Press Release

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Public Service Commission Approves Pepco Settlement Agreement

Ratepayer benefits include reducing Pepco’s distribution services revenue by $24,100,000

(WASHINGTON, D.C.) – The Public Service Commission of the District of Columbia (Commission) approved the Joint Motion for Approval of the Non-Unanimous Full Settlement Agreement and Stipulation (Settlement Agreement) in Formal Case Nos. 1150 and 1151 (Order No. Order No. 19433) on August 8, 2018. The Settlement Agreement addresses Pepco’s electric distribution rates in the District of Columbia (Formal Case No. 1150) and the proper accounting of the changes required to implement the federal Tax Cuts and Jobs Act of 2017 (TCJA) (Formal Case No. 1151). After reviewing the Settlement Agreement, testimony and exhibits, the Commission finds that the resulting Pepco distribution service rates are just and reasonable.

The Settlement Agreement will benefit Pepco ratepayers and the District because it includes, among other benefits:

1. Reducing Pepco’s distribution revenue by $24,100,000;
2. Providing a return to ratepayers of Excess Deferred Income Tax (EDIT) as a result of the TCJA’s reduction in corporate tax rates;
3. Providing a return to ratepayers of at least $19.25 million in deferred taxes that accrue from January 1, 2018, when the TCJA went into effect, up to the time when the new rates go into effect;
4. Reducing the total average distribution service bill by 19 cents per month (not inclusive of the Customer Base Rate Credit) for an average Residential (R) customer consuming 648 kWh; and
5. Establishing a rate case moratorium until May 1, 2019, during which Pepco cannot file for a rate increase.

The Settlement Agreement also addresses a number of different ratemaking issues that are unrelated to the TCJA, but part of Pepco’s distribution service rates, including but not limited to, depreciation rates; certain reliability plant expenditures; Supplemental Executive Retirement Plans; customer charges; rate design for the Residential, Master-Metered Apartment, and Street Light and Traffic Signal classes; how regulatory assets will be handled; and the creation of a new Time Metered Medium General Service – Low Voltage (MGT-LV) class.


A copy of the Order will be posted on the Commission website, www.dcpsc.org.

The Public Service Commission of the District of Columbia is an independent agency established by Congress in 1913 to regulate electric, natural gas, and telecommunications companies in the District of Columbia.

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