



Office of the People's Counsel

ADVOCACY | EDUCATION | PROTECTION

2011 ANNUAL REPORT



Mission Statement

The Office of the People's Counsel is an independent agency of the District of Columbia government. By law, the Office advocates for consumers of natural gas, electric and telephone services in the District of Columbia.

By law, the Office represents D.C. utility ratepayers' interests before the District of Columbia 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 and bills.



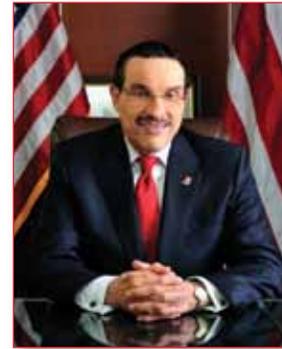


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Concept Design by Melanie L. Deggins





VINCENT C. GRAY
MAYOR

April 10, 2012

Dear District Residents:

It is my pleasure to present the 2011 Annual Report of the Office of the People's Counsel.

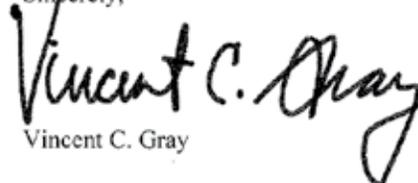
The District of Columbia Office of the People's Counsel has continued to build upon its legacy as a premier utility consumer advocacy agency dedicated to helping DC consumers become educated about a broad range of utility issues including rates, quality of service, competitive choices and consumer rights and responsibilities.

2011 posed new challenges for OPC in the race to meet the evolving needs of all District residents. Whether working to ensure the power stays on, that consumers are protected from service disruption in extreme weather or that health and safety are protected through its petition for a Smart Meter Opt-Out investigation, the office has kept a furious pace in multiple forums.

In 2011, through exemplary performance in its public role of responding to consumers concerns about their service and bills, the Office took strides to improve overall utility service quality by seeking investigations of Verizon's infrastructure, a management audit of Pepco's operations and investigation of the business practices of aggressive alternative utility providers. OPC has worked to enhance services to all consumers through education by sponsoring the landmark Distributed Generation Workshop and launching a new Smart Grid/Smart Meter web presence. Moreover, the White House has recognized OPC for initiating the outstanding Smart Meter Pilot program, hailed as a national model.

I believe that the Office of the People's Counsel is performing exceptionally well in its role to help guide the District to a sustainable energy future. This benefits our residents and businesses who enjoy a quality of life and commercial success that register the District as one of the most attractive cities in America to live and work.

Sincerely,


Vincent C. Gray



Dear District of Columbia Utility Consumers,

2011 was a year of change, challenge and commitment.

I am pleased to report the Office of the People's Counsel (OPC) has embraced change, met the challenges and zealously honored our commitment to advocate on behalf of DC consumers to ensure utility rates and services are just, reasonable and affordable. Reliability, affordability and consumer empowerment remain my guiding principles. This annual report captures a snapshot of our activities throughout the year and provides a glimpse of what lies ahead.

This past July, I was confirmed to serve as People's Counsel by the City Council of the District of Columbia and immediately set to work identifying and defining the issues that would lead us forward.

Reliability issues were center stage. OPC successfully persuaded the Public Service Commission (PSC) to include electric reliability as a major part of Pepco's \$42.5

million rate case (F.C. 1087), an issue OPC has pursued for many years. This case represents the first time in more than a decade that the Commission has linked reliability to cost recovery in a rate proceeding. OPC carefully scrutinized Pepco's case and found it deficient, and thus, asked the Commission to dismiss the company's case in its entirety.

Issues of reliability were not limited to Pepco. We also heard increasing complaints from Verizon landline customers, about the company's poor service quality, inability to achieve repairs, missed appointments and difficulty communicating with the company. These issues were heard loud and clear by OPC and led us to petition for an investigation before the Commission.

OPC's review of Washington Gas Light's (WGL) depreciation study from 2010, and other factors, led us to question whether the company may have been earning more than its authorized rate of return. We filed our findings with the PSC and in November, the PSC ordered WGL to file for a base rate review by March 1, 2012. We will carefully scrutinize WGL's request to ensure WGL's customers pay no more than is needed and necessary.

In many ways we are on the cusp of a new day. Regulatory practice and policies are changing. While the fundamental entitlements remain, business as usual will not work. New strategies must be developed to meet the new challenges.

For example, over 75% of electric energy bills are related to generation and transmission costs at the wholesale and federal levels. Since deregulation of the energy industry, it has been clear that consumers' best chance to control the impact of escalating energy costs is through energy efficiency and demand response. I am pleased to report that I have established a new section within our office, comprised of OPC litigation, technical and consumer education and outreach staff, called the Energy Efficiency and Sustainability Section ("EES Section"). The EES section is working to increase awareness of District energy efficiency initiatives, such as the new Sustainable Energy Utility and Mayor Gray's goal of transitioning the District to a "Clean Energy Economy" and to increase our substantive participation at the federal and national level through Federal Energy Regulatory Commission (FERC) and PJM Interconnection (PJM). I continue to serve on the 13 member Sustainable Energy Utility advisory board, representing residential

ratepayers. In May, OPC hosted our first Distributed Generation conference focused on renewable energy options.

OPC's efforts to empower consumers to participate in the regulatory process take many forms. OPC staff conducted 174 education and outreach meetings during 2011. These meetings included advisory neighborhood commissions, community and civic associations, tenant groups and other stakeholders. Our advanced metering infrastructure group conducted 13 smart meter workshops citywide. Our Consumer Services Division hosted citywide town hall meetings on the utility "Quality of

only ensured that we meet all requirements of the language Access Act of 2004 Act, but have helped the agency plan and conduct forums in Amharic, French, Spanish and Chinese dialects. For 2011, OPC endeavored to use every available means to share our message, from handbills to Facebook and from print to email, internet and even DC Cable TV. We will continue to communicate with our consumers through the means they find comfortable.

