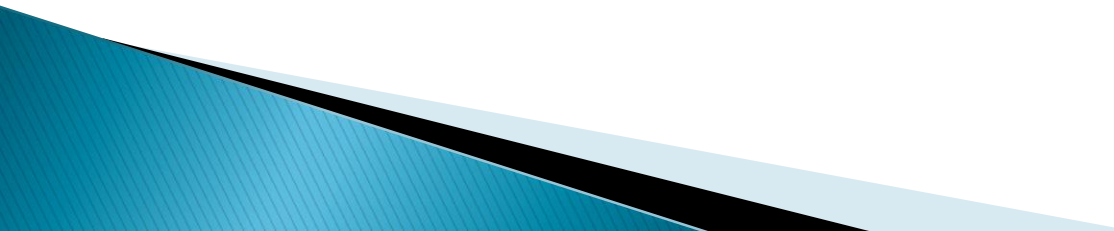


Public Private Partnership: Is It Good for Consumers?

- ▶ The District of Columbia Partnership for Power Line Undergrounding
 - ▶ *Betty Ann Kane, Chairman*
 - ▶ *DC Public Service Commission*
 - ▶ *NASUCA Annual Meeting*
 - ▶ *November 18, 2014*
- 



History of the DC Public Service Commission

- ▶ Independent Home Rule Charter agency
- ▶ Created by Congress in 1913 to regulate gas, electric, telephone, common carriers
- ▶ Two Commissioners and Chairman appointed by the Mayor with the advice and consent of the D.C. Council
- ▶ Staggered four year terms

Mission

- ▶ To promote the availability, reliability, affordability and quality of energy and telecommunication services. We also promote the provision of utility services that are safe, universally available & foster economic development.

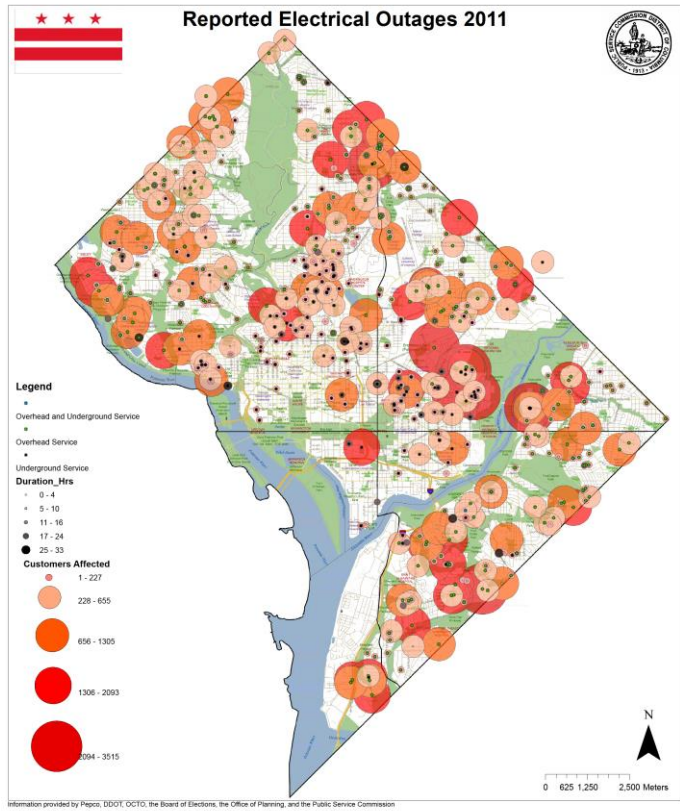
This is done by:

- Protecting consumers by ensuring public safety, reliability, and quality services;
- Regulating monopoly services to ensure their rates are just and reasonable;
- Fostering fair and open competition among service providers;
Resolving disputes among consumers and service providers; and
- Educating consumers and informing the public.

