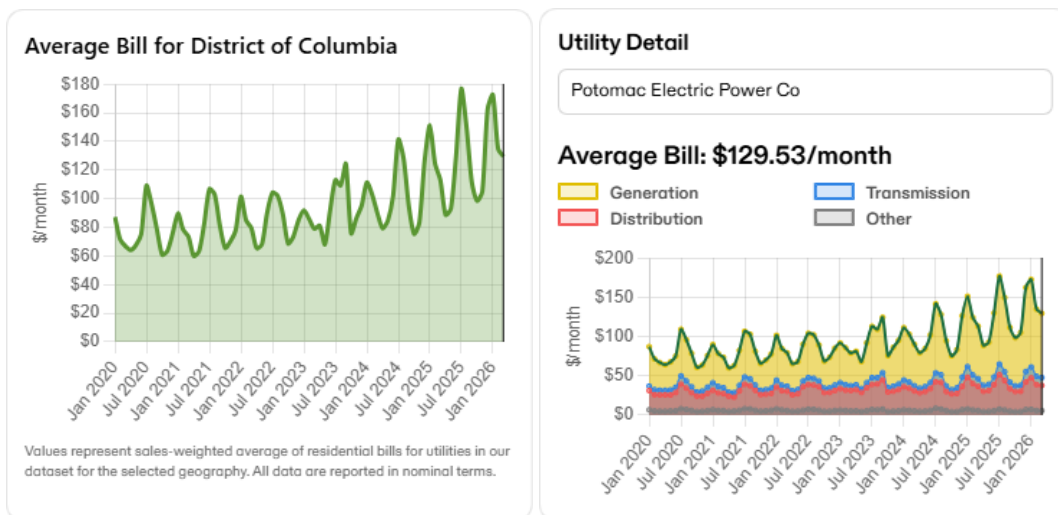


How the D.C. Council Can Lower Electricity Bills for Families and Businesses

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Between March 2021 and March 2026, average electricity bills for D.C. residents rose nearly [67 percent](#), driven largely by surging generation costs tied to the regional grid operator, PJM Interconnection. But that's only part of the story.

Over the same period, distribution charges regulated by the D.C. Public Service Commission rose 49 percent, reflecting a series of rate increases that have added roughly \$245 million in additional revenue for Pepco since 2017. As costs climbed, many families struggled to keep up: Pepco [issued](#) 216,970 final notices to D.C. households in 2024, leading to 15,623 disconnections, affecting roughly one in 10 residential customers over the course of the year.



Meanwhile, since 2017, Pepco's profits have nearly doubled – increasing from [\\$205 million](#) to [\\$401 million](#). Those gains flow up to its parent company, Exelon, which reported \$2.8 billion in profits last year.

At the same time, Exelon's CEO Calvin Butler, Jr. received total compensation of [\\$15.6 million](#), including a year-over-year pay increase, despite [the company falling short](#) on key customer satisfaction metrics tied to his pay.

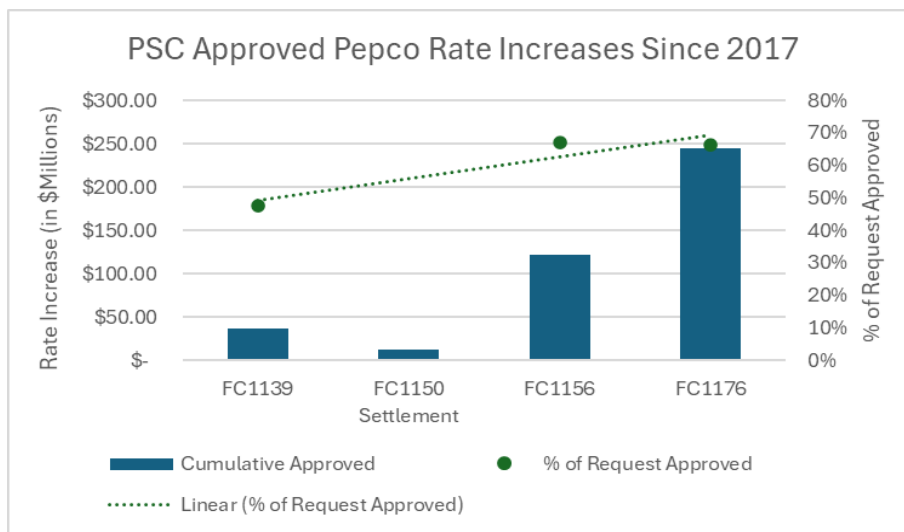
The utility has also [sought](#) increasingly robust shareholder returns, requesting a 10.5 percent return on equity in its most recent rate case. Almost [12 cents of every dollar](#) paid by Pepco customers goes to corporate profits.

