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March 19, 2020

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 Nos. 1086 and 1119**

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's ("Pepco") Annual Direct Load Control ("DLC") Program Report in compliance with Order No. 17469, issued April 29, 2014, in the above-referenced proceeding. In addition, as part of the merger commitments approved by the Public Service Commission of the District of Columbia ("Commission") in Order No. 18148, Paragraph 113 of Attachment B, Pepco committed to maintaining and promoting energy efficiency and demand response programs consistent with the direction and approval of the Commission as well as District and federal law. Pepco submits that the DLC program as evidence of this commitment and will continue to operate the program consistent with Commission direction.

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

**District of Columbia  
Residential Air Conditioner Direct Load Control Program**

**Annual Performance Report**

**January 2019 – December 2019**

**Formal Case Nos. 1086 and 1119**

Submitted by: Potomac Electric Power Company

*Milestones*

1. Program Authorization: The Residential Air Conditioner Direct Load Control (DLC) Program was approved November 3, 2011 in Order No. 16602, Formal Case No. 1086.
2. Launch of the Program Website and Program: The website was operational on March 30, 2012 and the customer education materials were created and produced to begin the launch and mailing of the materials in Q2 2012.
3. Completion of the Program Build-out Goal: As reported in the Q3 2013 report, Pepco completed the installation of 26,654 devices prior to September 30, 2013 which exceeded the build-out goal of 25,250 devices by December 30, 2013.
4. Final Formal Evaluation Report (Phase I): Pepco filed this report on April 2, 2014, pursuant to Order No. 16602.
5. Acceptance of Annual Report Proposal: The Commission accepted Pepco's proposal to file Annual DLC Reports on April 1, 2014 through Order No. 17661. Reports must be filed by March 31 of each year.
6. Approval of Phase II: The Commission approved Pepco's proposal for Phase II of its Direct Load Control Program on October 16, 2015 through Order No. 18003, Formal Case No. 1086.
7. Year-end 2016: As of December 31, 2016, Pepco has installed 32,338 devices.
8. Year-end 2017: As of December 31, 2017, Pepco has installed 32,503 devices.
9. Year-end 2018: As of December 31, 2018, Pepco has installed 32,635 devices.
10. Year-end 2019: As of December 31, 2019, Pepco has installed 32,840 devices.

### *Numerical Goals and Status*

- At the end of 2019, 28,281 participants have been enrolled and 32,840 devices have been installed in the program, exceeding the program build-out target. Of those, 25,268 participants and 28,691 devices were active at the end of 2019. The difference between enrolled and active represents customers who left the program or defaulted out of the program. A default occurs when a previously active customer moves from their premise and the premise remains vacant.
- Table 1 lists the original planned program-to-date installation goals by quarter as well as the revised installation plans and actual installations. Although the Company has ceased active recruitment into the program, it continues to install devices for customers who voluntarily enroll and 205 devices were installed in 2019.

**Table 1  
Installation Goals**

	Target Installations	Revised Target Installations as of 9/30/2012	Actual Installations
1Q 2012	-	-	-
2Q 2012	1,825	1,122	1,122
3Q 2012	5,400	3,160	3,160
4Q 2012	5,400	4,200	3,019
<b>Total</b>	<b>12,625</b>	<b>8,482</b>	<b>7,301</b>
1Q 2013	6,320	5,700	7,301
2Q 2013	6,305	5,700	5,008
3Q 2013	-	5,368	7,044
4Q 2013	-	-	739
<b>Total</b>	<b>12,625</b>	<b>16,768</b>	<b>20,092</b>
1Q 2014	-	-	1,294
2Q 2014			486
3Q 2014			552
4Q 2014			968
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,300</b>
1Q 2015	-	-	436
2Q 2015			613
3Q 2015			295
4Q 2015			163
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,507</b>
1Q 2016	-	-	32
2Q 2016			27
3Q 2016			54
4Q 2016			25
<b>Total</b>	<b>-</b>	<b>-</b>	<b>138</b>
1Q 2017	-	-	51
2Q 2017			48
3Q 2017			48
4Q 2017			26
<b>Total</b>	<b>-</b>	<b>-</b>	<b>173</b>
1Q 2018	-	-	35
2Q 2018			28
3Q 2018			38
4Q 2018			31
<b>Total</b>	<b>-</b>	<b>-</b>	<b>132</b>
1Q 2019			53
2Q 2019			63
3Q 2019			60
4Q 2019			29
<b>Total</b>			<b>205</b>
<b>Total</b>	<b>25,250</b>	<b>25,250</b>	<b>32,840</b>

\*In the 2016 DC DLC report filed with the Commission on March 31, 2017, the number of installed devices (program to date) reported was 32,338. Subsequently, that number was adjusted to 32,330 based on administrative corrections to installation work orders. This true up reduced the total number of devices installed by 8.

