

Pepco's "Climate Ready Pathway DC" multi-year plan outlines investments the company will make to support a climate ready grid and enable cleaner energy programs and technologies that further support the District's leading climate goals. The plan also includes projects and initiatives that will enhance the resiliency, reliability and security of the local energy grid, as well as efforts to expand assistance to help manage the affordability of energy service for customers.



## What is a Multi-Year Plan?

A multi-year plan is a forward-looking proposal by a utility that details planned infrastructure upgrades and maintenance, and associated costs and rates, for three years in the future. Instead of looking back at work already completed by a utility and deciding afterward on what rates should be to cover those costs, a multi-year plan presents the work and budget in advance before decisions are made on rates.



## Enabling a climate ready grid

Utility infrastructure faces both new challenges and new opportunities. For example, severe weather impacts energy systems and the move to electrify more infrastructure, like transportation, and add more renewable energy requires a climate-ready grid. Multi-year planning helps prioritize investments in a power system that is cleaner, reliable, and resilient, while also maintaining a focus on affordability, equity, and customer value so that all communities can share in the benefits of high-quality service, cleaner air and cleaner energy.



## Looking ahead

Before plans are implemented, customers and regulators have the opportunity to provide input on utility investments—better aligning strategic priorities among customers and regulators—and hold the utility accountable for meeting budgetary and performance goals over multiple years.

## How do customers benefit from a multi-year plan?

Multi-year plans align strategic priorities among the utility, customers, regulators and stakeholders to develop a stronger, smarter and cleaner energy future. Here are a few ways customers benefit from this process:

### Transparency

In a multi-year plan, we inform the public and regulators of what we plan to do on our system ahead of time, rather than letting them know what we have accomplished after the work is complete. In addition, the Public Service Commission will review what we accomplish vs. what we committed to ensure that our customers receive what they were promised and are paying for.

### Improvements to service

Including enhancements to the safety, reliability, security, resiliency, and environmental attributes of the energy grid, and an improvement in the overall customer experience. This builds on past investments that have delivered record service reliability for our customers.

### Predictability

Customers know how and when their rates will be affected earlier in the filing process. They also know that regulators and other stakeholders have reviewed the utility's planned work, ensuring it modernizes the energy delivery system and improves the customer experience. The utility also has funding certainty for a set period, strengthening the company's ability to modernize and secure its infrastructure.

### Stability

Pepco will recover funds for the work we do while we do it, rather than after the fact. This provides utilities with more flexibility, which can improve planning and allow for more timely innovation to meet the changing needs of customers.

## How does a Multi-Year Plan compare to traditional ratemaking?

Multi-Year Plans will preserve PSC authority and customer protections, while increasing utility accountability.

Features	Traditional Regulatory Rate Review	Pepco's Multi-Year Plan
PSC determines whether a rate is just and reasonable and can reject any rate or component of a rate it does not find reasonable	✓	✓
Maintains the PSC's ultimate authority to set rates	✓	✓
Includes regular reviews to ensure rates are aligned with the work completed	—	✓
Provides funding certainty over a period of time to strengthen Pepco's ability to modernize and secure the energy grid	—	✓
Results are predictable for multiple years	—	✓
Allows stakeholder input prior to plan implementation	—	✓
Reduces frequency of regulatory rate filings	—	✓