impact on peak demand.

**Pepco Comments:**

For proposed part (d), more information is required to assess what is needed with regard to the “impact on peak demand” and Pepco’s proposed rate design. Pepco would propose, instead, that compliance with this proposed subsection be limited to non-traditional rate design issues, such as time of use or others that directly impact peak demand. A broad requirement for any rate design’s impact on peak demand would be unduly burdensome without commensurate benefit.

**219 SPECIAL CONTRACT FILING REQUIREMENTS**

- 219.1 A Special Contract is an agreement between a Public Utility and a ratepayer for a negotiated rate for service.
- 219.2 When filing an Application for approval of a Special Contract, a

Public Utility shall provide to the Commission a copy of the proposed contract.

**Pepco Comments:**

Pepco seeks clarification for this proposed regulation, Section 219.1 and 219.2. Specifically, the Company would like to understand whether “Special Contracts” have to be presented within a base rate case or can be filed at any time.

- 219.3 Any request by a Public Utility for an approval of a Special Contract shall demonstrate that:
- (a) The requesting customer has unique delivery service requirements;
  - (b) The resulting contract does not adversely impact the reliability of the distribution system;
  - (c) The requested contract is cost-neutral and ratepayers are not subsidizing any costs; and
  - (d) The Special Contract contains no provisions that adversely affect ratepayers in future base rate cases
- 219.4 A request for approval of a Special Contract shall include an explanation of how the proposed Special Contract will advance the District’s climate policies, established in D.C. Code § 8-151.09(d), and provide estimates of actual and expected greenhouse gas emission reduction under the Special Contract.

**Pepco Comments:**

For this proposed regulation, the Company requests clarification. As the Commission is aware, Pepco is required to provide service to customers as part of its service obligations in the District. The emissions profile of a specific customer is information that Pepco would not have, although that customer would still have to abide by any applicable laws and regulations, including those related to emissions. Accordingly, the proposed regulation is inappropriate to impose on Pepco.

**220 CLIMATE CHANGE AND RESILIENCY**

- 220.1 To achieve the District’s climate goals, as set forth in D.C. Code § 8-151.09(d), each Public Utility shall provide detailed calculations and workpapers demonstrating the impact of

proposed investments on greenhouse gas (“GHG”) emissions footprint in tons of carbon dioxide equivalent (“CO<sub>2</sub>e”).

**296           TARIFF COMPLIANCE FILING REQUIREMENTS**

- 296.1           Compliance filings affecting existing rates shall be filed with the Secretary of the Commission and served upon the Office of the People’s Counsel and all other parties.
- 296.2           Service on parties shall be on the same day the compliance filing is made with the Commission.
- 296.3           The Public Utility shall file its compliance filing within ten (10) calendar days after issuance of the Commission final rate Order. The filing shall include all worksheets.
- 296.4           Parties shall have five (5) calendar days to review and comment on the compliance filing.
- 296.5           The Commission shall have ten (10) calendar days after the compliance filing to review the compliance filing and any party comments.
- 296.6           In the event of a compliance filing error, the Public Utility shall refile its updated compliance filing together with updated worksheets within ten (10) calendar days after notification of the error.
- 296.7           Parties shall have five (5) calendar days to review and comment on the updated compliance filing.
- 296.8           The Commission shall have ten (10) calendar days to review the updated compliance filing and any party comments.
- 296.9           The rates contained in the compliance filing shall be effective on the eleventh (11) calendar day after the filing of the compliance filing unless the Commission directs otherwise.
- 296.10          The Commission shall not entertain motions for enlargement of time within which to comment on compliance filings except upon a clear showing of extraordinary circumstances.

**Pepco Comments:**

Pepco opposes the proposed regulation, which significantly changes the

current process without providing any benefit to parties, Pepco, or the Commission.

**298 WAIVER**

298.1 The Commission may upon request or on its own initiative after notifying the parties of its intention to do so, waive any provision of this chapter for good cause.

**299 DEFINITIONS**

299.1 When used in this chapter, the following terms and phrases shall have the meaning ascribed.

**Affiliate** - Any person, corporation, Public Utility, partnership, or other entity five

(5) percent or more of whose outstanding securities are owned, controlled, or held with power to vote, directly or indirectly either by a Public Utility or any of its subsidiaries, or by that Public Utility's controlling corporation and/or any of its subsidiaries as well as any company in which the Public Utility, its controlling corporation, or any of the Public Utility's affiliates exert substantial control over the operation of the company and/or indirectly have substantial financial interests in the company exercised through means other than ownership).

**Allowance for Funds Used During Construction (AFUDC)** –

A component of construction costs representing the net cost of borrowed funds and a reasonable rate on other funds used during the period of construction.

**Attrition** – growth in plant investment, operating expenses, senior capital costs, or a combination of these costs, which is more rapid than the relative growth in the Public Utility's revenues, and which results in a shortfall in the Public Utility's rate of return or investment, rate of return on equity, or both.

**Base Rate** – the basic, tariffed charge, not including surcharges, for service rendered.

**Carbon Dioxide Equivalent (CO<sub>2</sub>e)** - a unit of measurement that compares the climate impact of various GHGs by converting them to the equivalent amount of carbon dioxide (CO<sub>2</sub>).