### ***Customer Education/Awareness and Program Implementation***

1. In 2012, the program team launched the website, and implemented a recruitment campaign that included direct mail sent to customers and former Kilowatchers' participants and separate direct mail sent to segmented customer groups using targeted messaging, plus emails, door-to-door educational recruitments and community outreach.
2. In 2013, the program team continued direct mail to targeted customers, emails, door-to-door recruitment, and community outreach, and added bill inserts, news releases, marketing newsletters, instant installs via door-to-door program representatives, and outbound calling, plus an advertising campaign using Web and print ads, and radio and TV spots.
3. In 2014, as the installation goal had been met at the end of 2013, active recruitment was not undertaken, except for pre-season letters sent to retain customer awareness, and news releases and website notifications issued prior to Peak Savings Day curtailment events. Participation requests continued to come in from prior-year recruitment tactics and from word of mouth referrals.
4. In 2015, minimal recruitment activities were conducted. The program team followed the customer education plan that was implemented in 2014.
5. In 2016 as in 2015, minimal recruitment activities were conducted. The program team followed the customer education plan that was implemented in 2014.
6. On July 25, 2017, in Order No. 18846, the Commission directed Pepco to discontinue active recruitment. Active recruitment had begun to decline in 2014, after the installation goal was met at the end of 2013, and the current Statement of Work with the vendor reflects that active recruitment has ceased completely.
7. There was no active recruitment in 2018.
8. There was no active recruitment in 2019.

### ***Changes in Program (Goals, Incentives, Tasks, Schedules and Plans)***

1. No contractor employees of the EWR program are residents of the District of Columbia.
2. Pepco is not actively recruiting customers at this time, but will continue to install devices for any customers who choose to enroll in the program via the website or telephone.
3. On September 19, 2014, Pepco filed with the Commission a proposal for the next phase of the program that includes the years 2014 through 2017. This "Phase II" filing was approved on October 16, 2015 through Order No. 18003.
4. On July 25, 2017, in Order No. 18846, the Commission approved Pepco's recovery of costs related to the DLC program and permitted Pepco to continue the program in 2018. However, Order No. 18846 also directed Pepco to discontinue active recruitment and file a report by September 25, 2017 to explain Pepco's plans to reduce program costs and detail its plans for DLC in future years.

5. On September 25, 2017, Pepco made a filing in compliance with Order No. 18846. See below.

### ***Customers Leaving Program and Reasons for Leaving***

In 2019, 135 customers left the program. Table 2 indicates the number of customers leaving and the reasons they provided to Pepco. This table does not include the number of premises that were vacant on December 31, 2019. These premises are inactive until the new resident moves in, which triggers re-activation of the premise into the program.

