

BEFORE THE
COMMITTEE ON BUSINESS, CONSUMER, AND REGULATORY
AFFAIRS
Of the
COUNCIL OF THE DISTRICT OF COLUMBIA
On the
OFFICE OF THE PEOPLE’S COUNSEL
FY 2017 BUDGET REQUEST
STATEMENT OF SANDRA MATTAVOUS-FRYE,
PEOPLE’S COUNSEL
April 25, 2016

I. Introduction

Good Morning Chairman Orange and members of the Committee. I am Sandra Mattavous-Frye, and I serve as the People’s Counsel for the District of Columbia. Appearing with me today are key managers on my staff— Deputy People’s Counsel, Karen Sistrunk; Chief Operating Officer –Eric Scott and Agency Fiscal Officer with the OCFO- Gurmeet Scoggins, who is here to assist in answering detailed questions regarding our FY 2017 Budget.

I am pleased to report, the FY 2017 proposed budget of the Office of the People’s Counsel is sufficient to achieve the goals I have established for the coming year and is in line with the objectives and statutory mandate of my Office.

For the record, OPC is by law the public advocate for all consumers of natural gas, electricity and local telecommunications services in the District of Columbia.

II. FY 2017 Budget

The FY 2017 proposed budget for the Office of the People's Counsel is \$7.4 million, which represents a decrease of 2.8% or approximately \$212,000 below the approved FY 2016 budget of \$7.6 million. It reflects no change from the agency budget submission to the Office of the Mayor. As you know, OPC's budget is revenue neutral to the District of Columbia budget. It is comprised entirely of Special Purpose Revenue Funds pursuant to the Public Utilities Reimbursement Fee Act (PURFA).

Nonetheless, as public steward of these funds, which are ultimately recovered from ratepayers, I am acutely aware that not only do I work for the people, but also, in every action I lead, I must deliver value and tangible benefits to the residents of the District. The FY 2017 Budget holds our total operating funding level consistent with FY 2016, and as such, reflects my commitment to my fiduciary responsibility to steward DC ratepayers' resources.

While our budget allocation is in line with past budgets, there are changes that, of course, are specific to this fiscal year. For example, due to changes in the fringe benefits rate, salary and step increases, there is an increase of 7.5% in our personal services budget. This year, the increase in OPC's personal services budget is offset by a significant net decrease of 21% in non-personal services.

The net reduction does not hamper OPC's ability to marshal resources to deliver benefits and foster participation in and awareness of the regulatory process for DC residents. I will use these resources to address the new issues and challenges we

will face this year and moving forward. I discussed some of these at our oversight hearing on March 7th.

In March, we did not know the outcome of the 2-year Exelon/Pepco Merger application, which was approved by the Public Service Commission on March 23rd. We anticipate Pepco will file a rate case at some point during the summer. In addition, Washington Gas Light filed a rate increase request seeking \$17.4 million that we are currently litigating. Rapid changes in telecommunications offerings and decisions affecting service connectivity at the local level by the PSC, and at the federal level by the FCC, are impacting Verizon customers as well.

Singularly and collectively these issues will require aggressive litigation and long-term and concerted consumer education and outreach campaigns to properly inform and prepare DC consumers for the changes in services and fees they will certainly face going forward.

III. Personal Services

OPC's proposed FY 2017 personal services budget is \$5.3 million which represents a composite 7.5% increase or \$368,000 above the FY 2016 budget. The increase will cover the cost of salary adjustments, step increases and projected increases in the fringe benefits rate in FY 2017.

Over the past 8 months, we have also taken full advantage of the DC Department of Employment Services (Learn—Earn—Advance—Prosper) LEAP-intern program. I am pleased to report that we are taking steps to hire our intern, Ms. Denise Blackson to a permanent position in our energy efficiency and

sustainability section, who aside from being a most welcomed addition to OPC, realizes Mayor Bowser's objectives as established by the LEAP program to move District residents to full employment in their own communities.

This particular outreach is in keeping with the District of Columbia goals for a sustainable D.C. helps our residents to be proactive regarding how they use their energy services for overall energy savings with a resulting positive impact on our environment. OPC's Energy Efficiency Workshop ("EEW"): Keeping it Simple and Practical, presented by Ms. Blackson are positively received by our many residential groups.

In order to accommodate the LEAP intern as a permanent employee, I am requesting this Committee to authorize an increase in our staffing level from 40.4 to 41.4 FTE's in our 2017 budget. Ms. Scoggins is prepared to discuss the mechanics of this addition.

IV. Non-Personal Services

The Office's proposed non-personal services budget is \$2,129,000, which reflects a net decrease of \$580,000 from the FY 2016 budget. The net decrease of \$580,000 results from several separate cost reductions:

- a reduction of \$374K in building rent due to renegotiation of our building lease;
- The elimination of one-time funding of \$250K in contractual services designated for two Council-mandated studies; and
- A net reduction of \$26K in equipment

These reductions are offset by increases of \$30K in Telecommunications, \$2K in Occupancy Costs and \$38K in Other Services and Charges. (Bringing the total reduction to the \$580,000 I mentioned)

A. Status of the Council-Mandated Studies

1. **Emerging Alternatives for Energy Choice for Residential Customers**

In February, OPC issued an RFP to conduct the study. Office has selected a nationally recognized utility industry specialist who will team with a local CBE vendor to produce a white paper on current solar value, capacity and policy and make projections for District solar deployment as an emerging alternative for energy choice for residential customers.

