

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

PUBLIC NOTICE

May 31, 2018

**FORMAL CASE NO. 1134, IN THE MATTER OF THE INVESTIGATION INTO THE
PROCUREMENT COST ADJUSTMENT FOR STANDARD OFFER SERVICE,**

1. By this Public Notice, the Public Service Commission of the District of Columbia (“Commission”) schedules a technical conference in this matter on June 7, 2018, at 10:00 a.m. in the Commission’s Phylicia Fauntleroy Bowman Conference Room, 1325 G Street, NW, Suite 800, Washington, DC 20005.

2. The Commission opened an investigation into the Potomac Electric Power Company’s (“Pepco” or “Company”) use and operation of the Procurement Cost Adjustment (“PCA”) for Standard Offer Service (“SOS”).¹ According to Pepco’s tariff, the PCA is defined as “an adjustment made in order to true-up the rates [that] customers are billed to reflect the Company’s actual costs of providing SOS.”² Pepco makes a true-up adjustment to the PCA at least four (4) times a year and the true-ups revise the PCA based on actual and forecasted collections of SOS revenues by SOS type and the actual and forecasted cost of providing SOS.³

3. Pepco represents that it calculates the current monthly PCA using a deferred balance approach which is computed using all the costs and revenues for providing SOS that have been continuously accumulating since May 2005 when the initial tariff implementing SOS in the District of Columbia went into effect. Each month, the total monthly generation and transmission revenue collected from SOS customers is subtracted from the total monthly generation and transmission expenses incurred to provide SOS services. That number, which may be positive or negative, is then added to the previous month’s generation and transmission-related cumulative deferred balance going back to 2005. According to Pepco, this new cumulative deferred balance is then divided by a 12-month rolling sales forecast to develop the generation and transmission component of the PCA, resulting in a monthly debit from or a credit to SOS customers.

¹ *Formal Case No. 1134, In the Matter of the Investigation Into the Procurement Cost Adjustment for Standard Offer Service (“Formal Case No. 1134”),* Order No, 18064, rel. Dec. 18, 2015 (“Order No. 18064”).

² *See Formal Case No. 1017, In the Matter of the Development and Designation of Standard Offer Service in the District of Columbia,* Pepco 2018 Rate Schedule, Electric – P.S.C. of D.C. No. 1, Twenty-Sixth Revised Page No. R-41.8 (April 20, 2018).

³ *Id.*

4. The Commission is interested, among other things, in better understanding how the PCA operates and whether there are alternative methodologies for calculating the PCA to be billed to SOS customers. For example, Delmarva Power & Light Company calculates the PCA annually using one year's data as opposed to a monthly calculation.

5. Accordingly, by this Public Notice, the Commission invites interested persons to participate in a technical conference to discuss and provide recommendations on whether there are alternative methodologies for calculating the PCA in the District of Columbia. Commission staff will chair the technical conference as well as any follow-up technical conferences that may be required. The technical conference will begin with Pepco providing a presentation on: 1) how the PCA currently functions; 2) how the PCA is calculated; and 3) how the PCA adjustment methodology used in the District of Columbia differs from the PCA adjustment Delmarva uses in Delaware. Pepco shall file a Technical Conference Report on behalf of the participants in the technical conference, providing recommendations to the Commission regarding the reformation of the PCA.