

# OPC's Fact Sheet Regarding the Revised DC PLUG Initiative



## **Q: What is DC PLUG?**

**A:** The District of Columbia Power Line Undergrounding Initiative (“DC PLUG”) is a historic public-private partnership between the District and Pepco intended to improve the District’s electric system resiliency in response to more frequent severe weather events and their impact on the electric distribution system.

Pursuant to DC PLUG, the Potomac Electric Power Company (“Pepco”) and the District Department of Transportation (“DDOT”) will underground approximately 30 of Pepco’s poorest performing primary and lateral overhead power lines in Wards 3, 4, 5, 7, and 8 over the next 6 years (with the possibility of an extension). Pepco will be responsible for all construction involving electrical engineering, and DDOT will be responsible for civil engineering construction.

## **Q: What Has Changed with Respect to DC PLUG?**

**A:** The law authorizing DC PLUG (the “Undergrounding Law”) was amended on May 19, 2017. The amendment altered the form and substance of the Undergrounding Law, but it did not alter its purpose—which remains the undergrounding (by both Pepco and DDOT) of some of the District’s poorest performing overhead primary and lateral powerlines in Wards 3, 4, 5, 7, and 8.

There are, however, several key changes to DC PLUG as a result of the Undergrounding Law amendment—such as:

- (1) (i) The Triennial Plan (wherein Pepco/DDOT proposed the power lines they would underground during the years 2015-2017 and the surcharge Pepco would impose on customers to recover its construction costs) and (ii) the Application for a Financing Order (wherein Pepco proposed the terms and conditions for the now-inapplicable bond issuance and related surcharge) Pepco and DDOT filed in 2014 and the Commission approved that same year are now null and void.
- (2) DDOT’s construction costs will no longer be paid for through a bond issuance. Instead, the District will assess a monthly amount of DDOT’s construction costs on Pepco, which Pepco will remit to the District and subsequently recover from ratepayers through a rate rider.
- (3) Pepco and DDOT are now required to file two-year construction plans, rather than the previous three-year plans, with the Commission for approval.
- (4) DC PLUG will now last approximately 6 years (with the possibility of an extension) rather than 10 and will cost \$500 million, instead of \$1 billion.
- (5) Pepco’s authorized construction expenditures have been reduced from \$500 to \$250 million, and DDOT’s have been reduced from \$375 to \$187.5 million.
- (6) Approximately 30, not 60, overhead power lines will be undergrounded pursuant to this initiative.

## **Q: Which Feeders Are Pepco/DDOT Proposing to Underground in Their First Biennial Plan?**

**A:** Pepco/DDOT propose to underground 6 overhead primary and lateral power lines in Wards 3, 4, 5, 7, and 8 during 2018 and 2019. Three of the feeders in the Biennial Plan (specifically, Feeders 308, 368, and 14758) were also included in Pepco/DDOT’s 2014 Triennial Plan, which, as stated previously, is now invalid.

## **Q: How Will DC PLUG Be Paid for and at What Cost to Ratepayers?**

**A:** The revised Undergrounding Law authorizes Pepco to recover a maximum of \$250 million of its construction costs through a surcharge (namely, the “Underground Project Charge” or “UPC”). The current estimated monthly bill impact of the proposed UPC is \$0.14 (based on an average monthly usage of 675 kWhs). The UPC will be imposed on all Pepco ratepayers, except Residential Aid Discount customers.

- The revised Undergrounding Law authorizes DDOT’s construction costs to be recovered from Pepco, in the first instance, through a monthly charge (namely, the “DDOT Underground Electric Company Infrastructure

Improvement Charge” or “DDOT Charge”) the District will impose on Pepco; however, Pepco is authorized to recover these costs from all of its distribution customers (except Residential Aid Discount customers) through a rate rider (namely, the “Underground Rider”). The estimated monthly bill impact of the Underground Rider is \$1.04 (based on an average monthly usage of 675 kWhs). The Underground Rider will be imposed on all Pepco ratepayers, except Residential Aid Discount customers.

- Pursuant to the revised Undergrounding Law, DDOT will be allowed to spend a maximum of \$30 million per year (i.e., \$60 million per Biennial Plan) on DC PLUG construction.

**Q: Are any Approvals Required by the D.C. Public Service Commission (“PSC”)?**

**A:** Yes. Before construction can commence, the revised Undergrounding Law requires Pepco and DDOT to file a Biennial Underground Infrastructure Improvement Projects Plan (“Biennial Plan”) and Financing Order Application (“Financing Application”) with the Commission for its approval. Both were filed jointly with the PSC on July 3, 2017.

- Among other things, the Biennial Plan sets forth (i) the overhead power lines Pepco/DDOT propose to place underground, (ii) Pepco and DDOT’s respective construction costs, and (iii) the surcharge Pepco will use to recover its construction costs over the next 2 years.
- The Financing Application sets forth the new financing mechanism for DDOT’s cost recovery and proposes the monthly assessment the District will make on Pepco (the revenues from which will pay DDOT’s construction costs) and Underground Rider Pepco will charge all distribution customers (except Residential Aid Discount Customers) to recover the amounts it pays in assessments.
- The Commission is expected to issue its decision on Pepco/DDOT’s Biennial Plan and Financing Application by the end of the calendar year. Construction is anticipated to begin early next year.

**Q: What Is OPC’s Position in This Case?**

**A:** OPC fully supports DC PLUG. However, the Office is currently reviewing Pepco/DDOT’s Biennial Plan and Financing Application to ensure each complies with the revised Undergrounding Law and will deliver a hardened infrastructure at a reasonable cost.

**Q: How Can Members of the Public Make Their Voice(s) Heard Regarding This Important Matter?**

**A:** Persons interested in participating in PSC Formal Case No. 1145 (the Commission proceeding regarding Pepco/DDOT’s Biennial Plan and Financing Application) may file a petition to intervene with the Commission on or before July 28, 2017. A person wishing to comment on either filing may submit written comments with the Commission by September 13, 2017. Comments can be sent to the following address:

Brinda Westbrook-Sedgwick, Commission Secretary  
Public Service Commission of the District of Columbia  
1333 H Street, N.W., Second Floor, West Tower  
Washington, DC 20005  
[psc-commissionsecretary@dc.gov](mailto:psc-commissionsecretary@dc.gov)  
Attn: Formal Case No. 1145

Additionally, consumers can testify at one of the Community Hearings the Commission has scheduled for July 21<sup>st</sup>, 24<sup>th</sup>, and 25<sup>th</sup> in Wards 8, 5, and 4.