It is incumbent on the D.C. Council to act now. As the legislative branch of the D.C. government, the Council can directly leverage its policymaking capabilities, paired with tactical and advocacy measures, to address utility affordability for residents and businesses. Below, we lay out the options.

A Decade of Relentless Pepco Rate Hikes

Since 2017, the D.C. Public Service Commission (PSC) has approved almost \$245 million in revenue increases for Pepco – although the most recent, and largest, approval (\$123.4 million) was [vacated](#) by the D.C. Court of Appeals last month due to the PSC’s failure to follow basic procedural due process requirements.

Alarming, the rate at which Pepco’s requests are being approved by the D.C. PSC is on the upswing. Nationally, regulators over the past two decades approved on average only [52 percent](#) of the dollar value of utility revenue increase requests. In more recent years, that increased to the low-to-mid-sixties. D.C. regulators, however, trended above even the increasing national average during this time, approving [67 percent](#) and [66 percent](#) of the last two rate increase requests filed by Pepco.



These decisions were not always unanimous; Commissioner Beverly dissented from the most recent two decisions.¹ Mayor Bowser appointed all three current PSC Commissioners Thompson, Trabue, and Beverly, and recently announced her intention to re-nominate Thompson and Trabue.

¹ FC1176 (Nov. 26, 2024): 2-1, Commissioners Thompson and Trabue approved; Beverly opposed; FC1156 (June 8, 2021): 2-1 Commissioners Phillips and Thompson approved, Beverly opposed; FC 1150 Settlement: 3-0; and FC1139 (July 25, 2017): 3-0, Commissioners Kane, Phillips, and Beverly.

What Can Be Done

Both substantively and tactically, the D.C. Council can pull the following levers, which we describe in more detail below:

Tactical	Advocacy	Policymaking
Robustly screen future PSC nominees.	Leverage the bully pulpit.	Enact legislation that aligns utility incentives with the public interest by tackling bloated utility profits.
Ensure appropriate resourcing of and mission alignment for the PSC, the OPC, and the DOEE.	Intervene in D.C. PSC proceedings.	Enact legislation that prohibits recovery in rates of utilities' political influence activities.
	Participate in regional collaboratives, as well as other state and federal proceedings.	Enact legislation that makes utility executives directly accountable to customers by tying compensation to achievement of specific performance targets.

Tactical Levers

Robustly screen future PSC nominees

Across the country, 200 public service commissioners oversee more than \$200 billion in utility spending each year – these are the “[U.S. Supreme Court justices of energy](#).” The D.C. PSC counts three of these individuals as their commissioners, who collectively exercise broad oversight with respect to the monopoly, for-profit investor-owned utilities (IOUs) that operate the local electric and gas distribution systems – Pepco and Washington Gas.

According to a [2023 Brown University study](#) that analyzed the professional backgrounds of more than 800 commissioners who served between 2000 and 2020, the “number of commissioners that have worked for the industries they are now regulating has almost doubled from 15 percent to 28 percent,” highlighting the need to guard against “industry capture.” The study’s [findings](#) support the

notion that the professional backgrounds and experiences of PSC commissioners provide valuable insight into their policy decisions.