The Commission functions as a quasi-judicial body

- Issues orders
- Makes rules
- Conducts investigations



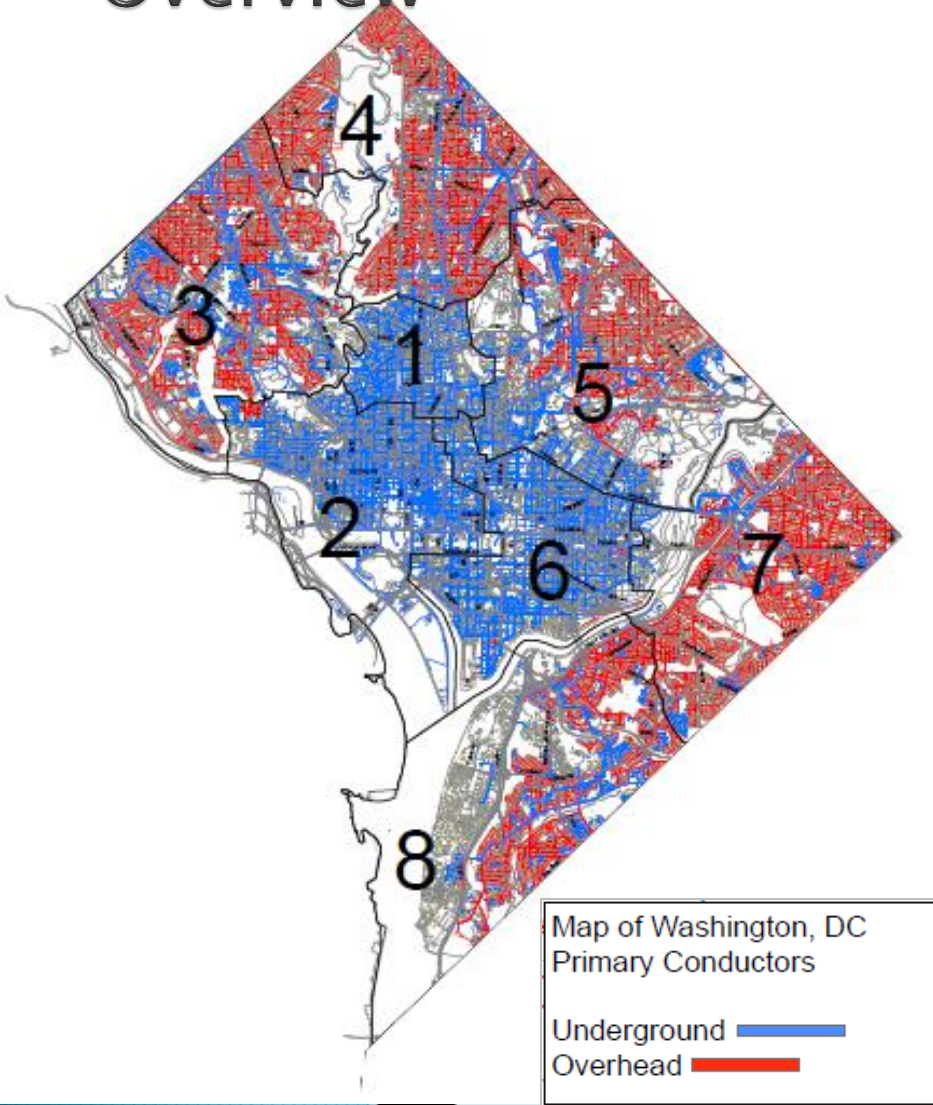


District of Columbia's Electric System Overview

Number of Substations	UG feed	OH feed	Total
Distribution	36	15	51
Transmission	7	0	7
Total	43	15	58
Circuit Miles	UG	OH	Total
Primary (4 and 13kV class)	1,699 miles (72%)	645 miles (28%)	2,344 miles
Secondary (120/240, 120/208)	937 miles (54%)	788 miles (46%)	1,725 miles
Totals	2,636 miles (65%)	1,433 miles (35%)	4,069 miles