At the core of OPC is the work of our Litigation Services Division. In 2011, the Office was involved in no less than 135 proceedings. In addition, our litigation services

October, OPC alerted the PSC that these types of complaints were again being reported by consumers and asked that the Commission initiate an investigation.

As we prepare for the future, there are immutable lessons from the past to guide us. I remain committed to building consumer participation in the regulatory process through outreach, education and advocacy as history has shown us. I remain devoted to ensuring that reliability of service is the first and most important measure of a company offering service to District consumers and weigh performance against any rate increase or funding scheme requested. Lastly, I remain steadfast in my belief that rate regulation is effective, fair and still the best tool we have to provide consumers safe, adequate and reliable utility services at rates that are just and reasonable.

Look to the future using the lessons of the past.

Sincerely,



Sandra Mattavous-Frye Esq.

People's Counsel

*While the fundamental entitlements remain,
business as usual will not work. New strategies must
be developed to meet the new challenges.*

Service" experiences of everyday consumers and our in-house consumer complaint specialists handled over 3,215 consumer complaints.

OPC has also been recognized for our outstanding service to the English for Speakers of Other Languages (ESOL) communities. Our language access coordinators have not

division is keeping a watchful eye on the business practices of several alternative utility service companies that are soliciting customers. While this practice is legal and permitted by commission rules, District consumers have experienced "bad actors" in the past that have broken the rules, damaged customer's credit and jeopardized essential services. Last

ORGANIZATION STRUCTURE

Office of the People's Counsel Staff

Sandra Mattavous-Frye, Esq.
People's Counsel

Tanya C. McCargo,
Executive Assistant

Operations Division

Brian O. Edmonds, Esq.
Associate People's Counsel

Erica C. Bright
Administrative Assistant

Michael Essien
Computer Assistant

Anthony Lee
Computer Specialist

Muriel D. Nash
Receptionist

Frank Scott
Administrative Officer

Litigation Division

Arthur L. Brown, Esq.
Assistant People's Counsel

Barbara L. Burton, Esq.
Assistant People's Counsel, Senior Attorney

Laurence C. Daniels, Esq.
Assistant People's Counsel

Tamika R. Dodson
Paralegal

Rishi Garg, Esq.
Assistant People's Counsel

Naunihal Singh Gumer
Accountant/Rate Case Manager

Nathan Kaczynski
Litigation Assistant

Yohannes K. G. Mariam
Sr. Economist and Market Monitoring Specialist

Jennifer L. Weberski, Esq.
Assistant People's Counsel, Supervisory Attorney

Consumer Services Division

Karen R. Sistrunk, Esq.
Associate People's Counsel

Herbert H. Jones
Manager

Abigail Cassell
Consumer Outreach Specialist

Melanie L. Deggins
Consumer Outreach Specialist

Silvia V. Garrick
Consumer Outreach Specialist

Jean Gross-Bethel
Consumer Outreach Specialist

Phillip G. Harmon
Policy Analyst

Linda H. Jefferson
Senior Consumer Education Specialist

Laurence F. Jones
Policy Analyst

Cheryl L. Morse
Consumer Outreach Specialist

Pamela A. Nelson
Energy Efficiency Outreach Specialist

ORGANIZATION STRUCTURE

OPC Directorate Division

The Directorate determines policy consistent with the Agency's mission to advocate for and protect the interests of D.C. utility consumers. The division includes People's Counsel Sandra Mattavous-Frye, Esq., Executive Assistant, Tanya C. McCargo, and the management team, Brian Edmonds, Esq., Director of Operations; Herbert Jones, Manager, and Associate People's Counsel, Karen Sistrunk, Esq., Consumer Services Division.

OPC Operations Division

The Operations Division is responsible for fiscal management, editorial functions, assessments, space acquisition and management, procurement, human resources,

staff development, benefits administration, and legal matters related to OPC's daily operations.

OPC Technology

Management Information Systems (MIS) is responsible for all aspects of the Office's computer network and information management. MIS provides staff computer training and support, tools for production of consumer education and outreach materials, maintenance of the Consumer Information Database and other information databases, and equipment and technology upgrades. MIS is responsible for updating and monitoring OPC's website, www.opc-dc.gov.

OPC Litigation Services Division

The Litigation Services Division consists of the Energy, Telecommunications, Technical and Market Monitoring Sections, created pursuant to the District's electric retail restructuring law. The Division litigates cases involving utility companies before the Public Service Commission, federal regulatory agencies, and the D.C. Court of Appeals. This work includes developing overall litigation strategies, case management and coordinating outside counsel and expert technical witnesses.

OPC Consumer Services Division

The Consumer Services Division provides education and outreach to District consumers. Consumer Services staff provides assistance and representation to individual consumers with disputes with utility companies. The Division also provides assistance and resources to the Consumer Utility Board (CUB) and community, civic and consumer organizations.

A Litigation Division staff attorney advises the consumer complaints staff to determine whether legal action should be taken. This function helps OPC identify trends and provides a basis for determining the need for a policy shift or legal action.



CONSUMER SERVICES DIVISION

People's Counsel Sandra Mattavous-Frye pictured with D.C. Federation of Civic Associations' President, Robert V. Brannum and Nina Dodge, 2011 Consumer Advocacy Award recipient for outstanding lay advocacy on behalf of D.C. utility Consumers. She co-chairs the DC-based Politics & Prose Climate Action Project's committee on Utilities and Energy Efficiency.



Complaint Trends 2011

The District of Columbia's economy began to show signs of stabilizing in 2011. According to the 2010 U.S. Census, the city's population increased for the first time in several decades and is now 601,723. The District's unemployment rate, as high as 12% in 2010, had declined to 10.6% by late 2011.

