

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

**PUBLIC NOTICE**

**FORMAL CASE NO. 1145, IN THE MATTER OF THE APPLICATIONS FOR APPROVAL OF BIENNIAL UNDERGROUND INFRASTRUCTURE IMPROVEMENT PROJECTS PLANS AND FINANCING ORDERS**

On May 17, 2017 the Electric Company Infrastructure Improvement Financing Emergency Amendment Act of 2017 (D.C. Law 22-067), amending the Electric Company Infrastructure Improvement Financing Act of 2014 (as amended, the “Undergrounding Act”) became effective. This amendment authorizes the collection and use by the District of Columbia and the Potomac Electric Power Company (“Pepco”) of certain charges to finance the undergrounding of certain electric power lines and ancillary facilities. This amendment governs Pepco’s and the District Department of Transportation’s (“DDOT”) public-private partnership to bury overhead primary power lines to improve electric service reliability and reduce the impact of storm-related outages in the District of Columbia. The new legislation changes a portion of the funding structure for the District of Columbia Power Line Undergrounding (“DC PLUG”) project from bonds issued by the District and securitized by ratepayers, as authorized under the original 2014 Act, to a pay-as-you-go structure with the cost imposed on Pepco and recovered by Pepco through a tariff rider authorized under the new amended Act.

The Public Service Commission of the District of Columbia (“Commission”) hereby gives notice that, on July 3, 2017, DDOT and Pepco filed a Joint Application for Approval of the First Biennial Underground Infrastructure Improvement Projects Plan and Financing Order Application (“Joint Application”) in compliance with the Undergrounding Act. This Notice describes the filing and sets deadlines, pursuant to that Act, for the filing of comments and petitions to intervene.

**First Biennial Underground Infrastructure Improvement Projects Plan**

Pursuant to Section 307(a) of the Undergrounding Act, DDOT and Pepco filed the Joint Application seeking approval of the first biennial Underground Infrastructure Improvement Projects Plan (“First Biennial Plan”). The First Biennial Plan identifies six (6) electric distribution feeders, all or parts of which are currently overhead, that DDOT and Pepco propose to place underground. As part of the feeder-selection process, Pepco ranked every overhead and combined overhead/underground feeder in the District of Columbia based on a number of criteria, including the number and duration of outages and customer minutes of interruption on each feeder for the years 2010-2016 (including storm outage data). DDOT and Pepco selected the feeders that will be placed underground as part of the First Biennial Plan based on this historical feeder performance data, as well as other secondary criteria.

The Joint Application also requests approval of a charge called the “Underground Project Charge” (“UPC”) to recover costs incurred by Pepco to underground the selected feeders and other authorized costs and charges. Pursuant to the Undergrounding Act, the UPC is applicable to Pepco’s District of Columbia customers who purchase electric distribution service, except for low-income customers served under Pepco’s Residential Aid Discount (“RAD”) Rider. Pepco may file with the Commission an application to adjust the UPC no later than April 1 of each year

to update forecasted expenditures for the calendar year in which the update is filed and to true-up costs and collections for the prior calendar year.

The proposed UPCs represent a total increase of approximately 0.5 cents per day for a typical residential customer who uses 675 kWh per month. Over the two-year period in which these charges will be in effect, the UPCs are designed to collect \$5,602,940 in total revenues. In the initial two years, Pepco expects to add approximately \$12.5 million in electric plant in service.

The initial UPC for the first year, for each Rate Schedule, is as follows:

| <u>Rate Schedule</u> | <u>Underground Project Charge (per kilowatt-hour)</u> |
|----------------------|---|
| R                    | \$0.00021   |
| AE                   | \$0.00016   |
| RTM                  | \$0.00064   |
| GS ND                | \$0.00039   |
| T                    | \$0.00039   |
| GS LV                | \$0.00076   |
| GS 3A                | \$0.00038   |
| GT LV                | \$0.00047   |
| GT 3A                | \$0.00028   |
| GT 3B                | \$0.00003   |
| RT                   | \$0.00029   |
| SL/TS                | \$0.00010   |
| TN                   | \$0.00023   |