Customers by feeder	4kV	13kV	Total	% of Total	Customers by Service	Total	% of Total
>=85% Overhead	27,742	28,495	56,237	22%	Overhead	101,737	40%
100% Underground	10,168	104,964	115,132	35%	Underground	154,908	60%
Mixed	10,008	75,048	85,056	43%	Total	256,745	100%
Total	47,918	208,507	256,425	100%			

District of Columbia's Electric System Overview



Pepco DC System

- 1,433 miles of overhead lines (35%)
- 2,636 miles of underground lines (65%)
- 60% of customers are served by underground service
- 40% of customers are served by overhead service

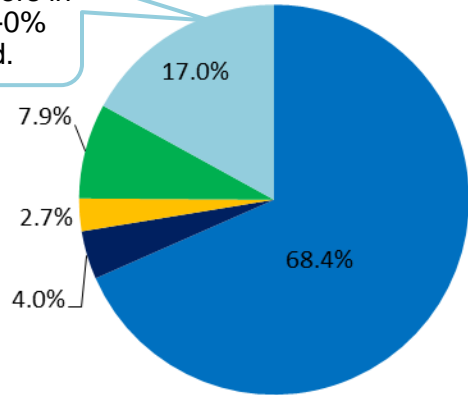
Customers by Feeder

- 35% of customers are on 100% underground feeders
- 22% of customers are on feeders that are $\geq 85\%$ underground
- 43% of customers are on mixed feeders

Reliability Comparison

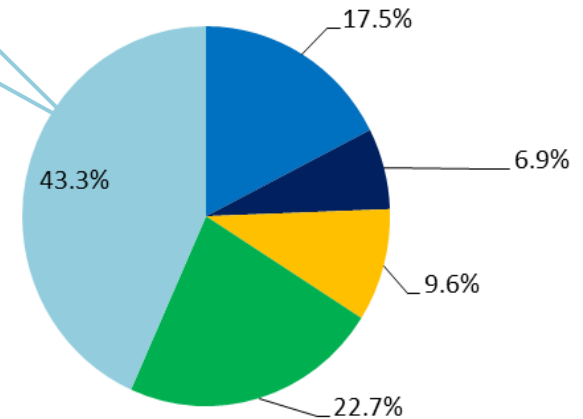
DC - % Feeders by Underground Category

17% of Feeders in DC are 24%-0% Underground.



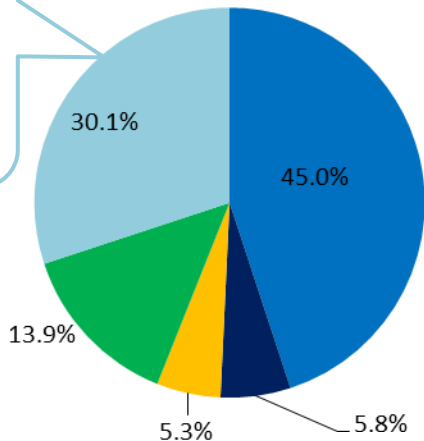
DC - % Customers Affected (Storm Inclusive) by Underground Category

43.3% of outages during storm days.



DC - % Customers Served by Underground Category

30.1% of Customers in DC are on 24%-0% Underground feeders.



17% of feeders in DC that are more than 75% overhead construction account for 43% of the customer outages.

Legend ■ 100% UG ■ 99%- 75% UG ■ 74% - 50% UG ■ 49% - 25% UG ■ 24% - 0% UG

Project Scope

- ▶ Task 1 – Project Initiation
- ▶ Task 2 – Review Previous Pepco Studies and Other Undergrounding Studies and Practices
 - Study focus
 - Methodologies
 - Findings
- ▶ Task 3 – Analyze Pepco System, Costs, and Reliability
 - Review Pepco outages and reliability methodology
- ▶ Task 4 – Feasibility of Undergrounding Existing Lines
 - Offer and evaluate alternative undergrounding strategies
- ▶ Task 5 – Potential Impacts and Costs of UG
 - Include environmental, residents and visitors, businesses, infrastructure, transportation, and means of overcoming them

Project Purpose and Objectives

▶ Purpose

- Study the economic and technical feasibility, and reliability implications of undergrounding power lines in the District of Columbia

▶ Objectives

- Provide a comprehensive review and analysis of previous undergrounding studies and enhance Pepco efforts to date
- Provide costs and reliability expectations for selected undergrounding alternatives to the existing overhead distribution system
- Address barriers to undergrounding including costs, reliability, environmental concerns, economic disruption, etc., and how to overcome them
- Develop and analyze the cost and reliability implications of undergrounding alternatives for the delivery of energy to customers in Washington, D.C.

