

Dennis P. Jamouneau
Assistant General Counsel

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

EP1132
701 Ninth Street NW
Washington, DC 20068-0001

April 15, 2021

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: Docket PEPBSAR

Dear Ms. Westbrook-Sedgwick:

In compliance with Order No. 15556, Paragraph No. 59, the Potomac Electric Power Company is submitting the attached 2020 Annual Bill Stabilization (BSA) Adjustment Report.

Attachment 1 provides the 2020 Annual Report.

Attachment 2 provides a comparison of revenue with and without the BSA.

Attachment 3 provides weather related electricity consumption data.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

/s/ Dennis P. Jamouneau

Dennis P. Jamouneau

Enclosures:

cc: All Parties of Record

2020 Annual Report of the District of Columbia Bill Stabilization Adjustment

Pursuant to Order No. 15556 in Docket PEPBSAR, Phase II, Potomac Electric Power Company (Pepco or the Company) is required to file an annual report with the Public Service Commission of the District of Columbia on the effects of the Bill Stabilization Adjustment (BSA). This report is required to provide the following:

- 1) A comparison of revenues that would have been collected under traditional regulation to those actually collected under the BSA.
- 2) The relative effect of weather on the BSA calculation.
- 3) The effect of energy efficiency on the BSA calculation.
- 4) A comparison of average bills to those under traditional regulation.

In 2020 the BSA for customers in the District of Columbia provided that all customer classes received a surcharge. Aggregating all the customer classes that contain the BSA resulted in a net cost to customers of approximately \$70.9 million in 2020, \$27.6 million in 2019, \$27.4 million in 2018, \$35.1 million in 2017, \$21.7 million in 2016, \$6.7 million in 2015, \$11.1 million in 2014, \$17.1 million in 2013, \$13.1 million in 2012 and \$2.4 million in 2011 versus a net benefit of \$2.9 million in 2010. A more detailed description regarding the effects of weather on the BSA in 2020 is described below and in Attachment 3.

BSA Benefits/Costs to Customers

The BSA provided a net cost of approximately \$70.9 million to Pepco's District of Columbia customers in 2020. All customer classes, except for the GT-3B customer class, saw the BSA increase distribution costs.

Pepco also calculated the average bill by rate class, by dividing the Annual Distribution Revenue with the BSA by the cumulative number of customer bills by rate class.

The overall BSA (costs) and the average per customer benefits (costs) by rate class are shown in Attachment 2.

The Effect of Weather on kWh Sales

Weather had an impact on the BSA in 2020. The Company calculated the increase/(decrease) in kWh sales by subtracting weather corrected sales from actual sales by rate class and by month. Overall kilowatt hour sales for all classes of customers were 116,231,716 higher than they would have been with normal weather. A summary of the effect of weather on kWh sales by rate class and by month is listed in Attachment 3.

The Company monetized the increase in the number of kWh consumed to determine the value of the BSA to customers attributable to weather. This was derived by calculating the monthly percentage change in kWh attributable to weather and applying this percentage to the actual monthly revenues less

the value of the Customer Charge portion of distribution revenue. The monthly value of weather was summed to determine the annual effect of weather on each rate class. As seen in Exhibit 1, the aggregate effect of weather would have increased Pepco's distribution revenue by \$1,503,037 if not for the BSA.

Exhibit 1 - Value of Weather in the BSA		
January - December 2020		
	Value of BSA Associated with Weather	
R	\$ 136,315.74	
MMA	(16,066.88)	
GS ND	109,367.97	
GSD	232,012.95	
GS HV	(251.38)	
MGTLV	643,223.26	
GTLV	479,899.48	
GT3A	(81,464.14)	
GT3B	-	
Total	\$ 1,503,037.00	

The Effect of Energy Efficiency on kWh Sales

“Energy Efficiency” initiatives also have an effect on the benefit (cost) of the BSA for customers. Successful energy efficiency programs reduce customer load, which result in a loss of distribution revenue to the Company if a BSA or decoupling mechanism is not in place. A positive benefit to DC customers from implementing the BSA is that it eliminates the disincentive for the Company to promote energy efficiency and other energy conservation programs.

