

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

June 2, 2026

**FORMAL CASE NO. 1186, IN THE MATTER OF THE INVESTIGATION INTO
ENERGY AFFORDABILITY IN THE DISTRICT OF COLUMBIA**

**STATEMENT OF COMMISSIONER BEVERLY REGARDING AFFORDABILITY AND
DISTRIBUTION RATES**

There has been a lot of discussion regarding District utility rates, particularly in recent months as bills have skyrocketed. While there are multiple drivers of utility costs, the Commission only sets the distribution (also known as “delivery”) charges. Distribution charges are increasing and the public wants to know why. This statement is intended to begin answering that question.

Distribution rates are set based on the calculation for a utility’s revenue requirement. The formula for a utility’s regulatory requirement is, in simplest terms, the ratebase times the approved rate of return plus expenses. The most significant portion of the revenue requirement is the utility’s ratebase, or the infrastructure that a utility builds to deliver energy to the District’s customers. As I demonstrate below, the Commission’s approved ratebase for both Pepco and WGL has increased dramatically since 2020.

I begin with Pepco. Pepco’s ratebase increases can be broken down into two distinct phases. From 2007-2021, Pepco’s approved ratebase increased from \$978.29 million to \$1.628 billion, or about a 4% annualized growth rate over the 14-year period. From 2021 to 2026, the approved Pepco ratebase doubled from \$1.628 billion to \$3.302 billion, or a 17% annualized increase over the 5-year period. While the rate of increase in ratebase more than quadrupled, usage has stayed about the same and we have yet to make substantive grid modernization investments.¹ For illustrative purposes, I include two charts below.

¹ One potential impact on increased infrastructure costs could be the Capitol Grid project.