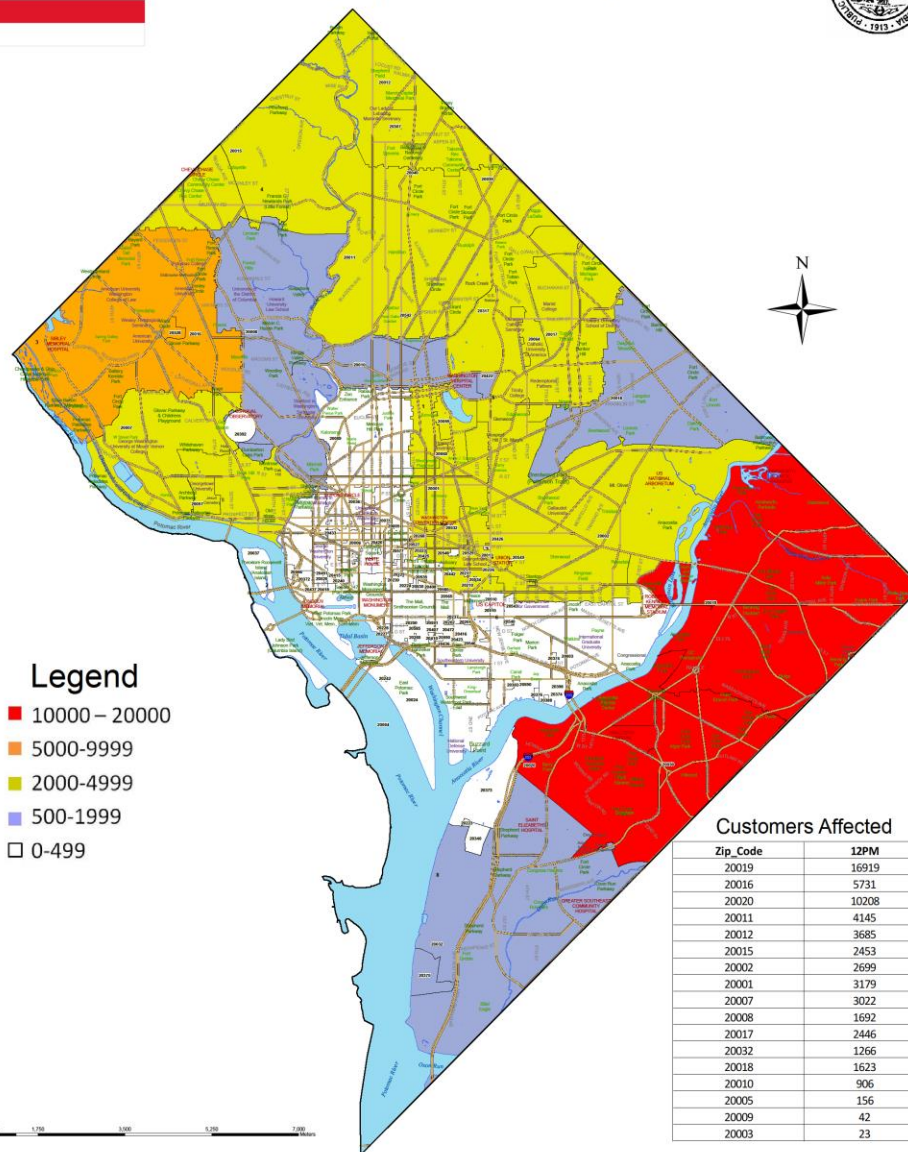
District-wide Undergrounding Option Implications

