

Are You Getting What You Pay For?

Pepco Files \$42.5 Million Rate Case

Public Service Commission Formal Case No. 1087

On July 8, 2011, Pepco filed an Application for a rate increase with the D.C. Public Service Commission requesting an additional \$42.5 million in distribution rates.

Pepco is seeking:

- Additional revenues for reliability projects;
- Increased revenue associated with smart grid deployment; and
- Replacement of traditional ratemaking principals to guarantee faster cost recovery.

OPC's Position on the Rate Case:

Reliability is vital! Consumers are entitled to reliable service. OPC's position is that before any rate increase is approved, all reliability projects must be well designed and carefully analyzed to ensure there will be a marked improvement in the quality and reliability of Pepco's service.

As the advocate for utility consumers, OPC thoroughly examined Pepco's Application for a rate increase using a team of engineers, economist, and accountants. After evaluating the Application, OPC recommended the Commission reject \$34 million of Pepco's \$42.5 million rate increase request. OPC's concerns are:

- **Reliability** -- OPC's expert engineer evaluated Pepco's Application and determined that the reliability distribution projects proposed by Pepco in this rate case lack sufficient detail to determine if reliability project costs are reasonable.
- **Smart Grid** -- OPC's expert engineer evaluated Pepco's deployment and costs and found them to be reasonable. However, there are doubts whether the smart grid system will be operational and delivering benefits in the timeframe Pepco proposes.
- **Reliability Investment Recovery Mechanism (RIM)** is a surcharge that, if approved, would allow Pepco to increase rates annually to recover large amounts of money outside of the traditional ratemaking process. The Company would not be required to prove that those investments are needed, nor reasonable, until it decides to file its next rate case. OPC strongly opposes the RIM! These costs should be recovered through the traditional ratemaking process.

OPC also proposed the Commission require Pepco to give consumers a \$2 million credit because of the poor quality of service Pepco has provided over the past several years.

Consumers must have a voice in this case. These are your dollars!

You can present your opinion to the **D.C. Public Service Commission** by submitting a letter to:

D.C. Public Service Commission

Attn: Formal Case No. 1087

1333 H Street, NW, 2nd Floor, West Tower Washington, DC 20005

Or via e-mail to the Commission Secretary, Jessie P. Clay at jclay@psc.dc.gov, Subject Line: Formal Case No. 1087



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