**Cost Allocation Manual (CAM)** - an indexed compilation and documentation of a company's cost allocation policies and related procedures.

**Cost of Service** – a methodology used to determine the rates charged in accordance with service used by customers.

**Cross-walk** – A balance sheet account in which all costs associated with the construction of new utility facilities are recorded until these facilities are placed in service.

**Discrimination Expenses** – those expenses that are associated with discriminatory employment or procurement practices. Discrimination expenses arise from, relate to, and result from employment or procurement discrimination cases wherein a plaintiff or complaining party alleges that a Public Utility subject to the regulatory authority of the Commission has engaged in discriminatory employment or procurement practices.

**Earnings Before Interest, and Taxes (EBIT)** – a measurement of a company's profitability and is calculated as revenue minus expenses excluding tax and interest. (EBIT is also called operating profit.)

**Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)** – an alternate measure of profitability to net income. Alternate: a metric used to evaluate a company's operating performance. It can be seen as a loose proxy for cash flow from the entire company's operations.

**Electric Company** – means every corporation, company, association, joint-stock company or association, partnership, or person and doing business in the District of Columbia, their lessees, trustees, or receivers, appointed by any court whatsoever, physically transmitting or distributing electricity in the District of Columbia to retail electric customers. The term excludes any building owner, lessee, or manager who, respectively, owns, leases, or manages, the internal distribution system serving the building and who supplies electricity and other related electricity services solely to occupants of the building for use by the occupants. The term also excludes a person or entity that does not sell or distribute electricity and that owns or operates equipment

used exclusively for the charging of electric vehicles.

**Funds from Operations (FFO)** - a measure of the Public Utility's liquidity.

**Gas Company** - means every corporation, company, association, joint-stock company or association, partnership, or person manufacturing, making, distributing, or selling gas for light, heat, or power, or for any public use whatsoever in the District of Columbia, their lessees, trustees, or receivers, appointed by any court whatsoever, and in said district selling, physically transmitting, or distributing natural gas in the District of Columbia to retail natural gas customers. The term excludes any building owner, lessee, or manager who, respectively, owns, leases, or manages, the internal distribution system serving the building and who supplies natural gas and other related natural gas services solely to occupants of the building for use by the occupants.

**Greenhouse Gas** - gases in the Earth's atmosphere that trap heat.

**Greenhouse Gas Emissions** – the release of greenhouse gases into the atmosphere, which trap heat from the sun and contribute to climate change.

**Historical Test Year** – the actual historical twelve (12) month period chosen by the Public Utility which ends prior to the filing of application for a rate change for which financial and operating data is required pursuant to §§ 200 et seq., but which does not end more than one hundred and eighty (180) days prior to the filing of that application.

**Interest During Construction (IDC)** – A key issue in funding a project that will not generate cash flow while its assets are being built.

**Party** – a person who appears in and has a direct interest in a proceeding before the Commission. Persons may become parties to proceedings by virtue of filing an application, complaint, or petition initiating the proceeding; by filing a response to an application, complaint, or petition; by statutory right; or by Commission authorization, such as

the granting of a petition for intervention.

**Proposed Test Year** – the twelve (12) month period chosen by the Public Utility as the basis for its proposed rates.

**Public Utility** - an electric company or natural gas company that provides electric or gas distribution services in the District. The term “Public Utility” excludes a person or entity that owns or operates electric vehicle supply equipment but does not sell or distribute electricity, an electric vehicle charging station service company, or an electric vehicle charging station service provider.

**Rate of Return** - the net gain or loss of an investment over a specified time period, expressed as a percentage of the investment’s initial cost. When calculating the rate of return, you determine the percentage change from the beginning of the period until the end.

**Return on Equity (ROE)** - the measure of a company’s net income divided by its shareholders’ equity. ROE is a gauge of a corporation’s profitability and how efficiently it generates those profits. The higher the ROE, the better a company is at converting its equity financing into profits.

**Special Contract** – an agreement between a Public Utility and ratepayer for a negotiated rate for service.

**Traditional Rate Case** - the regulatory process used to determine the rates that utility companies can charge their customers based on a one-year test period involving factors such as: (1) Cost of Service, (2) Rate Base, (3) Rate of Return, (4) Cost Allocation, and (5) Rate Design.

#### **PEPCO COMMENTS:**

The proposed definition for ROE should be limited to the first sentence. It is unclear why the additional language in the proposed definition was included, but it is not an objective definition of ROE.

Pepco would propose removing the definition for EBITDA, which does not appear anywhere in the proposed regulations and is thus unnecessary.

Finally, the definition for “cross-walk” appears to be a definition for

Construction-Work-In-Progress (CWIP) and Pepco recommends replacing it or removing it in the proposed regulations.



## CERTIFICATE OF SERVICE

I hereby certify that a copy of Potomac Electric Power Company's Initial Comments to the Notice of Proposed Rulemaking (NOPR) on Chapters 1 and 2 of the Commission's regulations has been served this September 2, 2025 on:

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