However, Wards 5, 7 and 8 continued to have the highest unemployment rates in the city. In 2011, the unemployment rate was 14.7% in Ward 5, 17.9% in Ward 7 and 26.4% in Ward 8. Unemployment in those wards declined only slightly since 2010. OPC received the highest number of consumer complaints from those wards in both 2010 and 2011. Even as the District's population grew and its overall economic health improved, there has been widespread discontent with the performance of the city's utility service providers. Besides soaring utility bills, the most

frequent complaints about the District's utility companies have been poor quality of customer service, inaccurate billing, frequent service outages, frequent rate increase requests and poor repair quality.

OPC staff received a record number of consumer complaints in 2011. In 2010, OPC staff received 2,145 complaints about all utilities. This year 3,215 consumer complaints were received. Seniors citizens accounted for 40 percent of those complaints while Spanish speaking consumers accounted for 23 percent. By far, Pepco generated the most complaints among all utility companies. Frequent complaints were made about poor quality of service and chronic service outages for both energy and telephone service providers. Complaints about overly aggressive sales practices of alternative service providers also emerged.

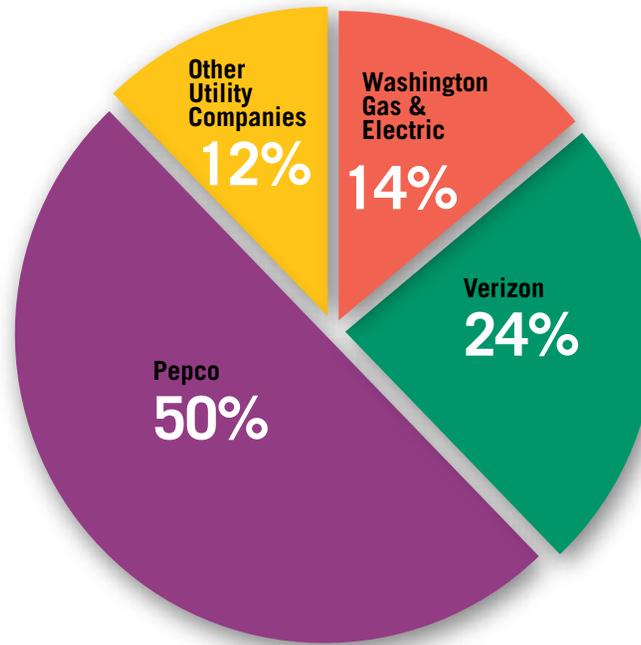
Pepco Complaints

Reliability of Pepco's distribution system and the quality of its services continued to be the primary causes for consumer discontent with the company. Based on comments from OPC's Town Hall meetings participants, consumer complaints and Pepco's rate case community hearing testimony, service reliability remains a substantial problem for many Pepco customers. Long standing difficulty contacting customer service representatives to report power outages, service restoration time, increasing billing amounts, meter accuracy and frequently estimated meter readings remain concerns for Pepco customers. Fifty percent of the complaints OPC staff received pertained to Pepco services.

CONSUMER SERVICES DIVISION

Pepco had installed more than 200,000 smart meters in residential and commercial buildings by the end of 2011. OPC, along with Pepco and Public Service Commission (PSC) representatives, participated in smart meter workshops throughout the year to help provide information to consumers about the Advanced Metering Infrastructure (AMI) program. Still, consumers contacted OPC to ask why they had not been notified about smart meter installation, how they would benefit from the new meters and if the meters are safe. A “grass-roots” consumer movement emerged, pressing for an opt-out option from the smart meter program. Responding to consumers’ concerns, OPC petitioned the PSC to investigate the technical and economic feasibility of a smart meter opt-out program.

Through various filings, OPC urged the PSC to establish stiffer fines and stricter performance measures for Pepco. As a result of its analysis of Pepco’s rate increase request, OPC determined that approximately \$34 million of Pepco’s \$42.5 million rate increase request should be denied. OPC recommended Pepco credit consumers \$2 million to compensate for poor quality of service over the years.



3,215 Consumer Complaints 2011

Consumers expressed increasing concerns about smart meters effects on health, safety and privacy. Consumers demanded more effective tree and vegetation management to minimize service disruption by tree damage. Calls for undergrounding of overhead power cables gathered momentum among community groups throughout the city. Others demanded Pepco face severe financial penalties for its poor

service. Through consumer complaints, statements at OPC’s Town Hall meetings, Pepco Blue Ribbon Panel meetings and comments at community meetings, public dissatisfaction with Pepco’s reliability and quality of services throughout the District increased significantly.



CONSUMER SERVICES DIVISION

Verizon Complaints

Verizon customers complained about Verizon's poor reliability and quality of service. Verizon accounted for 24% of the complaints OPC staff received in 2011. Consumers complained of poor service, frequent need for repairs, and loss of phone service during inclement weather, interference on the line, poor copper line maintenance and inaccurate bundled service costs. Consumers also complained about aggressive FiOS salespersons and poor quality of FiOS installation. The continued complaints about Verizon prompted OPC to file a petition with the PSC in August 2011 requesting a formal investigation into the quality of Verizon's telecommunications service.

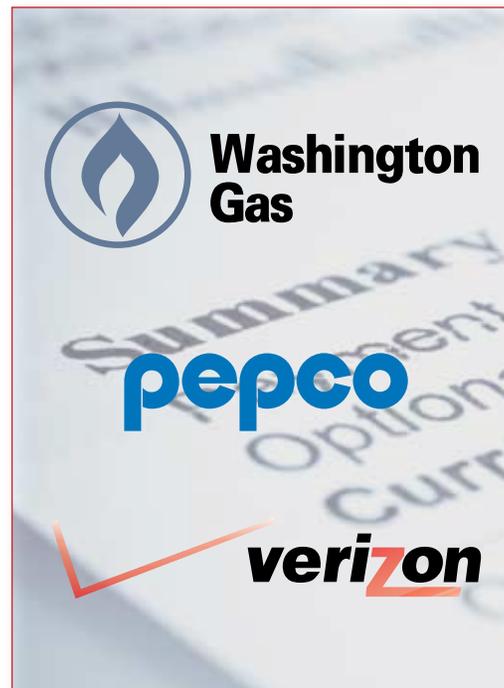
Washington Gas Light Complaints

Complaints against Washington Gas Light against made up 14% of OPC's 2011 complaints received. Washington Gas Light consumers complained about difficulties initiating service through customer service representatives, high cost of service line repairs, delayed service restoration and poor quality of outsourced customer service.