Prior to October 2010, the Company implemented Commission approved energy efficiency programs which reduced customer load in 2011 by an estimated 41,685 MWh's and Pepco's distribution revenue by an estimated \$1.15 million. Assuming that the energy efficiency programs from 2011 are still reducing customer load in 2020 by the same MWh's, Pepco's distribution revenue was reduced by an estimated \$1.35 million in 2020.

The value of “Energy Efficiency” was calculated for each applicable rate class by estimating the percentage of MWh's reduced by energy efficiency and then grossing up the Actual Revenue by that

percentage, less the value of the Customer Charge. A breakdown of the value of energy efficiency by rate class is shown in Exhibit 2.

Exhibit 2 - Value of EE in the BSA		
January - December 2020		
	Value of BSA Associated with Energy Efficiency	
R	\$ (47,792.32)	
MMA	(4,718.46)	
GS ND	(46,772.93)	
GSD	(169,759.97)	
GS HV	(348.34)	
MGTLV	(681,752.92)	
GTLV	(401,263.63)	
GT3A	-	
GT3B	-	
Total	\$ (1,352,408.57)	

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Distribution Revenue with BSA vs. Distribution Revenue without BSA							
January - December 2020							
Rate Class	Distribution Revenue w/ BSA	Distribution Revenue w/out BSA	Benefit (Cost) to Customers of BSA	Average Distribution Bill w/ BSA	Average Distribution Bill w/out BSA	Benefit (Cost) to Customer/Month of BSA	Annual Benefit (Cost) to Customer of BSA
R	\$ 81,533,037.41	\$ 79,653,827.96	\$ (1,879,209.45)	\$ 23.47	\$ 22.93	\$ (0.54)	\$ (6.48)
MMA	10,559,725.77	10,301,491.74	(258,234.03)	16.42	16.02	(0.40)	(4.80)
GS ND	13,690,309.76	12,137,517.50	(1,552,792.26)	64.81	57.46	(7.35)	(88.20)
GSD	31,132,804.12	25,139,935.28	(5,992,868.84)	519.19	419.25	(99.94)	(1,199.28)
GS HV	62,106.72	53,696.58	(8,410.14)	862.59	745.79	(116.80)	(1,401.60)
MGTLV	134,937,120.18	110,672,953.17	(24,264,167.01)	3,390.04	2,780.45	(609.59)	(7,315.08)
GTLV	84,288,384.11	56,103,538.38	(28,184,845.73)	23,124.39	15,391.92	(7,732.47)	(92,789.64)
GT3A	51,443,805.55	42,644,246.93	(8,799,558.62)	27,762.44	23,013.62	(4,748.82)	(56,985.84)
GT3B	421,572.41	467,626.84	46,054.43	35,131.03	38,968.90	3,837.87	46,054.44
Total	\$ 408,068,866.03	\$ 337,174,834.38	\$ (70,894,031.65)				

Increase (Decrease) in kWh Electricity Consumption due to Weather In the District of Columbia										
January - December 2020										
MONTH	RES	MMA	GS-ND	GSD	GS-3A	MGT-LV	GT-LV	GT-3A	GT-3B	TOTAL
January 2020	19,121,998	525,006	1,154,265	2,044,698	-	5,631,555	5,001,335	811,453	-	34,290,310
February	20,708,419	558,624	1,254,574	2,245,994	-	6,290,407	5,321,592	953,628	-	37,333,238
March	17,236,185	518,275	1,019,816	1,699,539	-	4,207,511	4,937,220	392,132	-	30,010,678
April	10,937,318	354,957	635,193	995,355	-	2,166,917	3,381,413	52,366	-	18,523,519
May	(3,216,893)	257,177	(318,600)	(16,805)	2,181	(166,535)	978,666	3,254,166	-	773,357
June	(1,760,095)	(128,228)	(76,163)	(208,472)	(420)	(410,164)	(938,352)	(626,337)	-	(4,148,231)
July	(13,645,886)	(994,141)	(590,489)	(1,616,272)	(3,255)	(3,179,971)	(7,274,973)	(4,855,946)	-	(32,160,933)
August	(17,319,620)	(1,261,783)	(749,460)	(2,051,403)	(4,131)	(4,036,081)	(9,233,535)	(6,163,260)	-	(40,819,273)
September	18,549	1,351	803	2,197	4	4,323	9,889	6,601	-	43,717
October	13,337,572	915,632	597,604	1,538,224	2,845	3,041,634	6,803,455	4,244,644	-	30,481,610
November	14,241,840	470,083	823,499	1,270,975	-	2,669,633	4,478,127	8,825	-	23,962,982
December 2020	10,397,841	320,850	611,459	999,143	-	2,380,138	3,056,497	174,814	-	17,940,742
TOTAL	70,057,228	1,537,803	4,362,501	6,903,173	(2,776)	18,599,367	16,521,334	(1,746,914)	-	116,231,716