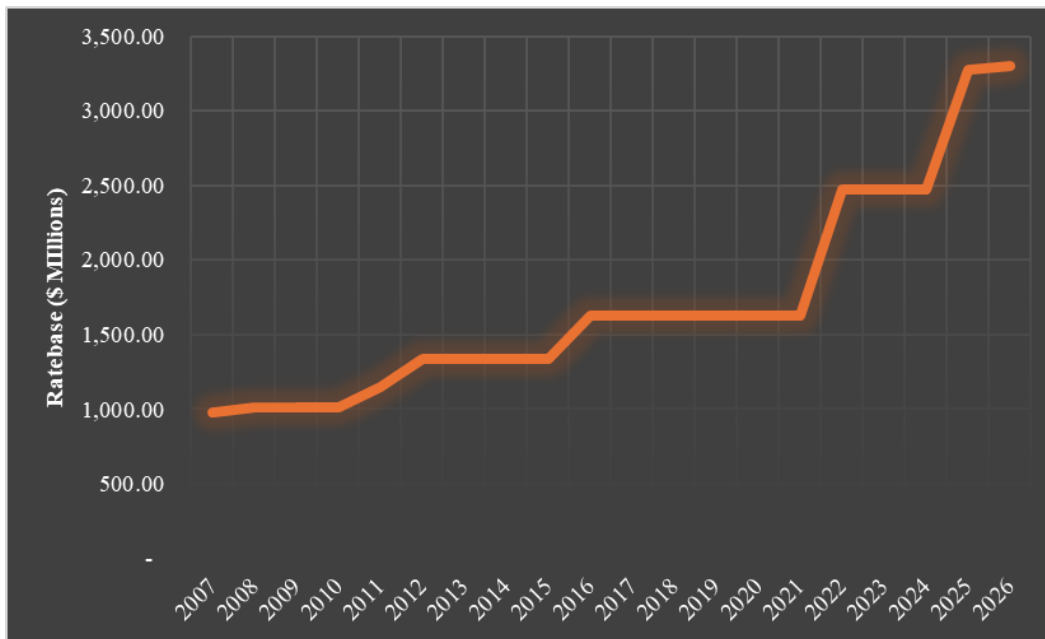


Figure 1 – Pepco Ratebase from 2007-2026

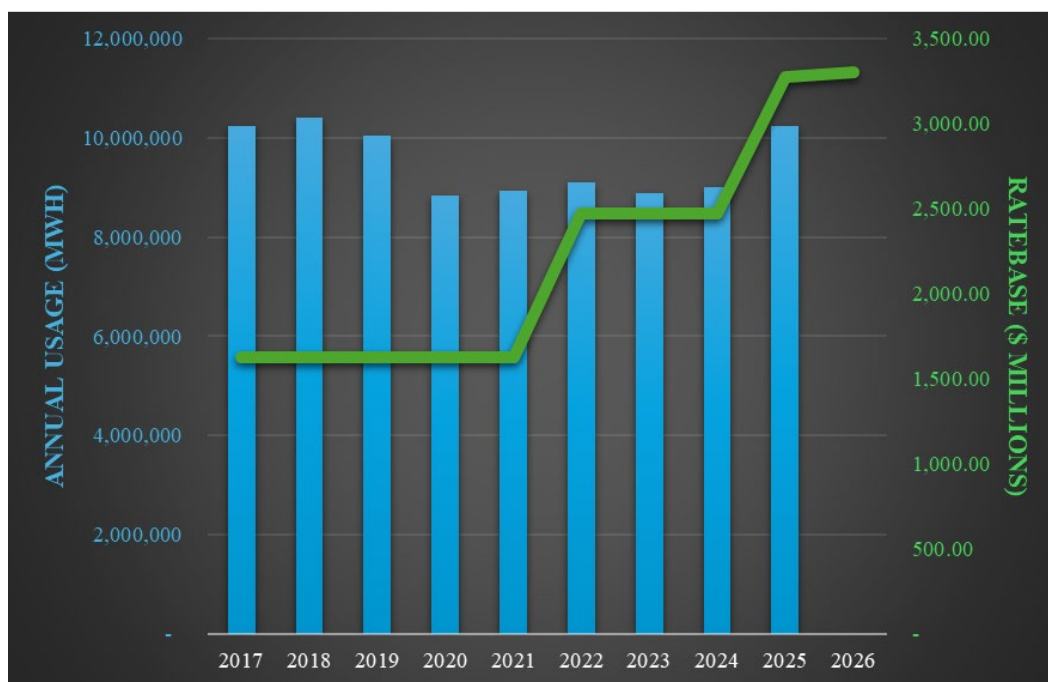


Figure 2 – Pepco Annual Usage in MWh vs. Approved Ratebase, 2017-2026

For WGL, the story is similar. WGL's ratebase increase can also be broken down into two distinct phases. From 1981-2020, WGL's approved ratebase increased from \$145.5 million to \$255.7 million, about a 1.7% annualized growth rate over the 39-year period. From 2020 to 2026, the approved WGL ratebase tripled, from \$255.7 million to \$782.9 million, or a 27% annualized

increase over the 6-year period. The rate of increase in ratebase increased almost 16-fold, even though gas consumption has slightly decreased over the same period.² For illustrative purposes, I include two charts below.