Other Utility Service Providers

NationsLine began offering telephone services to District residents in 2010. Residents responded favorably to lower cost offerings as an alternative to Verizon. However, consumers began complaining of poor customer and repair service, as well as failure to provide services. In late 2011, NationsLine withdrew its service offering from the District of Columbia.

Horizon Energy Power and Light is an alternative energy supplier that marketed its energy supply services in the District of Columbia during 2011. Due to numerous complaints OPC received about aggressive and misleading telephone sales solicitations from Horizon representatives, particularly from seniors, OPC requested the PSC investigate the claims. As a result, Horizon service was suspended pending the Commission's investigation.



CONSUMER SERVICES DIVISION

OPC Sponsors Public Meetings for Limited English and Non-English Speaking District Residents

OPC is committed to ensuring that all District residents, regardless of their proficiency with the English language, understand its mission, the services we provide and how OPC can assist them. OPC is one of 34 District agencies required to comply with the Language Access Act of 2004 (“Act”) requirements. The purpose of the Act is to provide greater access and participation in public services, programs and activities for District residents with limited or no-English proficiency. In compliance with Act, OPC sponsored three public meetings in 2011 to foster a dialogue between OPC and

the District’s Amharic, French, Spanish and Chinese speaking communities. During these meetings, formally trained interpreters assisted OPC by delivering OPC’s message in the language of the participants. The key message OPC delivered is that OPC will provide participants with the same type and quality of service regardless of their language or culture. Under the Act, OPC is required to convene at least one public meeting per fiscal year.

The District’s Office of Human Rights has identified the following six languages as those languages largely served by the District

government: Spanish, Mandarin Chinese, Vietnamese, Korean, French and Amharic.

OPC will continue to convene public meetings each fiscal year for District residents with limited or no English proficiency (LEP/NEP). OPC’s future goal is to increase the number of LEP/NEP participants at public meetings. To achieve that goal, OPC anticipates holding future meetings in conjunction with established organizations that currently serve the LEP/NEP communities.



LEP/NEP Outreach meeting.

CONSUMER SERVICES DIVISION

Joint Utility Discount Day 2011

On Tuesday, September 27, 2011, OPC participated in Joint Utility Discount Day (JUDD) at the Walter E. Washington Convention Center. An estimated 3,228 District residents applied for discounted energy, water and telephone service rates through the Utility Discount Program (UDP).

In keeping with city-wide budget cutbacks, there were fewer exhibitors participating in JUDD's popular "value added" component. Vital information was, however, provided to JUDD applicants by several District agencies and private companies, including United Health Plan, Housing Counseling Services and the Office on Aging.

Due to significant reductions in the Low Income Heat Energy Assistance Program (LIHEAP) funding at the federal level, OPC was concerned about the availability of funds for those who need assistance during the winter heating season. As a result, the Office developed a financial resource list. In addition the Office provided consumers with self help energy efficiency tips to help them reduce their usage and lower their bills. A copy of those tips can be found on at www.opc-dc.gov under the "Winter Heating Season Tips" section.



OPC employees Tamika Dodson and Tanya McCargo assist District residents with completing their JUDD applications.



OPC employees Arthur Brown, Esq., Yohanna Mariam, Ph.D. and Laurence Jones assist with processing JUDD applications.

CONSUMER SERVICES DIVISION

OPC Hosts Delegates from Republic of Moldova

On September 23, 2011, OPC staff met with delegates from the Republic of Moldova. Moldova, located between Romania and Ukraine, became an independent state in 1991 following breakup of the Soviet Union. These delegates are involved in regulation of energy service in their country and members of the National Agency for Energy Regulation of the Republic of Moldova.

During the meeting, OPC presented overviews of its consumer complaints process, consumer education and outreach program and the “Consumer Bill of Rights.” The delegates were particularly interested in how consumer complaints are resolved and the Consumer Bill of Rights.



OPC staff provide delegates from the Republic of Moldova with an overview of the agency.

OPC Expands Media Outreach

In 2011 the Office expanded the use of media in its education and outreach efforts. This was achieved by working with the DC office of Cable Television and Telecommunications to produce multiple Public Service Announcements on utility issues, including a public education campaign for smart meters through the Advanced Metering Infrastructure (AMI) working group, sponsoring some 14 workshops and dozens of community briefings specifically on the smart meter issue.

OPC continues to use print and broadcast media to help communicate our message to the public by contributing to articles in The Washington Post, The Washington Examiner and Washington Informer, radio broadcasts on

WAMU, WPFW, WTOP, WHUR and on television with WRC, Fox-5, WJLA, and other outlets.

The Office also uses Listserv messaging to send information directly to the email and Facebook accounts, including mobile devices, of our community based advocates. This “real time” communication is achieved at nominal cost.

OPC continues to update our website featuring portals for Sustainable Energy and Smart Meter education to make it increasingly more informative and user friendly for consumers.



CONSUMER SERVICES DIVISION

Smart Meter Education Forums 2011

In November 2010, OPC began hosting a series of joint forums with PEPCO to extend smart meter education to the more than 280,000 District of Columbia electric customers slated to receive new electronic “Smart Meters” over the next 15 months.

OPC has repeatedly called on Pepco to step up outreach efforts to consumers around the fundamentals of how and why we are moving toward automated metering infrastructure (AMI).

OPC has supported the development of the smart grid, and the legislative and regulatory steps to move forward with the technology. But far too many consumers have been kept in the dark regarding what it is, how it will be deployed, the expected costs and what benefits if any, are to be derived.