Option	Estimated Cost to UG (\$2006)	Customers Affected (2008 data)	OH Customer Outages Avoided	Incremental Cost per Customer Affected	Relative Benefits
Undergrounding Mainline Primary (Option 3)	\$ 1.1 Billion	73,384	65%	\$14,990	Significant reliability improvement; least road-work needed to implement
Undergrounding Mainline Primary and Laterals (Option 2)	\$ 2.3 Billion	97,650	87%	\$49,452	Additional reliability benefits, almost equal to those of Option 1; addresses 87% of customer outages
Undergrounding All Existing Overhead Assets (Option 1)	\$ 5.8 Billion	112,345	100%	\$238,176	Slightly increased reliability over Option 2; maximum aesthetic benefits

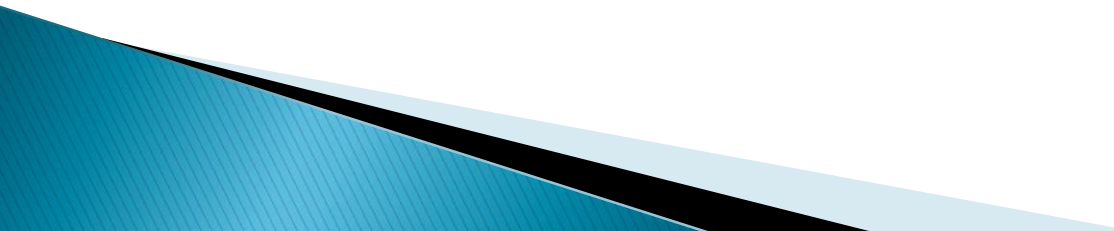
District Dereco Storm Map



District of Columbia Electric Customers Affected by Zip Codes on July 1st at 12PM



A Tipping Point

- ▶ Political Will
 - ▶ Mayor's Power
 - ▶ Line Reliability Task Force
 - ▶ Report
 - ▶ Legislation
 - ▶ Task Force Co-chaired by the City Administrator and Utility CEO
 - ▶ 18 members
 - ▶ Working group format
 - ▶ Open meetings
- 

Watch Task Force Meetings

Meeting #1 - 8/23/12

Meeting #2 - 9/26/12

Meeting #3 - 10/24/12

Meeting #4 - 11/29/12

Meeting #5 - 12/19/12

Meeting #6 - 1/17/13

Meeting #7 - 2/14/13

The Electric Company Infrastructure Improvement Financing Act of 2014

- ▶ Authorizes financing for \$1 billion to put about 60 feeders underground over 10 years
- ▶ Establishes criteria for selecting projects
- ▶ Divides construction between DC DOT and Pepco
- ▶ Requires joint application from DDOT and Pepco to the PSC for projects and financing
- ▶ Provides expedited consideration
- ▶ Maintains central role of PSC and OPC

The Electric Company Infrastructure Improvement Financing Act of 2014

- ▶ \$500 million in traditional company debt and equity, paid for with a distribution surcharge
- ▶ \$375 million in District issued revenue bonds, secured by a distribution surcharge
- ▶ \$125 million in DC Department of Transportation road work and other funds
- ▶ Estimated average residential customer surcharges at peak \$3.25 a month
- ▶ Surcharges allocated in same manner as most recent rate case

Electric Company Infrastructure Improvement Financing Act of 2014

Conduit financed by District bonds titled to company but do not go into rate base

Company earns authorized rate of return on investment financed with its debt and equity

Annual true up of surcharges

Coordination with road work expected to reduce cost and disruption

Current Status

- ▶ PSC approved first Triennial Project Plan November 6, 2014
 - 21 feeders
 - Residential average surcharge 17 cents/month
 - \$42 million cap on Pepco surcharge phase one
 - Community outreach task force and education plan
 - PSC review of detailed plans
- ▶
- ▶ Financing order for securitized bonds for DDOT costs on agenda for November 21

The End