Regarding the two D.C. PSC commissioners with expiring terms, both of whom Mayor Bowser announced she intends to reappoint: prior to his 2021 appointment to the PSC, [Chairman Thompson](#) previously served as an Assistant United States Attorney in the U.S. Attorney's Office for the District of Columbia, as well as a senior advisor to the Mayoral Administrations of Vincent Gray and Muriel Bowser. [Commissioner Trabue](#) was appointed to the PSC in 2022, after previously working at both the D.C. Sustainable Energy Utility and Pepco.

Once confirmed, commissioners serve as independent decision-makers and usually can only be removed during their term for egregious conduct. As such, given the enormous influence that PSC commissioners wield over energy affordability issues, appropriate resources must be devoted to both recruiting competent, qualified candidates and, once nominated, to robustly screening the nominees prior to confirmation. In evaluating candidates, Council members should press the nominee regarding their willingness to interrogate utility proposals, engage non-traditional stakeholders in PSC proceedings, and champion utility affordability for customers ahead of corporate profits.

Ensure appropriate resourcing of and mission alignment for the PSC, the OPC, and the DOEE.

The D.C. PSC states that its [mission](#) is “to serve the public interest by ensuring that financially healthy utility companies provide safe, reliable and quality utility services at reasonable rates for District of Columbia customers, while fostering grid modernization, conservation of natural resources, preservation of environmental quality, and advancement of the District’s climate policy commitments.” The Council should review and assess whether this mission statement accurately captures its vision for the agency.

While more comprehensive in some ways than other jurisdictions, the D.C. PSC mission statement may benefit from a rewrite that places intentional focus on customer affordability and removes the ambiguous and frequently misappropriated phrase “financially healthy utility companies,” which is often used as a cudgel by regulated entities to undermine attempts at reigning in corporate profiteering.

Additionally, the Council should prioritize appropriately resourcing the PSC, the Office of the People’s Counsel (OPC), and the Department of Energy & Environment (DOEE), as doing so provides an outsized return on investment. The PSC is restricted to making decisions based on the evidence in the record of any given proceeding, and since the regulator, its staff, and other parties to the proceeding (such as OPC and DOEE) are at a persistent disadvantage to the utilities due to outmatched resources and information asymmetry, decisions can often be tilted heavily in the monopoly utility’s favor.

While there may be many factors behind the D.C. PSC’s increased percentage approvals of Pepco’s last two rate increase requests, better resourcing of the PSC, the OPC, and the DOEE could have led to a more robust record and lower authorized rate increases. Keeping the D.C. regulators’ approval

percentage closer to the 52 percent national average would have prevented almost **\$51 million in distribution rate increases** extended to Pepco over the past five years.²

Advocacy Levers

Leverage the Bully Pulpit

Naming the problem and amplifying constituent concerns are vital roles that D.C. Council members can play year-round. Educating themselves, and then the media, regarding issues facing customers can serve as an invaluable counterweight to the utility's well-funded and coordinated public relations efforts. With a captive customer base and rate recovery for communications, marketing, and advertising, utilities are well-positioned to defend the status quo without ever dipping into shareholder profits.

Leveraging the bully pulpit can take many forms, whether a Council member chooses to hold a town hall and collect testimonials, or organize events where constituents can access energy assistance programs in a one-stop-shop format. Highlighting current issues facing customers is also a good first step to gathering evidence or information that can be presented to the PSC in a relevant proceeding.

Intervene in D.C. PSC proceedings

As discussed above, the PSC, as a quasi-judicial agency, is required to make decisions based on the evidence in the record before it. Thus, as the saying goes, "if you're not at the table, you're on the menu." Economic Liberties recently released a [comprehensive guide](#) on how elected officials can get involved in formal PSC proceedings, such as rate cases, to advocate on behalf of their constituents. The guide features a case study of Congressman Riley's (D-NY-19) intervention in a recent rate proceeding where an upstate New York utility requested a rate hike and a lavish 10 percent return on equity.