CERTIFICATE OF SERVICE

I hereby certify that on April 15, 2021, a copy of the foregoing Pepco's Annual Bill Stabilization Report was sent by electronic mail to all parties in Docket PEPBSAR.

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.
Office of the People's Counsel
1133 15th Street, NW
Suite 500
Washington, D.C. 20005-2710
smfrye@opc-dc.gov

Alexander M. Padro
Shaw Main Street, Inc.
1426 Ninth Street, NW
4th Floor
Washington, DC 20001-3330
info@shawmainstreets.org

Ann Loikow
Federation Of Citizens Association
3404 Rodman Street, NW
Washington, DC 20016
aloikow@verizon.net

Christopher Lipscombe, Esq.
Public Service Commission
Of The District Of Columbia
1325 G Street, NW,
Suite 800
Washington, DC 20005
clipscombe@psc.dc.gov

John Tobey, Esq.
General Services Administration
Office of the General Counsel
1275 First Street, NE, 5th Floor
Washington, DC 20417
John.tobey@gsa.gov

Frazer Walton
Kingman Park Civic Association
P.O. Box 48228
Washington, DC 20002
frawalton@att.net

Brian J.H. Lederer, Esq.
International Brotherhood Of Electrical Workers
(IBEW) Local 1900
3003 Van Ness Street NW, Suite W228
Washington, DC 20008
brian.lederer@att.net

Edward Manchester, Esq.
Braude & Margulies, PC
1200 Potomac Street, NW
Washington, DC 20007
jrmargul@starpower.net

Brian Caldwell, Esq.
Office Of The Attorney General For The
District Of Columbia
441 Fourth Street, NW, Suite 650-S
Washington, DC 20001
brian.caldwell@dc.gov

Anwar Saleem
H Street Main Street, Inc.
961 H Street, NE
Washington, DC 20013
info@hstreet.org

Robert L. Church, PE
4709 Colorado Avenue, NE
Washington, DC 20011
rlchurch@mcsenergy.com

Meena Gowda, Esq.
Deputy General Counsel
District of Columbia Water
and Sewer Authority
5000 Overlook Avenue, SW
Washington, DC 20032
Meena.Gowda@dcwater.com

Bernice K. McIntyre, Esq.
Washington Gas Light Company
101 Constitution Avenue, NW
3rd Floor West
Washington, DC 20080
bmcintyre@washgas.com

Frann G. Francis, Esq.
Apartment and Office Building
Association Of Metropolitan
Washington
1050 17th Street NW, Suite 300
Washington, DC 20036
ffrancis@aoba-metro.org

Marc Biondi Esq.
Assistant General Counsel
Washington Metropolitan Area Transit Authority
600 5th Street, NW
Washington, DC 20001
mebiondi@wmata.com

John Macgregor
Politics And Prose Climate Action Project
3743 Fessenden St, NW
Washington, DC 20005
Beamup2@gmail.com

Kenneth C. Strobl
Technical Associates, Inc.
9030 Stony Point Parkway
Suite 508
Richmond, VA 23235
ken.strobl@TAI-ECON.com

/s/Dennis P. Jamouneau
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