

## PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

NOTICE OF FINAL RULEMAKING**RM40-2024-01, IN THE MATTER OF 15 DCMR CHAPTER 40 – DISTRICT OF COLUMBIA SMALL GENERATOR INTERCONNECTION RULES,**

1. The Public Service Commission of the District of Columbia (Commission), pursuant to its authority under D.C. Official Code Sections 2-505 and 34-802,<sup>1</sup> hereby gives notice of its final rulemaking action adopting certain amendments to Chapter 40 (District of Columbia Small Generator Interconnection Rules) of Title 15 (Public Utilities and Cable Television) of the District of Columbia Municipal Regulations (DCMR).

2. On November 22, 2024, the Commission published a Notice of Proposed Rulemaking (NOPR), initiated by Order No. 22312 in the District of Columbia Register (71 DCR 014226) amending 15 DCMR 4005.6. On March 14, 2025, the Commission published a Second NOPR in the District of Columbia Register (72 DCR 002838). On June 27, 2025, the Commission published a Third NOPR in the District of Columbia Register (72 DCR 007403). On August 22, 2025, the Commission published a Fourth NOPR (72 DCR 009179).

3. The Commission notes that the Potomac Electric Power Company (Pepco), in comments on the Fourth NOPR, stated: “The proposed amendments also create additional data collection and reporting requirements, which will further introduce the need for potential IT upgrades that could also result in increased interconnection costs to support the proposed amendments, should the Commission accept the proposed language.”<sup>2</sup> Pursuant to D.C. Code § 34-1101(a), “the charge made by any public utility for a service furnished or rendered, shall be reasonable, just, and non-discriminatory.” D.C. Code § 34-215 states that “the term ‘service’ is used in its broadest and most inclusive sense.” The Commission views the IT upgrades as a service. Commission regulations governing interconnection, 15 DCMR § 4000 *et seq.*, permit the Company to charge interconnection customers for application fees, interconnection facilities, distribution system upgrades, and costs for studies, but do not cover costs for IT upgrades. Therefore, IT upgrade costs are not approved under the regulations and are instead subject to approval on a case-by-case basis or under a general fee schedule if approved by the Commission. On a separate point, Pepco stated: “Pepco would clarify that the operations and maintenance costs for these projects are appropriate for tracking within a regulatory asset, not capital costs. Here, most of the costs of distribution system upgrades are capital costs and thus the regulatory asset construct will not work for these particular costs.”<sup>3</sup> Amended Subsection 4005.6(f) permits Pepco to track cost overruns above twenty-five percent (25%) in a regulatory asset. The Commission clarifies that Pepco may track all interconnection expenditures above 25% in the interconnection regulatory asset, including capital expenses.

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<sup>1</sup> D.C. Official Code §§ 2-505 and 34-802.

<sup>2</sup> *RM40- 2024-01*, Potomac Electric Power Company Comments on the RM40 Notice of Fourth Proposed Rulemaking, September 22, 2025 (“Pepco Comments”). Pg. 3.

<sup>3</sup> Pepco Comments at 6.

4. The Commission approved the proposed amendments at the Commission's October 14, Open Meeting, with the amendments becoming effective upon publication of this Notice of Final Rulemaking in the *District of Columbia Register*.

**Chapter 40, DISTRICT OF COLUMBIA SMALL GENERATOR INTERCONNECTION RULES, of Title 15 DCMR, PUBLIC UTILITIES AND CABLE TELEVISION, is amended as follows:**

**Section 4005, LEVEL 2 INTERCONNECTION REVIEWS, is amended to read as follows:**

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4005.6 Modifications to Level 2 Interconnection Review Process:

- (a) If the Interconnection Request requires only the addition of Interconnection Facilities to the Electric Distribution System, a cost estimate and construction schedule for such upgrades, along with an Approval to Install, shall be provided by the EDC within fifteen (15) business days after notification of the Level 2 Interconnection Review results. The cost estimate and construction schedule shall include a timeline for the expected completion of the addition of Interconnection Facilities to the Electric Distribution System and an itemization of estimated costs that, at a minimum, includes a breakdown of labor, operations and maintenance, and capital expenditures for each job activity and proposed piece of equipment.
- (b) If the Interconnection Request requires more than the addition of Interconnection Facilities to the Electric Distribution System the EDC shall either provide a cost estimate and construction schedule for such upgrades within thirty (30) business days after notification of the Level 2 Interconnection Review results, or notify the Interconnection Customer within thirty (30) business days that the EDC will need to complete a Facilities Study under Subsection 4007.2, paragraphs (d)(3), to determine the necessary Distribution System Upgrades and to complete the construction. The cost estimate shall include an expected timeline for the completion of the Interconnection Facilities and/or Distribution System Upgrades, and an itemization of estimated costs that, at a minimum, includes a breakdown of labor, operations and maintenance, and capital expenditures for each job activity and proposed piece of equipment.