OPC designed a series of community based forums to answer these questions. Working collaboratively with Public Service Commission ordered AMI Education Task Force, OPC has planned or sponsored forums in every quadrant and ward of the city. OPC,

Pepco engineers, community affairs and executive staff participated in a broad range of discussion with consumers about the meter installation of the smart grid deployment plans.

Consumers continue to ask many of the same questions regarding the timetable for meter deployment (October 2010 -December 2011), security features, data sharing with 3rd parties and Pepco control of data, connectivity for the purpose of net metering, meter reading process, dispute resolution and the anticipated rate design once the system is fully functional.



James McSpadden, AARP, participating in the Smart Meter Workshop.



OPC Staff Attorney Laurence Daniels, informs residents about smart meters installation



OPC Policy Analyst Phillip Harmon, helps to field questions from D.C. residents regarding smart meters.

CONSUMER SERVICES DIVISION

Under the auspices of the PSC ordered Advanced Metering Infrastructure working group, OPC has implored Pepco to adopt the best practices and standards of utilities that have had successful deployments. Uniformly, this means adopting an ongoing multimedia and public education campaign, effective helpdesk, and adopting a policy of information transparency.

OPC has collaborated with other stakeholders, conducted 14 stand-alone Smart Meter Workshop events and disseminated smart meter educational information at dozens of outreach events in 2011. At year's end, Pepco had not completed meter deployment. Smart meter education is expected to continue throughout 2012.



CONSUMER SERVICES DIVISION

OPC in the Community 2011

January 2011

- Outreach - Victoria Heights Apartments
- Outreach - DC Development Disabilities Council
- Vietnamese-American Community Service Center
- Smart Meter Education Workshop - Fairlawn Citizens Association
- Outreach - La Clinica del Pueblo
- Office of Councilmember Jim Graham (Ward 1)
- Outreach - AARP
- Outreach - DC Office of Disability Rights

- Smart Meter Education Workshop - Office of Disability Rights
- Smart Meter Education Forum
- Smart Meter Education Workshop, Councilmember Harry Thomas, Jr.'s Community Meeting

February 2011

- Outreach - Chinatown Community Cultural Center
- Outreach - Ethiopian Community Services and Development Council, Inc.
- Outreach - Language ETC

- Outreach - Vietnamese American Community Service Center
- Outreach - Samuel Kelsey Apartments
- Advisory Neighborhood Commission 4C

March 2011

- Advisory Neighborhood Commission 8A3
- Councilmember Mary Cheh (Ward 3) Oversight Roundtable
- Outreach - FCC Consumer Info Fair
- Outreach - 1st Baptist Church Community Center
- Outreach - Shrine of the Sacred Heart



OPC Staff member Naunihal Gumer, welcomes delegation from India.



Herbert Jones, CSD Manager

CONSUMER SERVICES DIVISION

OPC in the Community 2011 *(continued)*

Outreach - Mayor's Office on Asian and Pacific Affairs
 Advisory Neighborhood Commission 8B
 Councilmember Marion Barry (Ward 8)
 Smart Meter Workshop – Advisory Neighborhood Commission 3C
 2011 Greater Washington Hispanic Chamber Of Commerce Expo
 Outreach - Anacostia Coordinating Council Meeting
 Outreach - DC Development Disabilities Council
 DC Office on Asian and Pacific Islander Affairs

Outreach - Chinatown Community Cultural Center
 Outreach - The Homeland Security and Emergency Management Agency
 AARP Workshop Smart Meter and Pepco Reliability

April 2011

Outreach - La Clinica del Pueblo
 Advisory Neighborhood Commission 4A
 Outreach - Ethiopian Tewahedo Church
 Advisory Neighborhood Commission 1B
 Outreach - First Baptist Church

FAR SE Collaborative Family Day
 Environmental Council Meeting
 Advisory Neighborhood Commission 1A
 Chevy Chase Citizens Association
 OPC Senior Outreach
 Advisory Neighborhood Commission 7C
 Metropolitan Council for Latino Health
 Outreach - National Council of La Raza
 Outreach - DC Learns
 Advisory Neighborhood Commission 4D Meeting
 OPC Presentation
 DC Green Day



OPC Staff member Cheryl Morse (right) at Green Living Expo DC.



People's Counsel Sandra Mattavous-Frye at DC Green Day



OPC Staff at JUDD 2011.

CONSUMER SERVICES DIVISION

OPC in the Community 2011 *(continued)*

- Outreach - Anacostia Coordinating Council
- Outreach - DC Development Disabilities Council
- Advisory Neighborhood Commission 8D
- Ward 4 Senior State of Address
- Ward 7 Senior Town Hall Meeting

May 2011

- Outreach - Gethsemane Baptist Church Senior Praise Luncheon
- Outreach - New Day for Anacostia
- Advisory Neighborhood Commission 1D
- Advisory Neighborhood Commission 8A03
- Advisory Neighborhood Commission 1B
- Mayor Vincent C Gray Town Hall Meeting
- Distributed Generation Workshop
- Outreach - Ethiopian Community Center
- National Association of Regulatory Utility Commissioners Seminar Kennedy Recreation Center Senior Outreach
- Outreach - D.C Public Schools
- 2011 Health Care Symposium/Dialogue on Diversity
- Federation of Citizens Association of DC Dinner
- Outreach - Ward 7 Senior Wellness Center
- Outreach - South Washington Older American



OPC staff member, Phillip Harmom assists consumer at JUDD 2011.



OPC attorney, Brian Edmonds presenting to an International Delegation visiting OPC Offices.