If granted in full, the average monthly effects of the proposed rates in the first year will be:

| <u>Rate Schedule*</u> | <u>Monthly Increase</u><br><u>Distribution Bill Only</u> |                                   |                                |
|-----------------------|--|-----------------------------------|--------------------------------|
|                       | <u>Average</u><br><u>Monthly</u><br><u>Usage</u>         | <u>Percent</u><br><u>Increase</u> | <u>Dollar</u><br><u>Amount</u> |
| R                     | 643  | 0.6%                              | \$ 0.14                        |
| AE                    | 642  | 0.6%                              | \$ 0.10                        |
| RTM                   | 3,595  | 1.3%                              | \$ 2.30                        |
| GS ND                 | 1,306  | 1.0%                              | \$ 0.51                        |
| T                     | 7,481  | 1.0%                              | \$ 2.92                        |
| GS LV                 | 10,395   | 1.4%                              | \$ 7.90                        |
| GS 3A                 | 20,475   | 1.1%                              | \$ 7.78                        |
| GT LV                 | 124,129  | 1.3%                              | \$ 58.34                       |
| GT 3A                 | 1,325,843  | 1.5%                              | \$ 371.24                      |
| GT 3B                 | 12,025,895   | 1.4%                              | \$ 360.78                      |
| RT                    | 24,928,230   | 1.5%                              | \$ 7,857.91                    |
| SL**                  | 5,997,416  | 0.5%                              | \$ 599.74                      |
| TS**                  | 799,836  | 0.5%                              | \$ 79.98                       |
| TN                    | 416  | 0.8%                              | \$ 0.10                        |

\* The effect of the proposed rates on any particular customer is dependent upon the actual usage of the customer. Increases shown are for customers with the average monthly usage.

\*\* The Street Lighting and Traffic Signal increases shown refer to the total class.

### **First Financing Order Application**

In the Joint Application, pursuant to Section 303(a)(1)(A) of the Undergrounding Act, Pepco included an application requesting that the Commission issue a financing order authorizing Pepco to assess a charge called the “Underground Rider” to recover charges imposed on Pepco by the District of Columbia. The charge imposed on Pepco by the District of Columbia is called the DDOT Underground Electric Company Infrastructure Improvement Charge or “DDOT Charge.”

Pursuant to the Undergrounding Act, DDOT will use amounts paid by Pepco in respect of the DDOT Charge to fund costs associated with work performed by DDOT to underground the distribution feeders included in the First Biennial Plan and to be used by Pepco to provide electric distribution service in the District of Columbia. The work to be performed by DDOT includes civil engineering for, and the construction and installation of certain underground conduits, duct banks, electric vaults, manholes and similar facilities, and repaving and other road work.

The Underground Rider is applicable to all customers who take electric distribution service, except low-income customers served under Pepco’s RAD Rider. The proposed Underground Rider represents a total increase of approximately 3.5 cents per day for a typical

residential customer who uses 675 kWh per month. Over the two-year period in which these charges will be in effect, the Underground Rider is designed to collect \$60 million, or \$30 million per year. Pepco may file to adjust the Underground Rider not more frequently than twice per year to true-up the difference between the DDOT Charge imposed on Pepco for the period for which the adjustment is filed and actual amounts collected by Pepco through the Underground Rider for the corresponding period. The recovery for under-collection or over-collection shall be allocated to each customer class in the proportion to which the customer class contributed to the under-collection or over-collection.

The charges for the Underground Rider for the first year, for each Rate Schedule, are as follows:

| <u>Rate Schedule</u> | <u>Underground Rider (per kilowatt-hour)</u> |
|----------------------|--|
| R                    | \$0.00155                                    |
| AE                   | \$0.00124                                    |
| RTM                  | \$0.00481                                    |
| GS ND                | \$0.00296                                    |
| T                    | \$0.00296                                    |
| GS LV                | \$0.00568                                    |
| GS 3A                | \$0.00288                                    |
| GT LV                | \$0.00352                                    |
| GT 3A                | \$0.00209                                    |
| GT 3B                | \$0.00020                                    |
| RT                   | \$0.00218                                    |
| SL/TS                | \$0.00078                                    |
| TN                   | \$0.00170                                    |

If granted in full, the average monthly effects of the proposed Underground Rider, in the first year, will be:

| <u>Rate Schedule*</u> | Average<br>Monthly<br>Usage | <u>Monthly Increase</u><br><u>Distribution Bill Only</u> |                  |
|-----------------------|-----------------------------|--|------------------|
|                       |                             | Percent<br>Increase                                      | Dollar<br>Amount |
| R                     | 643                         | 4.7%   | \$ 1.00          |
| AE                    | 642                         | 4.6%   | \$ 0.80          |
| RTM                   | 3,595                       | 9.9%   | \$ 17.29         |
| GS ND                 | 1,306                       | 7.6%   | \$ 3.86          |
| T                     | 7,481                       | 7.6%   | \$ 22.15         |
| GS LV                 | 10,395                      | 10.4%  | \$ 59.05         |
| GS 3A                 | 20,475                      | 8.0%   | \$ 59.17         |
| GT LV                 | 124,129                     | 10.1%  | \$ 436.93        |
| GT 3A                 | 1,325,843                   | 10.9%  | \$ 2,771.01      |
| GT 3B                 | 12,025,895                  | 10.7%  | \$ 2,405.18      |
| RT                    | 24,928,230                  | 11.0%  | \$ 59,071.49     |
| SL**                  | 5,997,416                   | 3.8%   | \$ 4,677.98      |
| TS**                  | 799,836                     | 3.8%   | \$ 623.87        |
| TN                    | 416                         | 5.7%   | \$ 0.71          |

\* The effect of the proposed rates on any particular customer is dependent upon the actual usage of the customer. Increases shown are for customers with the average monthly usage.