**Table 2**

Reason	A	B	C	D	E	F	G	H	I	J	K	L	M	Total
1Q 2012														0
2Q 2012	1				2									3
3Q 2012	2	1	4	6	1	1			1				2	18
4Q 2012	1		3	14	1			1					21	41
<b>Total</b>	<b>4</b>	<b>1</b>	<b>7</b>	<b>20</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>23</b>	<b>62</b>
1Q 2013	5	1		52	19	2	6	3	1	2			88	179
2Q 2013	3			3	12	3	6	1		17	7	74	44	170
3Q 2013				1	5	1	1	3		13	2	47	8	81
4Q 2013	3		6	12	2	3	3	4	1			62		96
<b>Total</b>	<b>11</b>	<b>1</b>	<b>6</b>	<b>68</b>	<b>38</b>	<b>9</b>	<b>16</b>	<b>11</b>	<b>2</b>	<b>32</b>	<b>9</b>	<b>183</b>	<b>140</b>	<b>526</b>
1Q 2014					1	1					14		2	18
2Q 2014	3				3						68	2	2	78
3Q 2014	1				1						44	3	2	51
4Q 2014											6	1		7
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>132</b>	<b>6</b>	<b>6</b>	<b>154</b>
1Q 2015	2							1			6			9
2Q 2015					1			2			27		1	31
3Q 2015	2				2						25	1	2	32
4Q 2015	1							1			4	1		7
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>2</b>	<b>3</b>	<b>79</b>
1Q 2016									1		11			12
2Q 2016			1		1						7		5	14
3Q 2016	4	1			2				1		47		9	64
4Q 2016	1				2				1		5			9
<b>Total</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>		<b>70</b>	<b>0</b>	<b>14</b>	<b>99</b>
1Q 2017			1		1	23		1		1	11	2		40
2Q 2017	1				3	34	1			4	38	2	32	115
3Q 2017	5			1	5	24		1	2	1	27	4	4	74
4Q 2017	2		1			6				4	10	3		26
<b>Total</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>9</b>	<b>87</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>10</b>	<b>86</b>	<b>11</b>	<b>36</b>	<b>255</b>
1Q 2018					2	27					10	1	9	49
2Q 2018	1				2	17			2		21	2	8	53
3Q 2018	7				2	8			1	4	13	1	30	66
4Q 2018	1					3				1	8		1	14
<b>Total</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>5</b>	<b>52</b>	<b>4</b>	<b>48</b>	<b>182</b>
1Q 2019	0		1		0	10		0	2	2		3	3	21
2Q 2019	1		0		0	9		1	4	3		13	14	45
3Q 2019	7		0		4	6		1	2	7		8	14	49
4Q 2019	0		1		0	5		2	3	5		1	3	20
<b>Total</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>30</b>	<b>0</b>	<b>4</b>	<b>11</b>	<b>17</b>	<b>0</b>	<b>25</b>	<b>34</b>	<b>135</b>
<b>Total</b>	<b>54</b>	<b>3</b>	<b>18</b>	<b>89</b>	<b>74</b>	<b>183</b>	<b>17</b>	<b>22</b>	<b>22</b>	<b>64</b>	<b>411</b>	<b>231</b>	<b>304</b>	<b>1492</b>

### **Customer-Stated Reasons for Leaving the Program**

- A. Customer uncomfortable with temperature in home
- B. Incentive not worth the discomfort they are experiencing
- C. T-stat too complicated
- D. Customer misunderstood program requirements
- E. Health condition
- F. HVAC contractor recommended removal
- G. Utility bill is higher
- H. Landlord requested removal
- I. Moving
- J. Customer equipment failure
- K. Changed mind
- L. No longer interested
- M. Other

### ***Customers Requesting Change in Cycling Level and Reason for Change***

In 2019, 403 customers modified their preferred cycling level –193 increased and 210 decreased their cycling level participation. The customers did not provide a specific reason for the change in their level of cycling.

### ***Number of Cycling Events***

As shown in Table 3, four cycling events were activated in 2019.

**Table 3**

<b>Date</b>	<b>Start Time</b>	<b>End Time</b>	<b># of Hours</b>	<b>PJM Emergency</b>	<b>Type of Event</b>	<b>Comments</b>
5/16/2019	9:00	11:00	2	N	System Test	
7/19/2019	13:00	17:00	4	N	Economic	
7/27/2019	17:00	22:00	5	N	Economic	Florida Ave. substation only
9/13/2019	13:00	14:00	1	N	PJM Test	

### ***Customer Complaints for Overrides***

None

### ***Number of Customers who have Used Two Overrides***

None

### ***Number of Customers who Requested Change in Cycling Level After Reaching Two Overrides***

None

***Issues Relating to AMI Communications Network***

None

***PJM Market Participation Data Affecting Program Earnings***

PJM market revenues received in 2019 amounted to \$121,028

***Program Cost Data***

Table 4 provides program cost details by quarter and program to date through 2019 with the original projections for 2013-2015. This table has been expanded to include years of 2018 and 2019 as well as the revised budget for 2014 and 2015.

