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August 31, 2015

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 G Street, N.W.
Suite 800
Washington, DC 20005

Re: Formal Case No. 1130

Dear Ms. Westbrook-Sedgwick:

On June 12, 2015, the Public Service Commission of the District of Columbia (“Commission”) issued Order No. 17912, opening a proceeding “to identify technologies and policies that can modernize our energy delivery system for increased sustainability and will make our system more reliable, efficient, cost-effective and interactive,”¹ and requesting additional input from interested parties regarding the scope of the proceeding.

The following are Potomac Electric Power Company’s (“Pepco” or the “Company”) comments on the scope of this proceeding.

Pepco recommends that the Commission adopt a statement of objectives for this proceeding along the following lines:

The goal of this proceeding is to determine how new technologies, including Distributed Energy Resources (DERs), energy storage, and microgrids, can be efficiently incorporated into Pepco’s planning and operation of the DC electric distribution system, while enhancing reliability and maintaining equity for all stakeholders.

In order to accomplish that goal, the proceeding should include the following tasks:

- Assess the framework for integrating new technologies into the distribution system, as well as a realistic analysis of costs associated with achieving this integration.

¹ *In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability*, Public Service Commission of the District of Columbia, Formal Case No. 1130, Order No. 17912 (June 12, 2015), (“Order 17912”) at P 1.

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- Summarize the properties of different new technologies available, including DERs, energy storage, microgrid controllers, etc. The relevant properties would include electrical characteristics, cost range, footprint, location (behind or in front of the customer meter), controllability and both positive and negative impacts on the power system, as well as identify metering, protection and control requirements.
- Investigate the analytical tools, design criteria and methods used to determine the amount of distributed resources at specific locations that can be installed without requiring significant system upgrades or complex protection schemes. This investigation should include discussions of safety, power quality and equipment loading issues.
- Determine the costs and benefits to the distribution system of various new investments, and how actual benefits can be measured and verified.
- Investigate rate structures and revenue requirement recovery mechanisms that will be needed to support prospective changes to the distribution system, and to ensure a reliable and equitable transition. In particular, it will be necessary to ensure that Pepco maintains the necessary financial viability to support the anticipated changes by receiving recovery of its revenue requirement (return of and on investments) for distribution assets even as the nature of the usage of those assets may change, e.g. as a circuit's function varies between serving load, collecting distributed energy, and standing by for reliability.²
- Consider equity issues characteristic of investment in new technologies and impact on electric distribution customers.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,



Peter E. Meier

PEM/mda

cc: All Parties of Record

² The Commission has previously commented that “the distribution system in the District, like the distribution systems in many places across the country, is undergoing a period of change and growth,” and urged Pepco and interveners to explore “alternatives to traditional historic ratemaking” proceedings. *In the Matter of the Application of the Potomac Electric Power Company for the Authority to Increase Existing Retails Rates and Charges for Electric Distribution Service*, Public Service Commission of the District of Columbia, Formal Case No. 1103, Order No. 17424 (March 26, 2014), at P 120.

CERTIFICATE OF SERVICE

I hereby certify that a copy of Potomac Electric Power Company Comments on this proceeding was served this 31st day of August 2015 on all parties in Formal Case No. 1130 by electronic mail.

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