



**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA**  
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## **Press Release**

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### **Commission Grants Pepco Moderate Rate Increase**

Today the D.C. Public Service Commission approved a moderate \$19.8 million distribution rate increase for the Potomac Electric Power Company (Pepco). This award is less than half of the \$44.5 million request that Pepco sought. The impact of the Commission's ruling on the average monthly residential bill is a slight increase of \$2.50 to \$3.50 based on an individual customer's usage.

The new distribution rates, established by Commission Order No. 15710, are scheduled to take effect on or about March 23, 2010. The Commission rejected a number of rate adjustments and surcharges sought by the utility. The Commission approved an overall rate of return for Pepco of 8.01% on a rate base of \$1.01 billion.

The rates approved today are only for the distribution portion of a customer's electric bill. The distribution portion represents about 20 percent of the total average residential bill. Costs covered by the distribution charge include the poles, conduits, transformers, substations, meters and other infrastructure used to transport electricity to customers; meter reading, billing, repair service, administration and customer service; depreciation, and a return on investment.

The increase in Pepco's distribution rates will be offset, in part, by a decrease in electricity supply rates approved yesterday by the Commission for Standard Offer Service (SOS) customers. The lower electricity supply rates will take effect June 1, reducing total bills by 1.2% and 1.1% for residential and small commercial SOS customers, respectively. SOS rates are established through a competitive procurement overseen by the Commission.

For the 97% of Pepco's residential customers who are served by SOS, the net effect of both rate changes will be a total bill impact of about 2%, or about \$1.30 to \$2.30 per month on average. The average monthly increase for Residential Aid Discount (RAD is a low income assistance program) and RAD-All Electric customers is \$2.31.

This moderate increase can be offset by switching to more energy efficient measures. For example, replacing two incandescent lights with compact fluorescent lights will provide the needed energy savings to offset the rate increase.

Under the Commission's decision, residential distribution rates retain a significant subsidy compared to commercial rates. These subsidies include a 33% discount from cost on the fixed customer charge for

Residential and All-Electric residential customers and a 75% discount from cost on the fixed customer charge for customers participating in the low income Residential Aid Discount program.

More information about Formal Case No. 1076 is available at the Commission at 202-626-5100. The Commission's decision can be accessed on the Commission's website at [www.dcpsc.org](http://www.dcpsc.org).

*The D.C. Public Service Commission is an independent agency established by Congress in 1913 to regulate electric, natural gas, and telecommunications companies in the District of Columbia.*

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