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- (d) The EDC shall provide the following information to the Interconnection Customer regarding the Interconnection Facilities or Distribution System Upgrade costs:

- (1) The invoice containing actual unit costs of the Interconnection Facilities and Distribution System Upgrades shall be sent to the Interconnection Customer within ninety (90) days of the completion of the Interconnection Facilities and/or Distribution System Upgrades. The invoice to the Interconnection Customer shall include an itemization of costs that, at a minimum, includes the exact breakdown of labor, operations and maintenance, and capital expenditures for each job activity and installed piece of equipment. The invoice shall be sufficiently detailed such that a developer and the Commission can understand the exact breakdown of the itemized costs for each job activity and installed piece of equipment.
  - (2) If the actual costs for the entire project are more than twenty-five percent (25%) above the initial cost estimate, the EDC shall send the Interconnection Customer an interconnection cost variance report on the cost variance between the initial cost estimate and the actual costs incurred within 100 days after the completion of the Interconnection Facilities and/or Distribution System Upgrades. The Interconnection Cost Variance Report shall include an itemization of costs, variances and an explanation for each variance that, at a minimum, includes the exact breakdown of labor, operations and maintenance, and capital expenditures for each job activity and installed piece of equipment. The Interconnection Cost Variance Report shall be sufficiently detailed such that a developer and the Commission can understand the exact breakdown of the itemized costs for each job activity and installed piece of equipment. The Interconnection Cost Variance Report shall be prepared at the EDC's expense.
  - (3) For each late invoice and/or late Interconnection Cost Variance Report, the EDC shall be fined a penalty under D.C. Code § 34-706, unless the Commission determines after review of the EDC's reporting in accordance with Subsection 4008.4, that the EDC's violation does not warrant a financial penalty.
- (e) The Interconnection Customer shall be responsible for the actual costs of Interconnection Facilities and/or Distribution System Upgrades up to twenty-five percent (25%) above the cost estimate governed by Subsection 4005.6.
  - (f) The EDC may track cost overruns that are twenty-five percent (25%) above the initial cost estimate and request recovery of the account balance in a Rate Case, subject to the Commission's review. Net cost overruns shall be tracked in a regulatory asset account. The EDC may be able to recover from ratepayers the net cost overruns if the Commission determines that such

costs were prudently incurred. Net cost overruns deemed imprudently incurred shall not be recovered from District ratepayers.

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**Section 4008, TECHNICAL REQUIREMENTS, is amended to read as follows:**

4008.4 The EDC shall maintain records of the following for a minimum of three (3) years:

- (f) All itemized cost estimates and actual itemized costs in invoices for completed Level 2 and Level 3 interconnections. All cost estimates and actual costs in invoices for completed Level 4 interconnections. For each interconnection request where actual costs are more than twenty-five percent (25%) above the initial cost estimate, the EDC shall include a description of the cause(s) for the inaccurate estimate, a variance description, and an explanation of how the EDC has or will mitigate this cost variance.
- (g) The number of late invoices and/or number of late Interconnection Cost Variance Reports, the number of days the invoices and/or reports were delayed, and any explanation for the delay.

4008.5 The EDC shall provide a report to the Commission containing the information required in Subsection 4008.4, paragraphs (a)-(g) within ninety (90) calendar days of the close of each year.

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**Section 4099, DEFINITIONS, is amended to read as follows:**

4099.1 When used in this chapter, the following terms and phrases shall have the following meaning:

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**“Interconnection Cost Variance Report”** – means a report prepared by the EDC and sent to the Interconnection Customer that provides itemized detail on the cost variances between the initial cost estimate and the actual costs incurred for the addition of Interconnection Facilities and/or Distribution System Upgrades.

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**A TRUE COPY:**

**BY DIRECTION OF THE COMMISSION:**



**CHIEF CLERK:**

**BRINDA WESTBROOK-SEDGWICK  
COMMISSION SECRETARY**