

Commission Denies Request to Reconsider Its November 24, 2014 Undergrounding Order

On February 2, 2015, the Public Service Commission of the District of Columbia (“Commission” or “PSC”) issued an Order in Formal Case No. 1121 (the docket the Commission established to investigate the Potomac Electric Power Company’s (“Pepco”) August 1, 2014 Application for a Financing Order (“Pepco Application”). The Order denies the Apartment and Office Building Association of Metropolitan Washington’s (“AOBA”) Application for Reconsideration of the Commission’s November 24, 2014 Financing Application Order (“Financing Application Order”)—which approved Pepco’s Application, including Pepco’s proposed DDOT Improvement Charge (the customer surcharge that will be used to service the bond debt associated with the undergrounding initiative). Moreover, it affirms the Commission’s Financing Application Order in its entirety. OPC supports the Commission’s findings.

In its Application for Reconsideration, AOBA asked the Commission to revisit four aspects of its Financing Application Order—namely, (1) the Commission's determination regarding the allocation of DDOT Improvement Charge revenue requirements among rate classes; (2) the Commission's determination regarding the classes to which the DDOT Improvement Charge revenue requirements are allocated; (3) the Commission's determination that the DDOT Improvement Charge is non-bypassable (meaning, with the exception of Residential Aid Discount customers, all customers must incur this surcharge); and (4) the Commission's determination with respect to the use of Pepco's estimates of forecasted sales in the computation of DDOT Improvement Charges.

AOBA’s challenges to the DDOT Improvement Charge and the Underground Project Charge (the customer surcharge approved in Formal Case No. 1116 that will be used to pay Pepco’s undergrounding costs), if approved, would have substantially increased the amount of undergrounding costs incurred by residential ratepayers. OPC remains a strong proponent of minimizing the undergrounding initiative’s rate impacts on residential consumers. Accordingly, OPC advocated on behalf of District ratepayers in both Formal Case Nos. 1116 and 1121 by opposing the Applications for Reconsideration challenging the respective surcharges approved in each of those proceedings. OPC argued that the Commission’s decisions were supported by substantial evidence in the record, resulted in a fair and reasonable outcome, and should be upheld.

This is the final substantive Order the Commission is required to issue pursuant to the Electric Company Infrastructure Improvement and Financing Act of 2014 as a prerequisite to the commencement of construction. (On January 22, 2015, the Commission issued an Order denying AOBA’s Application for Reconsideration, wherein AOBA raised similar challenges to the efficacy of the Underground Project Charge approved in Formal Case No. 1116.) Hence, the project can go forward at this time. AOBA has the statutory right to appeal this Order to the D.C. Court of Appeals. However, should it do so, the Commission’s Order would remain in full force and the undergrounding initiative would be allowed to continue throughout the appeal.

[Click here](#) to view this and all PSC Orders issued regarding the undergrounding initiative.

For more information, please contact OPC at 202 727-3071 or www.OPC-DC.gov