- Outreach - Access Housing, Inc
- Outreach - DC Development Disabilities Council
- Outreach - Iona's 2011 Education, Advocacy & Engagement Forum
- Outreach - Seabury Senior Center

June 2011

- D.C. Tenants Advocacy Coalition Summer School
- Outreach - Housing Counseling Services, Inc
- Outreach - D.C. Office of Latino Affairs
- 3rd Annual DC Housing Expo and Foreclosure Clinic
- Language Access Program
- Outreach - Shrine of the Sacred Heart, Inc.
- Advisory Neighborhood Commission 1D - La Casa
- Outreach - Carecen
- Queens Chapel Civic Association
- District of Columbia Office on African Affairs
- United Planning Organization Housing Symposium
- Outreach - DC Development Disabilities Council
- Hattie Holmes Senior Wellness Center, 3rd Annual Family Day/Open House

CONSUMER SERVICES DIVISION

OPC in the Community 2011 *(continued)*

July 2011

- AARP Smart Meter Education Workshop
- Outreach - Emmaus Services for the Aging
- 2nd Annual DC Africa Festival
- Outreach - Catholic Charities
- Outreach - DC Development Disabilities Council
- Smart Meter Education Workshop
- Outreach - National Council of La Raza
- Outreach - National Catholic School of Social Service/DC Development Council



OPC staff member Laurence Jones presents information to consumers at the Rittenhouse.

August 2011

- Outreach - Ethiopian Community Center Ethiopian Community Services and Development Council
- DC Blue Ribbon Task Force on Pepco Reliability
- Outreach - Ethiopian Orthodox Tewahedo Church
- Outreach - Housing Counseling Services, Inc.
- Amharic and French Speaking Meeting Public Meeting and Dialogue
- 14th Annual Trinidad Day



OPC attorney, Laurence Daniels assists consumer with a Verizon consumer complaint.

- Public Meeting and Dialogue with Spanish-Speaking District of Columbia Residents
- 5th Annual Columbia Heights Day Festival
- Outreach - Church of Christ

September 2011

- Advisory Neighborhood Commission 8A
- Outreach - District of Columbia Office on African Affairs
- Pepco Blue Ribbon Panel
- Outreach - Ward 5 AARP Chapter Meeting
- Smart Meter Workshop
- Outreach - All Nations Baptist Church
- Green Living Expo DC
- Outreach - Commission on Aging

October 2011

- Advisory Neighborhood Commission 4A
- Advisory Neighborhood Commission 1C
- Advisory Neighborhood Commission 1B
- Advisory Neighborhood Commission 6A/6C
- Keeping it Simple and Practical: Energy Efficiency Workshop
- Outreach - Ethiopian Community Center, Inc.
- Advisory Neighborhood Commission 4C
- Senior Outreach

CONSUMER SERVICES DIVISION

OPC in the Community 2011 *(continued)*

Advisory Neighborhood Commission 1D
 Northwest Columbia Heights Community Association
 Outreach - Martha's Table, Inc.
 NRG Energy EVGO Preservation Workshop
 Outreach - Asian Senior Center
 Outreach - Wah Luck House
 DC Utility Quality of Services and Reliability Town Hall Meeting
 Advisory Neighborhood Commission 4B
 Advisory Neighborhood Commission 3/4G
 Outreach - Catholic Charities Archdiocese of Washington
 Rittenhouse Association Smart Meter Workshop



OPC Staff member, Jean Gross-Bethel, assists consumer at the 3rd Annual Housing Expo.

Outreach – District of Columbia Office on Aging

November 2011

DC Utility Quality of Services and Reliability Town Hall Meeting
 Outreach - Mexican Consulate
 D.C. Federation of Civic Associations 81st Annual Scholarship Awards Dinner
 Outreach - Catholic Charities Archdiocese of Washington
 Outreach - Model City Senior Center
 Outreach - CentroNia
 PSC Formal Case No. 1071, Ward 8 Community Hearing



DC Utility Quality of Services and Reliability Town Hall meeting.

PSC Formal Case No. 1071 Ward 2 Community Hearing
 PSC Formal Case No. 1071 Ward 4 Community Hearing
 Crestwood Citizens Association
 Outreach - Emmaus Services for the Aging
 Outreach - Vida Senior Center
 Tele-Town Hall - AARP (Formal Case 1087)
 PSC Formal Case No. 1071, Ward 3 Community Hearing
 PSC Formal Case No. 1071, Ward 7 Community Hearing
 Advisory Neighborhood Commission 1D
 PSC Formal Case No. 1071, Ward 1 Community Hearing
 PSC Formal Case No. 1071, Ward 5 Community Hearing
 PSC Formal Case No. 1071, Ward 6 Community Hearing
 Kutchner - Senior Outreach

December 2011

Advisory Neighborhood Commission 4A
 Outreach - AARP
 Outreach - District of Columbia Office on Latino Affairs

LITIGATION SERVICES DIVISION

Formal Case No. 1087 – Pepco Rate Case

On July 8, 2011, Pepco filed an Application for a rate increase with the D.C. Public Service Commission requesting an additional \$42.5 million in distribution rates. In this rate case, Pepco is seeking increased revenues to support reliability projects and cost recovery for smart grid deployment. Additionally, Pepco requested the Commission replace the traditional ratemaking process with a new method of cost recovery that will guarantee Pepco faster cost recovery and a less stringent review of its costs.

OPC thoroughly examined Pepco's Application for a rate increase using a team of engineers, economists, and accountants. After evaluating the Application, OPC recommended the Commission reject \$34 million of Pepco's \$42.5 million rate increase request.

The major issues in this case for OPC are reliability, smart grid cost recovery and Pepco's proposed new cost recovery mechanism known as the Reliability Investment Recovery Mechanism ("RIM").

Reliability – OPC determined that the reliability distribution projects proposed by Pepco lacked sufficient detail to make a

threshold determination as to whether or not the reliability project costs are reasonable.

Smart Grid – OPC carefully evaluated Pepco's smart grid deployment costs and found they complied with the Commissions established criteria. However, OPC has concerns about whether the smart grid system will deliver tangible benefits to consumers in a reasonable time. To address these concerns, OPC proposed that a cost benefit analysis be conducted at the next rate case to determine the cost benefit rates. If the benefits do not exceed the costs, OPC proposed that rates be adjusted accordingly.

Pepco Proposed RIM – is a surcharge that would allow Pepco to increase rates annually to recover reliability related construction costs. OPC strongly opposes the RIM and takes the position that costs for reliability projects should be recovered through the traditional ratemaking process.