**Table 4**

District of Columbia Residential Air Conditioner Direct Load Control (DLC) Program Quarterly Performance Report Through December 2019 & 2020 Quarterly Budget													
	O&M		Capital		Marketing		Customer Installation Credit		Customer Annual Incentives		Residential Demand Response Total		
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Variance
<b>2011 Totals</b>	\$ 256,300	\$ 25,000	\$ -	\$ -	\$ 318,902	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575,202	\$ 25,000	\$ (550,202)
<b>2012 Totals</b>	\$ 795,131	\$ 384,586	\$ 2,797,700	\$ 1,244,003	\$ 1,594,508	\$ 1,396,293	\$ 511,313	\$ 212,037	\$ 217,000	\$ 84,807	\$ 5,915,652	\$ 3,321,726	\$ (2,593,926)
<b>2013 Totals</b>	\$ 929,062	\$ 487,636	\$ 4,029,700	\$ 2,863,009	\$ 2,156,265	\$ 2,461,980	\$ 735,313	\$ 653,403	\$ 1,000,000	\$ 721,684	\$ 8,850,340	\$ 7,187,712	\$ (1,662,628)
1Q 2014	\$ 156,425	\$ 102,909	\$ 96,309	\$ 276,047	\$ 87,113	\$ 314,739	\$ 16,200	\$ 41,320	\$ -	\$ 556	\$ 356,046	\$ 735,571	\$ 379,525
2Q 2014	\$ 156,425	\$ 78,088	\$ 96,309	\$ 189,607	\$ 87,113	\$ 75,055	\$ 16,200	\$ 28,025	\$ 169,917	\$ 176,358	\$ 525,963	\$ 547,133	\$ 21,170
3Q 2014	\$ 156,425	\$ 76,257	\$ 96,309	\$ 122,955	\$ 87,113	\$ 142,497	\$ 16,200	\$ 8,985	\$ 609,752	\$ 523,185	\$ 866,798	\$ 873,879	\$ 8,081
4Q 2014	\$ 156,425	\$ 72,346	\$ 96,309	\$ 182,597	\$ 87,113	\$ 161,824	\$ 16,200	\$ 27,240	\$ 169,917	\$ 179,940	\$ 525,963	\$ 623,947	\$ 97,984
<b>2014 Totals *</b>	\$ 625,699	\$ 329,600	\$ 385,234	\$ 771,206	\$ 348,452	\$ 694,115	\$ 64,800	\$ 105,570	\$ 849,586	\$ 880,039	\$ 2,273,771	\$ 2,780,530	\$ 506,759
1Q 2015	\$ 190,457	\$ 77,164	\$ 28,893	\$ 65,452	\$ 83,820	\$ 84,064	\$ 4,860	\$ 45,945	\$ -	\$ -	\$ 308,030	\$ 272,625	\$ (35,405)
2Q 2015	\$ 190,457	\$ 136,193	\$ 28,893	\$ 134,683	\$ 83,820	\$ 157,077	\$ 4,860	\$ 17,145	\$ 171,471	\$ 166,292	\$ 479,500	\$ 611,390	\$ 131,890
3Q 2015	\$ 190,457	\$ 119,690	\$ 28,893	\$ 56,641	\$ 83,820	\$ 114,059	\$ 4,860	\$ 9,751	\$ 514,412	\$ 548,130	\$ 822,442	\$ 848,271	\$ 25,829
4Q 2015	\$ 190,457	\$ 111,882	\$ 28,893	\$ 36,288	\$ 83,820	\$ 145,444	\$ 4,860	\$ 5,723	\$ 171,471	\$ 206,448	\$ 479,500	\$ 505,785	\$ 26,285
<b>2015 Totals *</b>	\$ 761,829	\$ 444,929	\$ 115,570	\$ 293,064	\$ 335,279	\$ 500,644	\$ 19,440	\$ 78,564	\$ 857,354	\$ 920,870	\$ 2,089,472	\$ 2,238,071	\$ 148,599
1Q 2016	\$ 167,988	\$ 101,325	\$ 28,892	\$ 13,127	\$ 84,022	\$ 17,876	\$ 4,860	\$ 1,245	\$ -	\$ (141)	\$ 285,762	\$ 133,432	\$ (152,330)
2Q 2016	\$ 167,988	\$ 110,052	\$ 28,892	\$ 11,317	\$ 84,023	\$ 116,824	\$ 4,860	\$ 1,095	\$ 172,997	\$ 169,077	\$ 458,760	\$ 408,365	\$ (50,395)
3Q 2016	\$ 167,988	\$ 117,832	\$ 28,893	\$ 14,676	\$ 84,023	\$ 58,985	\$ 4,860	\$ 2,343	\$ 518,992	\$ 500,235	\$ 804,756	\$ 694,071	\$ (110,685)
4Q 2016	\$ 167,988	\$ 111,532	\$ 28,893	\$ 16,800	\$ 84,023	\$ 136,546	\$ 4,860	\$ 1,232	\$ 172,997	\$ 187,386	\$ 458,761	\$ 453,496	\$ (5,265)
<b>2016 Totals</b>	\$ 671,952	\$ 440,741	\$ 115,570	\$ 55,920	\$ 336,091	\$ 330,231	\$ 19,440	\$ 5,915	\$ 864,986	\$ 856,557	\$ 2,008,039	\$ 1,689,364	\$ (318,675)