2. **Outreach and Education of Low-Income and Elderly Residents Regarding the Benefits of Energy-Efficiency Programs**

Earlier this year, we convened a focus group to collaborate with senior advocates to determine the root causes and underlying roadblocks in the delivery of energy efficiency services to our senior/low-income consumers. It was important to me to hear from people who are in the trenches and have real life experiences in this area. We are preparing a report of our findings that will guide us in the formulation of the final RFP.

My objective with respect to both studies is to create a solid knowledge base which will facilitate the ability of policy makers, critical stakeholders and DC residents to make sound and reasoned decisions for the District's future. I emphasize that our plans must be targeted to meet the needs of every consumer in all eight wards of the city. The studies will be completed by September 30, 2016.

V. Exelon/Pepeco Merger

The Exelon/Pepeco merger case has dominated local utility news since 2014. The Commission's March 23rd approval of the merger, however, does not mark the end of the process. To the contrary, OPC will be actively engaged in oversight of merger compliance. Under the merger terms, OPC must monitor more than 147 provisions and requirements of the Commission's order. These functions will necessitate dedicated staff assignments and retention of specialized compliance consultants, with expertise in financial accounting, engineering and technical assessments of compliance protocols. On a separate legal track we are seeking reconsideration of the PSC order.

VI. Certified Business Enterprise Goals

I am further pleased to report that for FY 2015, OPC met 114% of the city's goal to contract with District CBEs. We continue to search for additional opportunities to collaborate with businesses that help to cycle resources through the local economy and bring great value directly to District ratepayers.

VII. OPC's Budget Delivers Service to Consumers

OPC's FY 2017 proposed budget anticipates a high level of consumer interaction during what is likely to be one of the most active legal periods in OPC's history. Our cases are driven both by our advocacy on behalf of consumers facing challenges in the utility marketplace and by utilities seeking to adjust their business models to the flurry of new trends in technology, security, infrastructure, energy

sources, and customer behaviors that are shaping *the future of utilities* in the District of Columbia: a future that I believe will have little resemblance to the past.

Foremost, we must be assured that our consumer services efforts do not suffer, potentially limiting our effectiveness in resolving consumer complaints, conducting extensive consumer education and affording ratepayers abundant opportunities to participate in the regulatory process. As reflected throughout my administration, OPC will continue to be proactive rather than limit our activities to reactive responses to utility filings.

In this regard, OPC will approach future consumer protection issues with the same zeal and vigor that we used to address deceptive business practices by a few unscrupulous Third Party Energy Suppliers. We are looking forward to working with the new renewable energy providers that may enter the DC marketplace.

VIII. Outreach and Community Education

For FY 2016 to date, OPC has conducted over 80 outreach events, responded to more than 1,400 consumer complaints and inquiries and has saved consumers thousands of dollars.

In addition to resolving consumer disputes with utility companies, OPC's Consumer Services Division frequently works with District residents in peril of family displacement and homelessness as a result of utility debt. OPC consumer specialists refer hundreds of individuals and families to social service networks and governmental and non-profit financial resources. We are striving to develop a collaborative network of providers to prevent our consumers from falling through the cracks. In addition, we continue to conduct payment negotiations and billing accuracy investigations directly with the utility companies.

To augment our consumer complaint services we are preparing to undertake an upgrade to our consumer information and documents database that will help us to more quickly identify trends and more precisely target the overall needs of ratepayers citywide.

While not a new phenomenon, increasingly, we are seeing the real impact of rising utility costs and the lack of affordable housing on the District's working poor who earn just enough to live in the city but too much to qualify for desperately needed energy assistance. It is critical that our education and outreach programs, particularly our energy efficiency education efforts, be upgraded to provide the information everyday residents need to sustain their households and support working class communities in the District.

OPC continues to take steps to meet the needs of our diverse city. In this regard, I am proud to report, OPC has once again, earned a perfect score on the District's Language Access Compliance Review, marking the third year in a row that the agency has been recognized for exemplary performance.

We are also working with advocates in the disability community to develop methods to better communicate with and advocate for those who may not be able to use the internet or even the telephone to get help with their utility concerns.

IX. Cost Benefit of OPC

OPC was reestablished more than 40 years ago as an independent District agency entrusted with a mandate to ensure utility consumers received all the benefits to which they are entitled. OPC's decades of advocacy has resulted in more than \$1 Billion in utility savings for consumers. The average residential consumer, who uses all three regulated utility services, contributes less than \$1 each month to support OPC's operations. In exchange, we provide legal representation for all

consumers before the PSC, Courts and other government and regulatory entities. In addition, OPC provides individual technical assistance and legal representation with consumer complaints and educational outreach.

As we approach FY 2017, OPC will be working on two multi-million dollar rate investigations, ongoing merger review and oversight, the DC Power Line Undergrounding Project, the Grid of the Future proceeding, new rules regarding the deployment of telecommunications services and how and where to develop Microgrids to serve our city in the decades to come. Without hesitation, OPC looks forward to and is prepared to take on these issues and whatever comes our way in the evolving utility world. We aim to produce the best possible result at the lowest possible cost.

X. Closing

I and my team have endeavored to develop and present to you a budget that will ensure consumer empowerment, affordability, reliable utility service, energy efficiency and sustainability for DC consumers.

I thank you for this opportunity to appear before welcome any questions you may have.