

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

ORDER

April 15, 2020

**GD2020-01, IN THE MATTER OF THE ESTABLISHMENT OF REGULATORY ASSETS
FOR COVID-19 RELATED INCREMENTAL COSTS, Order No. 20329**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) authorizes the Potomac Electric Power Company (“Pepco”) and Washington Gas Light Company (“WGL”) to create a regulatory asset account to record the incremental costs related to COVID-19 that were prudently incurred beginning March 11, 2020, to ensure that District of Columbia residents would continue to have essential utility services during the public health emergency. The amounts in the regulatory asset account will be evaluated in a future base rate case.

II. BACKGROUND

2. On March 11, 2020, the Mayor of the District of Columbia declared a public health emergency pursuant to section 5a of the District of Columbia Public Emergency Act of 1980 to control and prevent the spread of COVID-19.¹ The District of Columbia Council passed the COVID-19 Response Emergency Amendment Act of 2020 on March 17, 2020, to address critical needs of District of Columbia residents during the public health emergency (“March 17, 2020 Emergency Act”).² Sections 305 and 306 of the March 17, 2020, Emergency Act prohibit the electric and gas companies, respectively, from disconnecting customers for non-payment of bills or fees during the public health emergency or for 15 calendar days thereafter.³

III. DISCUSSION

3. Sections 305 and 306 of the March 17, 2020, Emergency Act provide necessary consumer protections for District of Columbia utility customers. The Commission recognizes, however, that these provisions may have significant financial implications for Pepco and WGL as they comply with these provisions. Thus, to minimize these financial effects, the Commission authorizes Pepco and WGL to create a regulatory asset account to record the incremental costs

¹ Mayor’s Order No. 2020-046: Declaration of Public Health Emergency – Coronavirus (COVID-19), issued March 11, 2020.

² COVID-19 Response Emergency Amendment Act of 2020, March 17, 2020 (“D.C. Act 23-247”).

³ D.C. Act 23-247, §§ 305-306.

related to COVID-19 that were prudently incurred beginning March 11, 2020, when the state of emergency was declared in the District of Columbia. The creation of the regulatory asset account will assist in the recovery of prudently incurred costs. The Commission finds that deferral of such costs is appropriate given the public health emergency that is outside the control of Pepco and WGL.

4. To be included in the COVID-19 regulatory asset account, the incremental costs must be prudently incurred for the continued provision of service to District of Columbia residents during the public health emergency and 15 days afterward. In addition, the utility must maintain detailed records of the incremental costs. Any offsets to these incremental costs must also be recorded.⁴ Although both Pepco and WGL have ongoing rate case proceedings,⁵ given that these incremental expenses are not fully known and certain at this time, the Commission will evaluate the COVID-19 regulatory asset account in future proceedings to determine whether the costs are just and reasonable and whether these costs should be recovered. The Commission will also evaluate during those proceedings other issues such as the appropriate period of recovery for the approved amount of the regulatory asset, any amount of carrying costs thereon, and other related matters.

THEREFORE, IT IS ORDERED THAT:

5. The Potomac Electric Power Company and Washington Gas Light Company are **AUTHORIZED** to establish regulatory asset accounts to capture and track COVID-19 related incremental costs.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:



CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

⁴ The Utility's regulatory asset accounting shall include all offsets to COVID-19-related expenses and losses, including but not limited to any income received pursuant to the U.S. Department of Treasury's administration of S.3548, The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

⁵ *Formal Case No. 1156, In the Matter of the Application of Potomac Electric Power Company for Authority to Implement a Multiyear Rate Plan for Electric Distribution Service in the District of Columbia*, Application of Potomac Electric Power Company for Authority to Implement a Multiyear Rate Plan for Electric Distribution Service, filed May 30, 2019; *see also Formal Case No. 1162, In the Matter of the Application of Washington Gas Light Company for Authority to Increase Existing Rates and Charges for Gas Service*, Washington Gas Light Company's Application for Authority to Increase Existing Rates and Charges for Gas Service, filed January 13, 2020.