Council members do not have to wait for formal rate cases to provide public comment for the PSC's consideration. For example, the D.C. PSC's investigation into energy affordability that commenced in January 2026 is ongoing, docketed as [Formal Case No. 1186](#). Opportunities to shape this inquiry through comments submitted into the record should be monitored and prioritized to ensure that the investigation develops into meaningful action, rather than stalling out as a performative exercise.

² In FC1156, Pepco requested \$161.80 million and received \$108.60 million, or 67 percent. In FC1176, Pepco requested \$186.50 million and received \$123.40 million, or 66 percent. If the FC1156 approval was adjusted downward to 52 percent of the total requested, this would have yielded \$24.46 million in savings, and if the FC1176 approval was adjusted downward to 52 percent of the total requested, this would have yielded \$26.42 million in savings, for a total of \$50.88 million in savings for rate cases decided since 2021.

Participate in regional collaboratives, as well as other state and federal proceedings

In September 2025, Governors from across the 13 mid-Atlantic states announced the [PJM Governors' Collaborative](#), which seeks to “promote greater state and consumer representation in the governance and decision-making processes of PJM Interconnection, in order to ensure the provision of affordable, safe, and reliable electricity for their residents and businesses.” The District of Columbia was notably absent from this announcement as the only jurisdiction served by PJM that did not join the effort. The D.C. Council should urge participation in this and similar regional collaboratives, especially those designed to promote greater consumer representation in the governance processes of PJM, where states and customer interests are notoriously underrepresented.

Further, the D.C. Council should consider setting aside resources to encourage either the DOEE, the OPC, or both, to monitor and participate in relevant proceedings held by neighboring states or federal agencies (as appropriate). In accordance with the Federal Power Act of 1935, regulation of the United States' utility sector is shared between states and the federal government.³ FERC's jurisdiction focuses on the rates and cost recovery approval for infrastructure that provides interstate transmission of natural gas, oil, and electricity, while also overseeing interstate electricity markets, among other responsibilities. Thus, with the transmission portion of D.C. residents' bills climbing by 33 percent between March 2021 and 2026,⁴ and regulation of these rates occurring at the federal level, resources must be set aside to effectively represent D.C. customers in FERC proceedings.

Similarly, decisions affecting the allocation of costs associated with the interconnection of large loads (e.g., data centers) are being made *now* in surrounding states (notably, Maryland, Delaware, and Virginia). These decisions have downstream effects on D.C. residents, and as such, the Council should consider authorizing and resourcing its agencies to represent D.C. customer interests in other applicable state proceedings.

Policymaking Levers

Tackle bloated utility profits

In January 2025, Economic Liberties published a [groundbreaking report](#) documenting that regulated investor-owned utilities have manipulated the regulatory process for decades to secure unreasonable profits for shareholders at the expense of customers. The paper documented that the stock market currently values these excess profits – the expected future unearned wealth transfer from customers to utilities – at approximately \$1 trillion. Updated estimates indicate that if the

³ Federal Power Act, codified as 16 U.S. Code Chapter 12.

⁴ According to data available through Heatmap's Electricity Price Hub, in March 2021, D.C. residential customers paid on average \$7.59 per month for transmission. By March 2026, these same customers were paying \$10.09 per month for transmission, or a 33 percent increase in the transmission component of the bill.

federal and state governments took action to correct this grievous situation, it could save American families nearly \$500 per year.

The D.C. Council should immediately enact legislation that tackles these bloated utility profits, by mandating that the D.C. PSC align the utility’s return on equity (ROE) with market-based indicators. Economic Liberties recently released [state-level model legislation](#) that helps jurisdictions do just that.

Rate Case	Pepco’s ROE Request
FC1176	10.5%
FC1156	10.3%
FC1150	10.1%
FC1139	10.6%

Moreover, the D.C. Council could take other commonsense steps to rein in unjust and unreasonable utility profits at the transmission level, even if Congress fails to act. While ideally Congress will pass companion legislation modifying the way in which FERC determines ROEs for transmission providers, it is also important to note that FERC currently layers incentives *on top of* already inflated ROEs – a practice known as giving out “FERC Candy”.⁵ One such example of FERC Candy includes a 50 basis point adder for a transmission provider’s participation in a regional transmission organization (RTO), such as PJM.