\*\* The Street Lighting and Traffic Signal increases shown refer to the total class.

Pepco has requested that the UPC and the Underground Rider become effective within 90 days of the Commission's issuance of an order in Formal Case No. 1145 approving these charges.

**Community Hearings, Intervention, and Comments**

The Commission will hold a series of community hearings on the Joint Application beginning with a hearing on July 21, 2017, to receive comments from residents and businesses in the affected communities. The dates, times, and locations of the community hearings were published on the Commission's website on June 23, 2017 as follows:

Friday, July 21, 2017 – 2:30 P.M.  
 Community of Hope  
 4 Atlantic Street, SW  
 Washington, D.C. 20032

Monday, July 24, 2017 – 6:30 P.M.  
Trinity University College  
O’Connor Auditorium  
125 Michigan Avenue, NE  
Washington, D.C. 20017

Tuesday, July 25, 2017 - 11:30 A.M.  
St. John’s United Baptist Church  
6343 13th Street, NW  
Washington, D.C. 20011

Tuesday, July 25, 2017 – 6:30 P.M.  
Temple Sinai  
3100 Military Road, NW  
Washington, D.C. 20015

Any person desiring to intervene in this proceeding may file a petition to intervene with the Commission on or before **Friday, July 28, 2017**. The Joint Applicants and any party to the proceeding may file an answer or oppose the granting of a petition to intervene on or before **Friday, August 4, 2017**. All petitions to intervene and answers thereto shall conform to the requirements of the Commission’s Rules of Practice and Procedure as set forth in Chapter 106 of Title 15 of the District of Columbia Municipal Regulations (15 DCMR Section 106).

Any person desiring to comment on the Joint Application may file written comments with the Commission on or before **Tuesday, September 12, 2017**.

All petitions for intervention and written comments should be sent to Ms. Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1325 G Street, NW, Suite 800, Washington, DC 20005.

Sections 303 and 309 of the Undergrounding Act provide that an evidentiary hearing shall be required only if contested issues of material fact are present and those issues cannot be resolved by the Commission based on the pleadings and discovery responses filed, if any. In accordance with the Expedited Procedural Schedule approved by the Commission in Order No. 18801, issued on June 15, 2017, the final day to request a hearing based on a material issue of fact is September 13, 2017. The issues to be considered by the Commission in reviewing the Joint Application are identified in Sections 302, 308, and 310 of the Undergrounding Act.

The Joint Application is available for viewing on the Commission’s website ([www.dcpssc.org](http://www.dcpssc.org)) and inspection in the Public Service Commission’s Office of the Commission’s Secretary, 1325 G Street, Suite 800, between the hours of 9:00 am and 5:30 pm, Monday through Friday. Copies of the Joint Application can be purchased at the Commission at a cost of \$0.10 per page, actual reproduction cost. The Joint Application may also be inspected at the following public libraries:

**District of Columbia Public Ward Libraries**

Mount Pleasant Library  
3160 16th St. NW  
Washington, D.C. 20010  
mtpleasantlibrary@dc.gov  
202-671-3121

Southwest Library  
900 Wesley Place SW  
Washington, D.C. 20024  
southwestlibrary@dc.gov  
202-724-4752

Cleveland Park Library  
4340 Connecticut Ave NW  
Washington, D.C. 20008  
clevelandparklibrary@dc.gov  
202-282-3080

Bellevue Library. William O.  
Lockridge  
115 Atlantic St. SW  
Washington, D.C. 20032  
bellevuelibrary@dc.gov  
202-243-1185

Southeast Library  
900 Wesley Place SW  
Washington, D.C. 20024  
southwestlibrary@dc.gov  
202-724-4752

Petworth Library  
4200 Kansas Ave. NW  
Washington, D.C. 20011  
petworthlibrary@dc.gov  
202-243-1188

Woodridge Library  
1801 Hamlin Street NE  
Washington, D.C. 20018  
woodridgelibrary@dc.gov  
202-541-6226

Capitol View Library  
5001 Central Ave. SE  
Washington, D.C. 20019  
capitolviewlibrary@dc.gov  
202-645-0755