1Q 2017	\$ 170,726	\$ 106,581	\$ 28,892	\$ 18,150	\$ 84,222	\$ 32,335	\$ 4,860	\$ 2,295	\$ -	\$ (120)	\$ 288,700	\$ 159,240	\$ (129,460)
2Q 2017	\$ 170,726	\$ 130,359	\$ 28,892	\$ 9,113	\$ 84,222	\$ 128,978	\$ 4,860	\$ 2,355	\$ 174,497	\$ 170,343	\$ 463,197	\$ 441,148	\$ (22,049)
3Q 2017	\$ 170,726	\$ 119,631	\$ 28,893	\$ 8,914	\$ 84,222	\$ 77,123	\$ 4,860	\$ 2,448	\$ 523,491	\$ 515,001	\$ 812,192	\$ 723,117	\$ (89,075)
4Q 2017	\$ 170,726	\$ 110,797	\$ 28,893	\$ 18,156	\$ 84,222	\$ 87,084	\$ 4,860	\$ 1,245	\$ 174,497	\$ 194,586	\$ 463,198	\$ 411,868	\$ (51,329)
<b>2017 Totals</b>	\$ 682,903	\$ 467,368	\$ 115,570	\$ 54,333	\$ 336,889	\$ 325,519	\$ 19,440	\$ 8,343	\$ 872,486	\$ 879,810	\$ 2,027,288	\$ 1,735,374	\$ (291,914)
1Q 2018	\$ 134,007	\$ 53,371	\$ 13,045	\$ (5,491)	\$ 23,240	\$ 32,060	\$ 4,092	\$ 1,760	\$ -	\$ 138	\$ 174,384	\$ 81,839	\$ (92,545)
2Q 2018	\$ 145,549	\$ 149,436	\$ 11,246	\$ 7,558	\$ 87,341	\$ 107,724	\$ 3,599	\$ 1,350	\$ 171,806	\$ 163,797	\$ 419,540	\$ 429,865	\$ 10,324
3Q 2018	\$ 155,839	\$ 115,748	\$ 14,584	\$ 12,514	\$ 44,099	\$ 98,506	\$ 7,700	\$ 1,755	\$ 509,537	\$ 542,823	\$ 731,760	\$ 771,346	\$ 39,586
4Q 2018	\$ 147,507	\$ 126,926	\$ 16,695	\$ 12,097	\$ 92,209	\$ 55,660	\$ 4,049	\$ 1,215	\$ 191,143	\$ 208,563	\$ 451,604	\$ 404,461	\$ (47,143)
<b>2018 Total</b>	\$ 582,903	\$ 445,482	\$ 55,570	\$ 26,679	\$ 246,889	\$ 293,949	\$ 19,440	\$ 6,080	\$ 872,486	\$ 915,321	\$ 1,777,288	\$ 1,687,510	\$ (89,778)
1Q 2019	\$ 120,916	\$ 111,705	\$ 12,728	\$ 8,813	\$ 33,672	\$ 36,872	\$ 1,895	\$ 1,815	\$ (148)	\$ (1,746)	\$ 169,063	\$ 157,459	\$ (11,604)
2Q 2019	\$ 131,331	\$ 125,550	\$ 10,972	\$ 15,256	\$ 68,725	\$ 111,408	\$ 1,667	\$ 2,010	\$ 177,652	\$ 167,208	\$ 390,347	\$ 421,432	\$ 31,085
3Q 2019	\$ 140,616	\$ 98,708	\$ 14,229	\$ 3,056	\$ 44,839	\$ 60,664	\$ 3,565	\$ 2,310	\$ 525,606	\$ 552,897	\$ 728,855	\$ 717,636	\$ (11,219)
4Q 2019	\$ 133,097	\$ 104,096	\$ 16,289	\$ 4,494	\$ 103,800	\$ 39,583	\$ 1,875	\$ 765	\$ 196,890	\$ 202,332	\$ 451,950	\$ 351,269	\$ (100,681)
<b>2019 Total</b>	\$ 525,961	\$ 440,059	\$ 54,217	\$ 31,619	\$ 251,035	\$ 248,527	\$ 9,000	\$ 6,900	\$ 900,000	\$ 920,691	\$ 1,740,213	\$ 1,647,796	\$ (92,419)
1Q 2020	\$ 150,821	\$ -	\$ 12,830	\$ -	\$ 34,405	\$ -	\$ 1,894	\$ -	\$ (148)	\$ -	\$ 199,802	\$ -	\$ (199,802)
2Q 2020	\$ 163,811	\$ -	\$ 11,061	\$ -	\$ 70,221	\$ -	\$ 1,666	\$ -	\$ 177,652	\$ -	\$ 424,411	\$ -	\$ (424,411)
3Q 2020	\$ 175,392	\$ -	\$ 14,345	\$ -	\$ 45,815	\$ -	\$ 3,565	\$ -	\$ 525,606	\$ -	\$ 764,723	\$ -	\$ (764,723)
4Q 2020	\$ 166,015	\$ -	\$ 16,421	\$ -	\$ 106,059	\$ -	\$ 1,875	\$ -	\$ 196,890	\$ -	\$ 487,258	\$ -	\$ (487,258)
<b>2020 Total</b>	\$ 656,039	\$ -	\$ 54,657	\$ -	\$ 256,500	\$ -	\$ 9,000	\$ -	\$ 900,000	\$ -	\$ 1,876,194	\$ -	\$ (1,876,194)
<b>Program **</b>	\$ 5,845,934	\$ 3,465,401	\$ 6,170,090	\$ 5,339,833	\$ 5,663,693	\$ 6,251,259	\$ 1,107,910	\$ 1,076,812	\$ 7,201,705	\$ 6,179,779	\$ 25,989,331	\$ 22,313,083	\$ (3,676,248)