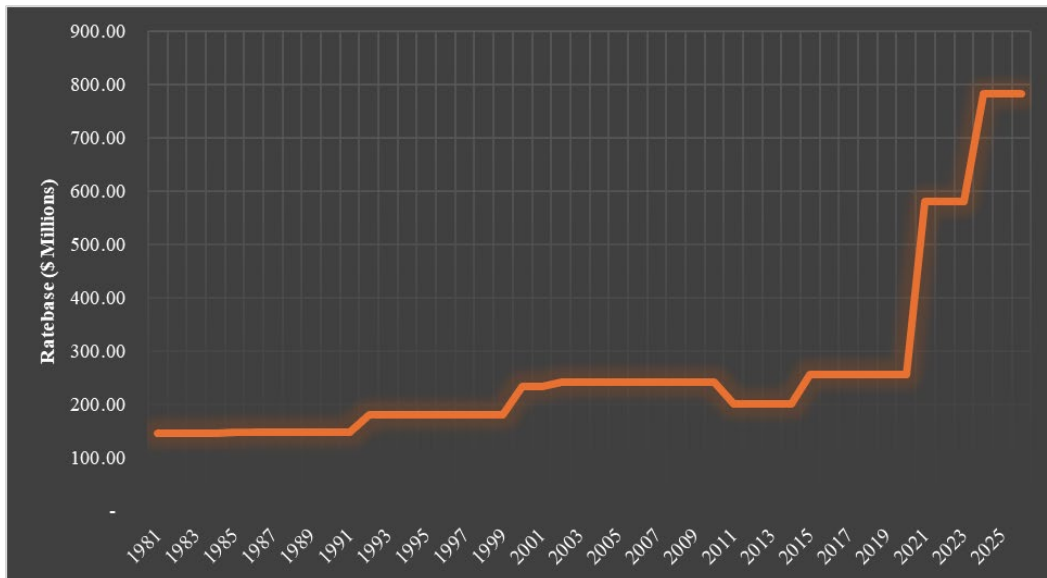


Figure 3 - WGL Ratebase from 1981-2026

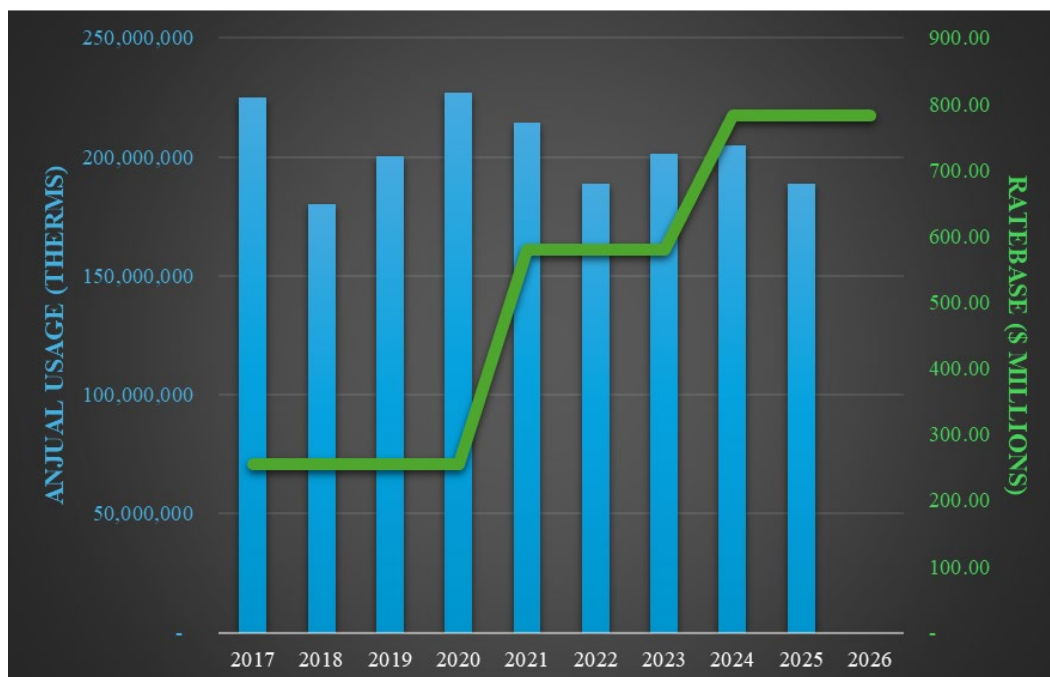


Figure 4 - WGL Annual Usage in Therms vs. Approved Ratebase, 2017-2026

²

One potential impact on increased infrastructure costs could be the ProjectPipes program.

For comparison, I looked at what our regulated utilities are doing in Maryland. If we look at Pepco, in 2025 the Company sold 10,233,725 MWh in DC, where the approved ratebase was \$3.277 billion, and 13,857,816 MWh in Maryland, where the approved ratebase was \$2.833 billion. In other words, Pepco DC sales are 35% lower than Pepco MD, while Pepco DC's ratebase is 16% higher. That means that Pepco's DC customers are being charged 57% more for ratebase based on the relative footprint. For WGL, about 16% of the Company's sales are in DC compared to about 44% in MD, so WGL has about 36% of the footprint in DC that it does in MD. WGL's DC ratebase is \$782.9 million, while WGL MD's is \$1.394 billion. Therefore, WGL has about 56% the amount of approved ratebase in DC as it does in MD. Put another way, WGL's DC infrastructure is 54% more expensive for customers vis-à-vis MD.

I welcome the parties and public to comment on my charts and/or conclusions or provide additional data or charts of their own if they have them. I think any investigation of affordability in the District must begin with a review of how the Commission approves utility infrastructure investments. I have not seen a full list of plant in service to review for the rate increases since 2020, nor do I have a detailed review of either utility's load forecasting methodology that would undergird the need for extreme increases in infrastructure costs. Maybe there's a legitimate explanation as to why our costs are so high and the public has a right to know what it is.