OPC also proposed the Commission require Pepco to give consumers a \$2 million credit because of the poor quality of service Pepco has provided over the past several years.



LITIGATION SERVICES DIVISION

Smart Meter Deployment

Throughout 2011, OPC educated consumers in every ward of the city about Pepco's smart meter deployment. OPC explained to consumers how they would be contacted by Pepco about the meter exchange, what would happen on the day the meter was to be installed, what they could do if they had life sustaining medical equipment in their homes, and advised them to contact Pepco if they had questions or concerns about the smart meter program.

In 2010, OPC requested PSC establish a task force to develop a comprehensive smart grid education plan. The Smart Meter Task Force convened by the PSC, was comprised of OPC, Pepco, PSC staff, the District's Department of the Environment, the Sustainable Energy Utility, AARP, and Politics and Prose. OPC represented the interests of consumers by outlining concerns about the smart grid and recommending a number of approaches Pepco could implement to best educate consumers about the deployment of smart meters. Additionally, OPC recommended PSC require a strong set of metrics to measure the effectiveness of the smart grid education program.

Dynamic Pricing

Dynamic pricing is also known as time of use rates. The price per kilowatt of electricity is based on the time it is used. It is highest when everyone is using it (peak) and lowers when fewer people are using it (off peak). In 2011, PSC rejected Pepco's dynamic pricing proposal and held a Legislative Style hearing in June 2011 to discuss a range of policy issues related to dynamic pricing. OPC attended the hearing and discussed the importance of using a rebate-based dynamic pricing program as the default rate for dynamic pricing, since it provides a benefit to consumers who conserve energy but does not punish those who do not. OPC stressed the fact that PSC must establish a privacy policy whereby a consumer's usage data can only be released from the utility after

the consumer signs a consent form. OPC also stressed the need for a vigorous cyber security policy and the need for consumers to have enabling technology in their homes.

Opt-Out Petition

In December 2011, after receiving numerous inquiries from consumers about whether they could opt out of Pepco's smart meter program, OPC filed a Petition requesting the PSC require Pepco to conduct a technical and economic feasibility study for an opt-out provision. The feasibility study detailed the costs and technical obstacles involved with offering an opt-out provision and would provide a basis for commission or legislative action.



LITIGATION SERVICES DIVISION

OPC Advocates for Reliability as Pepco Grapples with Unexplained Outages

OPC continues to vigorously push for improved electric reliability. Finally, after years of advocacy by OPC, the PSC adopted stricter Electric Quality of Service Standards (EQSS). These standards allow the Commission to fine Pepco for failure to comply with the standards. OPC strongly believes that not until Pepco is held financially responsible for the District's reliability woes will improvements occur. Pepco and its executive management must feel the financial sting of its poor performance, not the District's utility consumers.

During 2011, one particular outage demonstrated the gravity of Pepco's reliability issues, the need for stricter EQSS standards and the need to fine Pepco for its lax service. Between May 31, 2011 and June 1, 2011, more than 1,500 Pepco customers, including District and federal agencies, experienced a prolonged power outage. Those affected by the outage were without power for more than 29 hours between the afternoon of May 31 and the night of June 1. Those same customers lost power one hour later on the night of June 1 and were

During 2011, one particular outage demonstrated the gravity of Pepco's reliability issues and the need for stricter EQSS standards and the ability to fine Pepco for its lax service.

without power until mid-afternoon of June 2nd. In addition to the hundreds of residential consumers affected, the outages forced the closing of District and federal agencies, as well as schools.

OPC has repeatedly requested the PSC investigate the reliability issues affecting the electric service of the District of Columbia, to no avail. The continued threats to public security, health, and the potential harm to the District economy posed by these outages cannot be overstated. While the PSC has several open reliability dockets, OPC again requested the Commission immediately institute a formal investigation into the causes of this outage, and, equally important, why the service restoration took so long. After the issuance of data requests, the company determined that its own insufficient mapping and data detail contributed to the delay in restoration. The May/June 2011 outage is a glaring example of what happens when poor management and the drive for profits supersede the drive for quality service.

LITIGATION SERVICES DIVISION

DC Court of Appeals Recognizes OPC's Critical Role as a Statutory Party in the Regulatory Scheme

OPC challenged a series of Public Service Commission rulings that denied the Office meaningful access to Pepco maps and data during the course of OPC's various investigations of Pepco outages. During the Office's investigations beginning in 2010, OPC sought information, including maps and

diagrams, to assist in our investigation of the reliability of the electric distribution system in the District of Columbia. Pepco refused to provide copies of the materials to the Office under the guise of national security and insisted the materials remain at Pepco with DC OPC scheduling visits to view the materials.

OPC challenged Pepco before the PSC, but the Commission allowed Pepco to withhold the production of the materials for OPC's use in its investigation. OPC filed an appeal before the DC Court of Appeals. On June 23, 2011, the DC Court of Appeals vacated and remanded the decision to the Commission



LITIGATION SERVICES DIVISION

and issued a reminder of OPC's critical role in the regulatory process. The court stated, the "Commission also appears to have lost sight of OPC's critical role as an independent investigatory authority and a statutory party in the regulatory scheme."

The Office is elated that the Court ruled in our favor and vacated and remanded the orders. OPC must have meaningful access to

company held data and materials in order to fully and fairly advocate on behalf of DC utility consumers.

DC Court of Appeals Denies Pepco Recovery of Certain Costs Related to Divestiture

In March 1999, Pepco asked the Public Service Commission to allow it to divest its generating assets, including purchase power contracts so that it could become a transmission and distribution company. Pepco's divestiture request was the single most significant event in the electric utility industry in the District since the inception of regulation. OPC opposed Pepco's proposed divestiture application because, among other things, it failed to provide residential ratepayers with substantial and significant up-front rate reductions or any meaningful long-term protections against future rate increases during the period when

market volatility is most likely to result in increased rates.