\* 2014 and 2015 budgets were revised per the approval of the Phase II Program in Order 18003, Formal Case 1086 on October 16, 2015

\*\* The program budget total for each cost category is comprised of the actual spend in 2011 and 2012 plus the budgeted annual cost for 2013 through 2017. See the 2012 Fourth Quarter report, dated January 30, 2013, for details of the reallocated funds.

*Program Cost Data Notes*

1. Consistent with the approved program Tariff, projected costs for Customer Annual Incentives were added for 2012 and later.
2. The Company recouped \$3.7 million from the ARRA grant. This amount exceeds the \$3.55 million that was anticipated. ARRA proceeds reduce the costs of the program and the amounts sought by the Company for recovery in future distribution base rate cases(s).
3. The spending for 2019 was less than the budgeted amount. The program costs are still less than the forecasted spend for the program through 2019 by approximately \$3.7 million.

## ***Follow Up to Order No. 18846***

As stated above, Order No. 18846 directed Pepco, within 60 days of the order, to identify steps the Company has taken or will take to reduce the costs of the DLC program and its plans going forward. On September 25, 2017, Pepco filed a letter explaining its efforts at controlling DLC costs, as well as its plan going forward for the program. Below are the items identified in the September 25, 2017 letter, each with an update (as applicable) on the current status.

### **1. Cessation of Active Participant Recruiting**

Status: Active recruiting has ceased and the reduced overall program costs are reflected in the budget found in Table 4 including O&M, Capital and Marketing.

