



1000 Maine Avenue, SW
Suite 700
Washington, DC 20024
www.washingtongas.com

Deborah Moss
Office of General Counsel
(571) 683-3144 (Direct)
Deborah.Moss@washgas.com

September 2, 2025

VIA ELECTRONIC FILING

Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 "G" Street, N.W., 8th Floor
Washington, D.C. 20005

Re: PEPPOR2025-01 & WGPOR-2025-01 [Washington Gas's Comments]

Dear Ms. Westbrook-Sedgwick:

Pursuant to Notice of Inquiry issued in the above-referenced proceedings please find attached Washington Gas Light Company's Comments.

Please direct questions to the undersigned.

Sincerely,

/s/ Deborah Moss
Deborah Moss
Senior Associate Legal Counsel

cc: Per Certificate of Service

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

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

WASHINGTON GAS LIGHT COMPANY’S COMMENTS

Pursuant to the Notice of Inquiry (“NOI”) issued in the above-captioned matters, Washington Gas Light Company (“Washington Gas” or the “Company”) herby submits its Comments regarding the adequacy of the Purchase of Receivables (“POR”) program in the District that facilitates payments between Potomac Electric Power Company (“Pepco”) or Washington Gas and competitive suppliers.

PROCEDURAL HISTORY

In 2012, the Commission authorized Pepco’s implementation of a POR program for electricity suppliers. In 2019, the Commission granted authorization for Washington Gas to implement a POR program for natural gas suppliers. Every year, both Washington Gas 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.

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.

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%.

Washington Gas’ POR Discount rate 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. If the Company had used CY 2023 actual results for bad debt expense, the Residential Customers’ discount rate would be approximately 15%

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 an over-collection of \$6.9 million. Similarly, Washington Gas’ bad debt expense for the Residential Customer class following the expiration of the Covid-19

moratorium and resumption of disconnections. In CY 2023, Washington Gas 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

On June 18, 2025, the Commission issued a Notice of Inquiry (“NOI”) in which it recognizes that the net imbalances in collections between in Residential Customer and Commercial/Non-Residential Customers impact the calculation of POR Discount Rates for Pepco and Washington Gas. Therein, the Commission also recognizes that increased electricity and natural gas commodity costs impact the competitive suppliers’ ability to compete with Pepco or Washington Gas. Therefore, the Commission seeks comments from stakeholders on seven questions regarding the best way to address issues facing the POR program. Washington Gas addresses these questions in its comments below.

COMMENTS

A. IS THE POR PROGRAM STILL NECESSARY TO ENCOURAGE UTILITY COMPETITION IN THE DISTRICT?

Washington Gas does not believe it is the appropriate stakeholder to address the question whether the POR program is still necessary to encourage utility competition in the District. Washington Gas will continue to provide safe, reliable natural gas service to its customers in the District, as it has been doing for 175 years, whether or not the POR program continues.

B. SHOULD THE POR DISCOUNT RATE CALCULATION BE MODIFIED?

Washington Gas believes the POR discount rate calculation is appropriate as it is currently conducted, with the exception of netting late fees against bad debt expense. Late fees are part of the revenues included in the Company’s base rate cases in

¹ Washington Gas Company 2024 POR Annual Update and Tariff filed on April 5, 2024.

determining the Company's base rates. Including late fees as an offset to bad debt expense in the POR discount rate calculation double counts those late fees.

C. HOW SHOULD THE COMMISSION DIRECT PEPCO OR WASHINGTON GAS TO TREAT EXISTING AND FUTURE UNDER-COLLECTIONS OR OVER-COLLECTIONS?

If the Commission is inclined to continue with the POR program, it could consider lengthening the period over which the Company recovers its current under-collection. Approximately 45% of the total proposed discount rate is related to prior period under-recoveries. If uncollectables remain steady or decline, lengthening the period over which the current under-recovery is paid, the proposed discount rate could be somewhat mitigated. However, if uncollectable rates climb or there are fewer billed commodity sales than anticipated, lengthening the period over which the under-collection is paid may serve to exacerbate the problem.

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?

Washington Gas does not believe the Commission should change the POR discount rate mid-year. The calculated POR discount rate is applied to the commodity cost, therefore as commodity costs increase, the total revenues retained by the Company for bad debt expense will increase in proportion to the total commodity billed. While it is possible and even likely that as commodity costs increase, the rate at which bad debt is incurred will likely also increase. The Company does not have a reliable way to predict precisely what the increase in the bad debt rate will be in response to increases in commodity costs. Accordingly, a mid-year change to the POR Discount Rate is unlikely to produce a more appropriate rate.

