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February 20, 2026

**By Electronic Filing**

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

**Re: *Pepco Purchase of Receivables – PEPPOR-2025-01***  
***WGL Purchase of Receivables – WGPOR-2025-01***

Dear Ms. Westbrook-Sedgwick:

Enclosed for filing on behalf of the Retail Energy Supply Association are Comments in response to the Commission's Notice of Inquiry issued on January 23, 2026 and the Commission's Order on Delegated Authority issued on February 6, 2026.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

*/s/ Brian R. Greene*

Brian R. Greene

Enclosure

c: Service List (via email delivery)

4935-7311-4257, v. 1

**DISTRICT OF COLUMBIA  
PUBLIC SERVICE COMMISSION**

IN THE MATTER OF PEPCO PURCHASE OF )  
RECEIVABLES ) PEPPOR-2025-01

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

**COMMENTS OF THE RETAIL ENERGY SUPPLY ASSOCIATION**

The Retail Energy Supply Association (“RESA”),<sup>1</sup> by counsel, submits these comments in response to the Commission’s Notice of Inquiry issued on January 23, 2026, and the Commission’s Order on Delegated Authority issued on February 6, 2026.

As always, RESA appreciates the opportunity to comment on Potomac Electric Power Company’s (“Pepco”) and Washington Gas Light Company’s (“WGL”) (collectively, the “utilities”) purchase of receivables (“POR”) programs in the District. RESA has previously recommended that the Commission maintain the utilities’ non-residential POR programs in their current form, while convening a stakeholder process to develop solutions for the residential POR programs to promote robust and durable competitive energy markets in the District for the benefit of all energy consumers. Pepco’s and WGL’s recent responses to the Commission’s data

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<sup>1</sup> The comments expressed in this filing represent the position of RESA as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at [www.resausa.org](http://www.resausa.org).

requests<sup>2</sup> underscore the need for more discussion and collaboration between the stakeholders to ensure that the POR programs continue to work towards the goal of promoting competition in the District by encouraging retail suppliers to participate in the electricity and natural gas retail markets.<sup>3</sup>

### **Amortization Periods**

RESA generally agrees with Pepco's responses to Set 1-3 and WGL's responses to Set 1-2 regarding lengthening the period over which the utility may recover under-collections. RESA recommends that the Commission consider whether and for how long a utility should be allowed to amortize under-collections on a case-by-case basis. Depending on the initial discount rate calculation, the Commission and stakeholders would want to analyze the amount of and reasons for the under-collections, the impact that various amortization time periods may have on the discount rate, and the appropriate carrying costs. Amortizing under-collections has worked well in other jurisdictions, including in Delaware and Maryland for Delmarva Power, and should continue to be considered in the District.

A related issue is whether the Commission should move to a two-year re-set of the discount rate instead of annual filings. This may present the same cost recovery risks as simply amortizing a significant under-collection, but it will preserve resources and increase rate certainty for retail suppliers making offers in the District. Significant movement in the residential

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<sup>2</sup> See Notice of Inquiry (referencing Pepco's and WGL's responses to the Commission's data requests received in December 2025 and January 2026). RESA has reviewed Pepco's responses dated December 5, 2025 and January 6, 2026, and WGL's responses dated December 15, 2025, and January 6, 2026.

<sup>3</sup> See, e.g., PEPPOR-2024-01, Order No. 22259 at ¶ 11 (Aug. 7, 2024), in which the Commission reiterated the purpose of the Pepco POR program and directed Pepco to recalculate the discount rate because "we are concerned that Pepco's POR proposals could have unintended anti-competitive consequences."

discount rate during the time that a customer is under a fixed price contract increases price risk to retail suppliers.

### **Late Payment Revenues**

The Commission designed the Pepco and WGL POR programs to be self-contained with all revenues and expenses contained therein. When calculating the discount rates, Pepco and WGL are required to treat late payment charge revenues received from shopping customers as an offset to uncollectible-related costs. Higher late fee revenues reduce the net bad-debt burden and therefore reduce the POR discount rate to retail suppliers. Conversely, if late fee revenues are excluded, the discount rate rises because suppliers are no longer credited for that offset.

Pepco now proposes to use late payment revenues to cover costs incurred in administering the POR program and pursuing past-due and uncollectible balances (as opposed to using the late payment revenues to reduce uncollectible balances.<sup>4</sup> Alternatively, Pepco proposes an administrative adder to cover its internal labor for “[b]illing, invoicing, and collections processing, customer education expenses, incremental system costs, and regulatory filing costs,” which Pepco estimates for 2024 to be \$48,500 for the POR program.<sup>5</sup>

Pepco’s proposal is somewhat confusing. It appears that Pepco would prefer to exclude *all* late payment revenues from the POR program “to cover the costs of administering the program and pursuing past-due and uncollectible balances, rather than using them to reduce supplier discount rates.”<sup>6</sup> Pepco has not attempted to quantify these costs for its 2024 POR rates,

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<sup>4</sup> Pepco Response to Set 1-1(c).