### **2. Reduction in Quantity of DLC Marketing Materials**

Status: Post-season Participation letters were removed from the schedule for 2018 and 2019, and those savings, compared to earlier program years, are reflected in the Marketing column of the budget found in Table 4.

### **3. Modify DLC Bill Credits**

Status: Two participant Market Research Focus Groups were conducted on October 30, 2018 to explore customer acceptance of credit modifications, including ongoing program credits and installation credit as well as changes to the number and length of cycling events. A total of 20 customers participated in the focus groups, including representation from all 4 quadrants of the District of Columbia, all 3 cycling levels and a mix of demographic characteristics including age, gender, income and educational status.

In both groups, opposition to any credit reduction was strong. Of all of the proposed changes, those that would have the greatest impact on customers' leaving EWR are extending the cycling hours to 8pm and significantly reducing the credits.

### **4. PJM Stakeholder Process – Market Opportunities for Residential DLC Programs**

Status: Pepco has continued to monitor the evolution of PJM wholesale market participation of demand response programs. The Company and its Exelon affiliates supported approval of the PJM charter (Summer Only Demand Response Senior Task Force) to examine possible adjustments to the PJM load forecast to reflect demand response reductions. This charter was approved by the PJM Market Reliability Committee on February 22, 2018.

### **5. Maximize PJM Capacity and Energy Market Earnings**

Status: Similar to last year, Pepco plans to maximize program earnings by participating in PJM energy and capacity markets. Pepco's direct load control program qualifies as a seasonal demand response resource according to PJM rules for the 2022/2023 Base Residual Auction. This means Pepco's direct load control programs must be matched with a winter seasonal resource to earn PJM earnings.

**6. Meet with the District of Columbia Sustainable Energy Utility on the Integration of Other Smart Thermostats in Pepco's DLC program and Other Similar Initiatives**

Status: Pepco has met with the SEU on several occasions since the issuance of Order No. 18846. While these meetings have not resolved how or whether the smart thermostat units offered in an SEU program could be incorporated into Pepco's DLC program, the Company appreciates the SEU's willingness to closely coordinate and continue dialogues regarding Pepco and SEU initiatives. The MEDSIS process is also evaluating ways to impact the Energy Efficiency and Demand Response space and Pepco, along with the SEU and other parties, is actively involved.

**7. Explore use of EWR Program to Defer Additional Distribution System Construction and Reliably Supply Electricity**

Status: A deferral pilot is still under consideration at PHI. If action is taken and, after the results of the pilot are analyzed, Pepco will report to the Commission with further detail.

In addition, legislation and Commission actions will provide opportunities for deferral of distribution system construction necessary to relieve capacity constraints using Distributed Energy Resources, such as EWR, in the District.

**8. Use of DLC Program Thermostats to Better Manage Customer Electricity Consumption**

Status: Continue to support web based smart thermostat programming. Customers can access their web-programmable thermostat through the Company's Self-Service Mobile App. Offering customers a Wi-Fi web-programmable thermostat, by request and in situations where the paging signal does not reach the thermostat location. Evaluating a BYOT 'Bring your own Thermostat' program to offer customers more thermostat choice. This program would run in conjunction with the existing DLC program platform. Refer also to item 6, above.

Bring Your Own Device (BYOD) was added to Energy Wise Rewards in Maryland in December 2018, and PHI is evaluating this as an option for DC. This would require additional Commission approval for expansion of the program.

**9. Support of the CleanEnergy DC Omnibus Amendment Act of 2018:**

Pepco is actively evaluating various opportunities to expand Demand Response programs, or enhance its current DLC program, in the District in support of the city's clean energy and climate goals. These initiatives, which over time could include demand response projects, are being considered as part of Formal Case No. 1160. Pepco recognizes demand response is an important tool in reducing peak demand, saving customers money, and supporting a cleaner and more resilient grid.

## CERTIFICATE OF SERVICE

I hereby certify that a copy of Potomac Electric Power Company's Annual Direct Load Control Program Report was served this Thursday, March 19, 2020 on all parties in Formal Case Nos. 1086 and 1119 by electronic mail.

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*/s/ Dennis P. Jamouneau*

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