E. WHAT IS THE CURRENT STATUS OF 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.

As stated in the NOI, the number of residential gas suppliers increased 14 in 2019 to 20 in 2023. As shown below, according to Washington Gas' records, the number of gas suppliers has increased even more significantly, from 13 as of December 1, 2019 to 22 as of July 9, 2025. As is also shown below, according to Washington Gas' records, the number of residential gas suppliers has increased from 13 as of December 1, 2019 to 20 as of July 9, 2025 and the number of non-residential (commercial) gas suppliers has increased from 12 as of December 1, 2019 to 18 as of July 9, 2025.

POR DC Count Dates	12/1/2019	7/9/2025
Count of Suppliers with Active Customers Participating in POR	13	22
Number of Suppliers with RES POR Active Customers	13	20
Number of Suppliers with Non-RES POR Active Customers	12	18
Count of Non-Res POR Customers	3635	3390
Count of Res POR Customer	12366	13133
Total POR DC Customers	16001	16523

F. AT THE OUTSET OF THE POR PROGRAMS IN DC, PROPONENTS CLAIMED THAT THE POR PROGRAM WOULD INCENTIVE RETAIL MARKET SUPPLIER COMPETITION IN THE DISTRICT AND PROVIDE MORE CHOICES OF UTILITY SUPPLIERS FOR DC CUSTOMERS.

- i. HAVE DC CUSTOMERS BENEFITED FROM THE DC POR PROGRAM?**

Washington Gas believes the stakeholders who are best positioned to answer the question whether DC customers have benefited from the DC POR program are DC customers themselves.

ii. HOW WOULD THE DISCONTINUATION OF A POR PROGRAM AFFECT THE RETAIL SUPPLIERS AND/OR DC CUSTOMERS?

Washington Gas is committed to providing safe, reliable service and the least possible cost to its customers. Washington Gas believes that, should the POR program be discontinued, it is imperative that the process of doing so be thoughtful to prevent customer confusion resulting from any retail suppliers exiting the market due to this policy direction change.

In addition to careful consideration of the potential impacts of the discontinuation of a POR program on DC customers, the Commission must consider how any consider how any over-collections or under-collections will be addressed to also prevent harm to the utilities.

G. WHAT ADDITIONAL FACTORS (IF ANY) SHOULD THE COMMISSION CONSIDER WHEN DECIDING ABOUT THE FUTURE OF THE POR PROGRAM IN THE DISTRICT?

Washington Gas believes the Commission has inquired about the appropriate factors to be considered in deciding about the future of the POR program in the District in the questions posed by the Commission in the NOI. Should other stakeholders propose additional factors in their initial comments that they believe the Commission should consider, Washington Gas reserves the right to address such additional factors in its reply comments.

CONCLUSION

Washington Gas appreciates the opportunity to provide its comments on the best way to address the issues facing the POR program. Washington Gas respectfully request that the Commission consider the comments herein and integrate them into any changes the Commission decides to make to the POR program.

Respectfully submitted,

/s/ Deborah Moss
Deborah Moss
Sr. Associate Legal Counsel

WASHINGTON GAS LIGHT COMPANY

September 2, 2025

CERTIFICATE OF SERVICE

I, the undersigned counsel, hereby certify that on this 2nd day of September 2025, I caused copies of the foregoing document to be hand-delivered, mailed postage prepaid, or electronically delivered to the following:

Jamond D. Perry
Noel Antonio, Esquire
Public Service Commission
of the District of Columbia
1325 G Street, NW,
Suite 800 Washington,
DC 20005
jperry@psc.dc.gov
nantonio@psc.dc.gov

Laurence Daniels, Esquire
Office of the People's Counsel
of the District of Columbia
655 15th Street, NW, Suite 200
Washington, DC 20005
ldaniels@opc-dc.gov

Stephen Marencic
Office of the People's Counsel
of the District of Columbia
655 15th Street, NW, Suite 200
Washington, DC 20005
smarencic@opc-dc.gov

John Dodge
Honore Dzisam
Washington Gas Light Company
1000 Maine Avenue, S.W.
Washington, D.C. 20024
jdodge@washgas.com
hdzisam@washgas.com

Takisha Stewart
Potomac Electric Power Company
630 Martin Luther King Jr. Boulevard
Wilmington, DE 19801
Takisha.stewart@exeloncorp.co

/s/Deborah Moss
Deborah Moss