

Dennis P. Jamouneau
Assistant General Counsel

EP9628
701 Ninth Street NW
Washington, DC 20068-0001

Office 202.428.1122
Fax 202.331.6767
pepco.com
djamouneau@pepcoholdings.com

February 27, 2026

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: PEPPOR-2026-01

Dear Ms. Westbrook-Sedgwick:

Pursuant to Order No. 22788 issued by the Public Service Commission of the District of Columbia on February 6, 2026, attached are Pepco's limited reply comments in this proceeding.

Please contact me if you have any questions. Thank you.

Sincerely,

/s/ Dennis P. Jamouneau

Dennis P. Jamouneau

Enclosures

cc: All Parties of Record

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

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

**POTOMAC ELECTRIC POWER COMPANY’S
LIMITED REPLY COMMENTS**

On January 23, 2026, the Public Service Commission of the District of Columbia (Commission) issued a Public Notice, inviting interested persons to submit written comments on WGL and Pepco’s responses to the Commission’s data requests on the Purchase of Receivable (POR) discount rate calculation which include but are not limited to: multi-year amortization of under-collection and carrying costs and solutions to address late payment revenues, on or before February 6, 2026. On February 4, 2026, the Retail Energy Supply Association (RESA) filed a motion for enlargement of time to file comments on the Public Notice. On February 6, 2026, the Commission issued Order No. 22788, and granted the motion for an enlargement of time to file comments and ordered that comments and reply comments to the notice shall be filed by February 20, 2026, and February 27, 2026, respectively. As of February 20, 2026, RESA submitted comments. The following are Pepco’s limited reply comments, organized by topic.

I. Limited Reply Comments

A. Two-Year Reset of Discount Rate

In its comment on Amortization Periods¹, RESA raises the related issue of whether the Commission should move to a two-year reset of the discount rate instead of annual filings. RESA noted that 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 discount rate during the time that a customer is under a fixed price contract increases price risk to retail suppliers.

¹ RESA Comments at pages 2-3.

Pepco does not recommend a two-year reset of the discount rate. While a longer reset period may provide greater short-term rate certainty for suppliers, maintaining annual filings is critical under current market conditions. The energy market continues to experience significant volatility, and Pepco continues to observe increased supplier attrition and rising uncollectibles, both of which heighten uncertainty and cost exposure. Extending the reset period to two years would delay the timely recognition of these changing conditions and increase the likelihood of a larger adjustment to the discount rate when recalculated, which poses a greater risk to suppliers and retail choice customers alike.

Accordingly, Pepco continues to support the existing annual discount rate filing process as the most prudent and balanced approach to managing market volatility, cost recovery risks, and supplier impacts.

B. Late Payment Revenues

RESA notes in its comments on Late Payment Revenues², that Pepco 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). 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.”

Pepco respectfully supports that an administrative adder is an appropriate and transparent mechanism for recovering the POR administrative costs, while preserving the Commission’s longstanding requirement that the POR program operate as a self-contained construct.

An electric utility should recover POR administrative costs from participating retail suppliers because the program exists for the benefit of suppliers and is operated solely to enable the utility to purchase and collect the suppliers’ receivables. A foundational principle in utility ratemaking is cost causation, and cost should be borne by those who cause them or receive the associated benefits. Suppliers voluntarily elect to participate in POR, and that participation creates incremental work for the utility, including processing supplier bills and receivables, managing supplier-specific billing and payment remittances, maintaining POR-specific accounting and collections processes, producing POR reports and regulatory filings, and updating and maintain IT systems to support supplier transactions.

POR programs are created as part of competitive retail market policy and provide clear benefits to suppliers, such as guaranteed payment for billed charges, elimination of collections risk, reduced back-office responsibilities, lower working-capital requirements. Given these benefits, it is appropriate for suppliers to bear the administrative costs associated with the service.

² RESA Comments at pages 3-5.

For these reasons, Pepco continues to support the implementation of an administrative adder. This approach enables transparent and accurate recovery of POR administrative costs, aligns with cost causation principles, maintains the integrity of the self-contained program design, and promotes stability for participating suppliers over time.

C. Individual Supplier Discount Rates

In its comments regarding Individual Supplier Discount Rates³, 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.

As Pepco explained in its response to Staff Data Request No. 2, Question 1(e), implementation of supplier-specific discount rates would require significant system development, increased operational and administrative complexity, extended timelines, and necessitate ongoing maintenance as suppliers enter and exit the market. At this time, cost estimates cannot be provided because detailed business and technical requirements would first need to be developed in order to define scope and associated impacts. Should the Commission consider advancing such a proposal, any resulting implementation and ongoing costs would need to be recovered directly from suppliers, not from other ratepayers.

Pepco noted that the existing discount methodology, under which discount rates are calculated and applied by customer class, supports administrative and billing efficiency. This structure minimizes system complexity while ensuring consistent and transparent application of POR discounts across customer classes. Absent a demonstrated operational or customer benefit that outweighs the costs and risks identified above, Pepco continues to support the current class-based discount approach.

II. Conclusion

Pepco appreciates the opportunity to submit these reply comments and respectfully requests that the Commission consider the positions and clarifications set forth herein.

³ RESA Comments at pages 5-6.

CERTIFICATE OF SERVICE

I hereby certify that a true copy of Pepco's Limited Reply Comments was served on the parties of record in Formal Case No. PEPPOR by electronic mail this 27th day of February 2026.

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

Sandra Mattavous Frye, Esq.
People's Counsel
Office of the People's Counsel
655 15th Street NW, Suite 200
Washington, DC 20005
smfrye@opc-dc.gov

Craig D. Goodman
National Energy Marketers Association
3333 K Street NW Ste 110
Washington, DC 20007
cgoodman@energymarketers.com

Melanie Santiago-Mosier
Washington Gas Energy Services, Inc.
13865 Sunrise Valley Dr., Suite 200
Herndon, VA 20171
mmosier@wges.com

Anthony Cusati, III
Interstate Gas Supply, Inc.
1379 Butter Churn Drive
Herndon, VA 20170
tcusati@igsenergy.com

Brian R. Greene, Esq.
GreeneHurlocker, PLC
1807 Libbie Avenue, Suite 102
Richmond, VA 23226
bgreene@greenehurlocker.com

Telemac N. Chryssikos, Esq.
Washington Gas Energy Services, Inc.
101 Constitution Avenue NW
Washington, DC 20080
macchryssikos@wges.com

/s/ Dennis P. Jamouneau

Dennis P. Jamouneau