The D.C. Council should follow the lead of states like Ohio, Connecticut, Pennsylvania, and now Maryland in codifying a requirement that its electric utility participate in an RTO, thereby disqualifying the entity from continuing to receive FERC Candy. The Ohio consumer counsel recently secured [\\$445 million in savings](#) for Ohio customers when the U.S. Supreme Court declined to review a ruling by the U.S. Court of Appeals, which struck down the “RTO adder” for Ohio utilities given their participation in an RTO.

Prohibit recovery in rates of utilities’ political influence activities

Current regulatory models typically allow utilities to pass through to customers a wide range of expenses, including for taxes, personnel costs, and other operational and maintenance costs. Less widely known: utilities typically also recover through customer rates their expenses tied to political

⁵ In a May 13, 2025 dissent, former FERC Chair Mark Christie memorably deemed the ever-expanding laundry list of incentives demanded by transmission owners and paid for by customers as “FERC Candy”, which he argued is so routinely handed out by the Commission that little thought is given to its impact on customer bills. Chairman Christie’s dissent in part is available at: <https://www.ferc.gov/news-events/news/chairman-christies-dissent-part-and-concurrence-part-valley-link-incentives-award>.

influence activities, whether that is for charitable giving, trade association dues, or even to fund sports or entertainment packages for their executives and shareholders. Investor relations costs and private jets are other commonly recovered expenses.

Further, except for in a handful of states that have passed legislation to prohibit this activity, the cost to a utility of participating in a rate case – including lawyers, experts, lobbyists, and more – are passed through to ratepayers.

[Since 2023](#), roughly two dozen states have filed legislative or regulatory proposals to prohibit investor-owned utilities from recovering in customer rates these types of political influence expenses. D.C. is not yet one of them, even though its neighbors to the north and south have taken at least an initial step of introducing legislation (with Maryland adopting limited legislation in 2025).

The D.C. Council should immediately enact legislation modeled after comprehensive efforts in California, Colorado, Connecticut, and Maine, to ensure that D.C. families and businesses are paying in rates only to fund those expenses necessary for the provision of essential utility services. Doing so will yield real savings, as detailed in this [recent analysis](#).

Tie utility executive compensation to specific customer affordability metrics

Recent filings with the United States Securities and Exchange Commission revealed that Calvin Butler – the CEO of Exelon (Pepco’s parent company) – raked in over [\\$15.6 million](#) in compensation during 2025 alone. While Butler’s compensation consists of contributions from Exelon utility customers across all of its regulated businesses (including in DC, DE, IL, MD, NJ, and PA) as well as its unregulated businesses, a portion of his compensation is recovered through D.C. Pepco customer bills. D.C. customers fund portions of the compensation packages of other Exelon executives, as well as executives, management, and officers serving at the holding company level.

Recently, some states (including Maryland) have considered legislation that caps the amount of utility executive compensation recoverable in rates to an amount tied to PSC commissioner salaries. While this is a commendable first step, Economic Liberties recommends that the D.C. Council take further action to preclude *any* recovery in rates of executive compensation unless certain PSC-specified customer affordability metrics are achieved. This follows the lead of [legislation](#) adopted in Connecticut in 2020, and implemented through numerous rate cases in the years following.

Conclusion

The D.C. Council should immediately seize the tactical, advocacy, and policy levers identified in this paper to provide meaningful relief to overburdened families and businesses. The current utility affordability crisis shows no signs of stopping, just as Exelon shows no signs of scaling back its burgeoning profits and CEO pay. Once approved by the D.C. PSC, utility investments are “on the books” and produce bloated profits for decades to come. Delays in executive, legislative, and regulatory action to center customers and affordability in all decision-making will have ramifications far into the future.