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St. Louis, Missouri

ROLL CALL REPORT

Office of People's Counsel for the District of Columbia
Sandra Mattavous-Frye, DC People's Counsel



Pepco files \$42.1 Million Rate Case OPC-DC Asks: Are You Getting What You Pay For?

On July 8, 2011, Potomac Electric Power Company (Pepco) filed an application with the DC PSC requesting a \$42.1 million increase in its distribution rates. This is Pepco's third application for rate relief in 4 years with no correlated improvement in service. If approved, Pepco's request will increase distribution rates by 34 percent. Pepco's rate case presents three critical issues, including two of first impression. First, Pepco is requesting the DC PSC increase rates to support the Company's Reliability Enhancement Plan, a program designed to fix the reliability problems that have plagued DC consumers for over ten years. Pepco is also seeking rate recovery for the costs of deploying AMI in the District. Third, Pepco wants the DC PSC to adopt two regulatory mechanisms that, if approved, will dramatically alter how rate cases are conducted in the future. OPC-DC's position is that before any rate increase is approved, all reliability projects must be carefully designed and thoroughly analyzed to ensure they deliver a marked improvement in the quality and reliability of Pepco's service. OPC-DC does not support the reliability improvement cost recovery mechanism. In addition, OPC-DC believes the DC PSC should require Pepco to prove that the consumer benefits of the smart grid outweigh the cost of deployment. Finally, the Commission must thoroughly review and scrutinize Pepco's cost of service adjustments and return on equity proposals.

OPC-DC People's Counsel Establishes New Section To Address Energy Efficiency, Sustainable Energy and Renewable Energy Strategy

The People's Counsel established a new Energy Efficiency and Sustainability Section. The purpose of the Section is to recommend strategies and activities for the Office to implement that achieve the following broad objectives:

1. Increase awareness of energy efficiency, renewable and sustainable energy options to the broad base of DC consumers in all wards and income levels.
2. Educate consumers regarding innovative and emerging options in the field.
3. Determine how consumers can capitalize and participate in the development of the new applications.
4. Devise legal policy positions that advance the use of these resources and benefit ratepayers.
5. Actively participate and monitor the DC Sustainable Energy Utility (SEU).
6. Expand alliances with other stakeholders in this field.
7. Expand and refine our presence at PJM and FERC.

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OPC-DC Monitors Smart Meter Deployment by Pepco

OPC-DC has been actively monitoring Pepco's deployment of its Advanced Metering Infrastructure (AMI) or smart meters since the utility began its AMI deployment in the District in October 2010. Pepco is scheduled to install approximately 280,000 smart meters throughout the city by December 2012, of which 161,800 are currently installed. Since October 2010, OPC-DC has been actively educating consumers, community leaders and elected officials at smart meter workshops about the deployment of the meters, the initial benefits of the technology and how they can contact Pepco if they have technical questions. In addition, OPC is focusing its consumer education outreach efforts regarding the pending Pepco rate case on issues including cost recovery for its AMI deployment, several reliability projects and consideration of a new automatic surcharge recovery mechanism.

DC PSC Grants OPC-DC's Request for a Comprehensive PSC Investigation Into Verizon's Quality of Service



On October 14, 2011, the DC PSC granted OPC's petition to conduct an investigation into the quality of service of the District's regulated telephone provider, Verizon DC, Inc. OPC filed its request on August 26, 2011 in response to consumer concerns throughout the District, but especially from Wards 4 and 6. OPC requested the DC PSC conduct an investigation that broadly examines numerous service related issues including the causes and resolution of telephone outages and the reported poor quality of telecommunications services because consumer complaints about Verizon are wide ranging. OPC-DC requested that the DC PSC use the full breadth of its statutory plenary authority and responsibility to ensure the formal proceeding include an investigation of: (1) the causes of the telephone service outages, (2) the condition of the system infrastructure in the affected areas, (3) the corrective action necessary to enable the provision of safe and reliable service in the District, (4) Verizon's efforts to resolve these problems (5) whether Verizon is deliberately failing or refusing to adequately repair or upgrade infrastructure or service, (6) Verizon's efforts to compensate District ratepayers and consumers for losses sustained, and (7) whether Verizon has sufficient manpower to address the problems. OPC will file comments in the proceeding on November 14, 2011.

The People's Counsel commented that "As the landline provider with the greatest access to District homes and businesses, I expect and the Commission must require a higher standard of Verizon. It is unfortunate that consumers must provide affidavits, and that a sitting Councilmember must weigh in seeking regulatory support, rather than have the option to communicate directly with the service provider to address their concerns. Based on comments to OPC, Verizon has been unresponsive to pleas from the community therefore we must seek Commission action if there is any hope of gaining relief for District of Columbia consumers."

OPC-DC Convenes DC Utility Quality of Services and Reliability Town Hall Meetings

On October 22 and November 2, 2011, OPC-DC held Town Hall Meetings on District utility companies' quality of services and reliability. The Town Hall Meetings were held to give DC utility consumers opportunities to voice experiences about their electric, natural gas and telecommunications services. Both Town Hall Meetings were well attended. Consumers provided OPC-DC with valuable comments that the Office will use as part of its testimony in Formal Case No. 1087, Pepco's rate increase request. OPC-DC will convene Town Hall-style meetings in the future to provide DC utility consumers with forums to "Let their Voices be Heard!"