<sup>5</sup> Pepco Response to Set 1-1(d) and (e). Pepco’s proposal is somewhat confusing. It appears that Pepco would prefer to exclude all late payment revenues from the POR program to cover “to cover the costs of administering the program and pursuing past-due and uncollectible balances, rather than using them to reduce supplier discount rates.” Pepco Response to Set 1-1(a). Pepco has not attempted to quantify these costs for 2023 in its response to Set 1-1, except to say that the administrative costs would have been \$48,500.

<sup>6</sup> Pepco Response to Set 1-1(a).

which relied on 2023 data, in its response to Set 1-1, except to say that its “best estimate” for CY 2024 internal labor is \$48,500. Pepco re-calculates its 2024 POR residential rate to be 12.7798% if late payment revenues are excluded.

In POR update filings on April 30, 2024, and August 16, 2024, Pepco requested residential POR rates of 14.8693% and 11.3079%, respectively. The April 30, 2024, filing indicated CY 2023 residential late payment revenues of \$388,677.90.<sup>7</sup> The August 16, 2024, filing used CY 2022 residential expenses and late payment revenues as a proxy; the CY 2022 late payment revenues were \$381,627.91. The Commission ultimately approved the 11.3079% residential discount rate in the August 16, 2024 filing, ensuring a self-contained program despite concerns that a high rate could make it impossible for suppliers to make competitive offers to residential customers in the future.<sup>8</sup> Thus, it appears that excluding all late payment revenues would have increased the 2024 residential POR rate from 11.3079% to 12.7798% – a 13% increase. That is a significant impact that changes the economics of a supplier’s contracts with its customers on an annual basis.

Pepco has not provided sufficient reasons or cost information to exclude late payment revenues from the calculation. There is nothing in the data responses to indicate the level of costs that Pepco (or WGL) seeks to recover, how those costs were incurred, and why it is appropriate to allocate late payment revenues to cover them. The only cost information Pepco provides is a “best estimate” for internal labor, and it is questionable whether the items mentioned are

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<sup>7</sup> PEPPOR, Pepco’s Purchase of Receivable Supplier Discount Rate, Attachment C at 2 (April 30, 2024); PEPPOR, Pepco’s Purchase of Receivable Supplier Discount Rate, Attachment C at 2 (Aug. 16, 2024). The Commission also rejected a September 6, 2024, updated POR discount rate for residential customers because, according to the Commission, it would have created a rate “that would impose an additional financial burden on Standard Offer Service ratepayers that would not be just and reasonable.” Order No. 22379 at ¶ (March 6, 2025).

<sup>8</sup> Order No. 22379 at ¶ 8.

incremental costs (i.e. billing, invoicing, and collections processing) or even being provided at all (i.e., customer education expenses). Moreover, electricity suppliers currently pay a per bill fee of 62 cents for residential and 75 cents for non-residential, as well as other fees.<sup>9</sup> A blanket exclusion of late payment revenues is not reasonable given the severely limited data submitted and the desire to maintain self-contained POR programs.

### **Individual Supplier Discount Rates**

In the data requests, the Commission quotes WGL Energy's September 26, 2025, comments in which WGL Energy recommended "discount rates based on the utility's overall experience with uncollectible accounts from a specific supplier, while implementing true-up mechanisms that adjust payments based on the actual collection performance of each supplier's customer base."<sup>10</sup> The principle of cost causation – assigning costs to the sources that drive those costs – is central to fair ratemaking because it aligns rates with the regulatory objective of equitable, nondiscriminatory outcomes resulting in the cost of supplying service allocated to those who cause the costs to be incurred. Cost causation also helps ensure payment in proportion to the costs imposed and the benefits received, while misallocation will facilitate unnecessary cross-subsidies. Individual discount rates for each supplier properly addresses cost-causation and prevents subsidization between participating suppliers.

WGL Energy's proposal has merit and should be discussed as part of the technical conference that RESA has recommended. The POR discount rate is a rate charged by the utilities and paid by suppliers and, therefore, must be found to be just and reasonable. Under the current POR programs, all residential suppliers pay the same discount rate. Diligent suppliers with low residential uncollectibles pay more than their actual uncollectibles and therefore subsidize

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<sup>9</sup> See Pepco Electricity Supplier Coordination Tariff in the District of Columbia at Schedule 1.

<sup>10</sup> Set 2-1 to both Pepco and WGL.

suppliers with higher uncollectibles. Conversely, a supplier with higher residential uncollectibles increases the utility's costs but pays less than the utility's cost to serve the supplier's customers.

The POR programs, which have existed since 2013 for Pepco and 2018 for WGL, have evolved to the point where each supplier should have its own discount rate, ensuring proper cost-causation allocation and preventing cross-subsidization. RESA recommends that the Commission direct the utilities, with stakeholder input via a technical conference, to design a POR program with specific supplier discount rates, including the system changes needed to implement the program, a timeline, and estimated costs.

Respectfully Submitted,

RETAIL ENERGY SUPPLY ASSOCIATION

By Counsel

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## CERTIFICATE OF SERVICE

I certify that a copy of the foregoing Retail Energy Supply Association's Comments were emailed to the following individuals on the 20<sup>th</sup> day of February, 2026:

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