OPC-DC Expands and Increases Its Activities at PJM and FERC

OPC-DC is taking an increased interest in FERC and RTO-based proceedings (specifically in PJM) in response to the opportunities that new, advanced and clean grid technologies and policies provide to affect wholesale energy market prices and transmission rates. Many new grid-optimizing products, including price-responsive demand, distributed solar and storage, and energy efficiency, will enter the electric system at the distribution level. In addition, federal and state policies, such as the EPA's new clean air and water rules, and state renewable portfolio standards and energy efficiency mandates, are driving transitions in our generation fleet. Responding to this rapidly-changing environment, FERC has required RTOs to implement planning reforms (Order 1000), comparably compensate demand response (Order 745) and compensate fast ramping resources for the quality of regulation service they provide (Order 755). FERC is also considering reforms to transmission incentives and a regulatory policy to accommodate storage technologies. Removing market barriers to new energy resources, if done correctly, could yield positive market benefits to ratepayers and produce a cleaner environment.

OPC-DC Requests the DC-PSC to Investigate Solicitation Practices of Alternative Energy Supplier Horizon Power and Light

Aggressive telephone solicitations from representatives of Horizon Power and Light, an alternative energy supplier authorized to conduct business in the District by the DC PSC compelled OPC-DC to file a letter on October 6, 2011, notifying the DC PSC of the numerous complaints it had received from consumers about Horizon's business practices. Consumers, particularly seniors, claimed Horizon representatives are aggressive in trying to obtain Pepco account numbers and in seeking agreements from consumers to switch them to Horizon Power. Complainants have also stated that the number provided to them by Horizon Power does not work. OPC-DC asked the DCPSC to investigate the claims. The DC PSC has docketed the proceeding. Due to OPC-DC's advocacy, Horizon informed the Commission that it has taken corrective action to address the complaints, including retraining its staff and temporarily ceasing sales calls in the District.

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OPC-DC Urges DC-PSC to Investigate Washington Gas Light Company's Depreciation Practices

OPC-DC reviewed Washington Gas Light Company's (WGL) 2010 Depreciation Rate Study and concluded it effectively shifts revenue requirements from future generations of WGL's ratepayers to the current generation of ratepayers by charging depreciation expense that includes assignment of future inflation costs to a current period. The impact of using depreciation as a mechanism to shift revenue requirements between generations of ratepayers is to create an excessive depreciation reserve which continues to grow. OPC-DC filed comments on October 24, 2011, urging the DC PSC disallow this practice and disapprove WGL's study. In order to facilitate the Commission's ability to produce a rational result, OPC-DC proposed guiding principles for reviewing any study and further recommended the DC PSC conduct an independent study of WGL's practices.



DC City Council Unanimously Approves Appointment of Sandra Mattavous-Frye, Esq. as DC People's Counsel

On July 12, 2011, the DC City Council unanimously approved the appointment of Sandra Mattavous-Frye, Esq. as DC People's Counsel. Ms. Mattavous-Frye served as Deputy People's Counsel for over 15 years prior to this appointment. Ms. Mattavous-Frye brings to the post of People's Counsel more than 20 years of senior management experience in litigation services and fiscal planning and a track record of leadership on the seminal utility regulatory issues of our times. Ms. Mattavous-Frye has identified the following areas as the top five priorities for OPC during her tenure: service reliability; affordable rates; consumer empowerment through information and education; implementation of new technologies; and increased reliance on demand side options and renewable energy sources. Effective resource planning is and should be a "win win" for consumers and utilities. A supply portfolio incorporating traditional generation and renewables will ultimately benefit the environment and also reduce the need for costly capital investment in new generation plants.



OPC-DC's Naunihal Gumer Will Moderate NASUCA Panel

Naunihal "Nick" Gumer, OPC-DC's Rate Case Manager, will moderate the NASUCA Panel entitled "Financial Aspects of Feed-in Tariff and Purchase Power Agreements." The session will explore financial incentive programs that best align the interests of investors and consumers and invite discussion regarding the characteristics of individual states.



OPC-DC Welcomes Rishi Garg, Esq.

Rishi Garg joined OPC-DC as an Assistant People's Counsel, Litigation Services Division, in August 2011. Rishi will focus on electric, legal and policy matters. Rishi will work specifically on sustainable energy resource integration, including energy efficiency, demand response, distributed generation and renewable resources. Prior to joining OPC-DC, Rishi worked for the Natural Resources Defense Council, representing environmental organizations before FERC and in regional electric system planning processes. Prior to working at NRDC, Rishi served as an Assistant Attorney General in the Illinois Attorney General's Office as an energy and environmental policy advisor to the Lieutenant Governor of Illinois. Rishi earned a Bachelor of Arts degree in English and British literature as an undergraduate student at the University of Illinois, Champaign-Urbana and earned his law degree from the University of Minnesota Law School.



About the Office of the People's Counsel for the District of Columbia

The Office of the People's Counsel is the public advocate for natural gas, electric, and telecommunications ratepayers in the District of Columbia. By law, the Office represents DC utility ratepayers' interest before the DC Public Service Commission, FERC, FCC, other utility regulatory bodies and the courts. The Office is mandated to conduct consumer education and outreach and may represent individual consumers with complaints related to their utility service bills.