In Phase I of the two-phase proceeding, the PSC approved the Non-Unanimous Agreement of Stipulation and Full Settlement (Settlement Agreement) in December 1999 that required Pepco to share with District ratepayers the profits (i.e., net proceeds) recovered from the sale of its generating assets. OPC did not sign the Settlement Agreement because it contained no consumer protections. In Phase II, the Commission decided Pepco was not entitled to recover over \$20 million in transition and transaction costs. The PSC

ultimately approved Pepco's tariff to distribute the funds to District ratepayers as a credit on their bills.

Pepco appealed the Commission's decision which OPC opposed. In September 2010, Pepco filed a petition for review with the DC Court of Appeals. OPC filed an intervener's brief in support of the Commission and participated in oral arguments in February 2011. In April 2011, District ratepayers and consumers were rewarded when the Court of Appeals affirmed the Commission's decision. The Court found that none of Pepco's arguments were persuasive.

LITIGATION SERVICES DIVISION

OPC's Challenge of the Washington Gas & Light's Depreciation Rates

In 2011, OPC reviewed Washington Gas Light's (WGL) 2010 Depreciation Rate Study and concluded it effectively shifts revenue requirements from future generations of the District's ratepayers to the current generation of ratepayers by charging depreciation expense comprising future inflation costs to a current period. Depreciation is the method companies use to recover the original cost of their investment. 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 believes, based on the Office's preliminary analysis, that WGL's practice has

resulted in an excessive depreciation reserve which includes a regulatory liability of \$90 to \$100 million solely attributable to the District. OPC filed comments in October 2011, urging the Public Service Commission (PSC) not to allow this practice and to reject WGL's study. OPC also recommended the Commission conduct an independent study of WGL's practices and submitted guiding principles for reviewing any study.

The PSC concluded that WGL's depreciation study suggested the company's composite depreciation rate should be lowered to reflect its declining depreciation expense. In addition,

OPC will be an active participant in this rate case advocating to protect the interests and pocketbooks of District consumers and ratepayers.

WGL's quarterly earnings reports suggest that WGL has been earning more than its PSC approved rate of return. Finally, the PSC noted that the last time an adjudicated rate case was decided was in 2003, 9 years ago. For these reasons, PSC initiated an investigation into the reasonableness of WGL's base rates to ensure that District consumers are paying rates that reflect WGL's true cost of service and are just and reasonable in light of current economic conditions. WGL will file its application by March 1, 2012. OPC will be an active participant in this rate case advocating to protect the interests and pocketbooks of District consumers and ratepayers.



LITIGATION SERVICES DIVISION

OPC Advocates for a User Friendly Gas Procurement Report

OPC continued its efforts in 2011 to have Washington Gas Light (WGL) prepare and file on the public record a user friendly report on its gas procurement activities. OPC defines a user friendly report as one that is a transparent and accurate account of the supply procurement activities of WGL, that would facilitate the Public Service Commission and OPC's ability to more easily determine the net benefits to District of Columbia natural gas ratepayers and whether the costs District ratepayers now pay for reliable gas service are reasonable.

OPC filed comments in January 2011 on WGL's 2010 Gas Procurement Report ("GPR") and concluded WGL did not satisfy this objective. OPC's 2011 comments reiterated recommendations OPC has made over the years that were intended to improve the GPR that WGL is required to file every two years. In 2011, OPC recommended that the numeric data which comprised at least 70% of the GPR be put in context. Specifically, OPC recommended the GPR contain narratives and analyses that would explain the numbers. OPC commented that it is difficult to assess,

merely by looking at the GPR's numeric data, how well WGL performed compared to prior years, how prepared WGL was to meet projected demand and the extent to which WGL envisions and incorporates potential sources of risk and uncertainty that may jeopardize the safe and reliable delivery of natural gas to District consumers. In addition, OPC requested an important section of the report be restructured. PSC staff agreed with some of OPC's concerns, specifically that the GPR should be user friendly. The Commission directed WGL to file supplemental information with a narrative explaining how gas forecasts for 2008, 2009 and 2010 compared to WGL's actual experience in those years. In addition, the Commission directed WGL to address in the supplemental narrative whether there are any constraints on WGL's distribution system and the procedures in place to protect against any such constraints. Washington Gas & Light was directed to discuss the other concerns OPC raised in its 2011 comments.



LITIGATION SERVICES DIVISION

OPC Petitions the Public Service Commission to Investigate the Solicitation Practices of Horizon Power and Light

Consumer reports of aggressive telephone solicitations from representatives of Horizon Power and Light (“Horizon”), an alternative energy supplier authorized by the PSC to conduct business in the District, compelled OPC to notify the Commission of the numerous complaints it had received from consumers about Horizon’s business practices. Consumers, particularly seniors, claimed Horizon representatives were overly aggressive in trying to obtain Pepco account numbers and in seeking agreements from consumers to switch them to Horizon. Complainants also stated that the phone number provided to

them by Horizon did not work. OPC asked the Commission to investigate the claims. In response to OPC’s letter, Horizon filed correspondence in October 2011, indicating it had taken steps to address OPC’s complaints, including ceasing solicitations until a newly trained sales staff could be selected. The PSC subsequently directed interested parties to address whether Horizon’s response was sufficient for the Commission to close the matter.

In November 2011, OPC urged the PSC to require Horizon to submit on the public record a sworn affidavit from its officers attesting to

the company’s actual solicitation practices and requiring Horizon to give 30 days’ notice to the PSC before Horizon resumes sales calls in the District. Horizon responded in December 2011, by attaching an affidavit with exhibits attesting to its actual solicitation practices, by proposing to adopt OPC’s request for a 30 day prior notice to the Commission before reinitiating services in the District, and by proposing to provide for the next six months a randomly selected sampling of recorded sales calls and the Voice Verification recordings. The Commission decision is pending as to whether or not this docket should be terminated.

The Public Service Commission Grants OPC’s Request for an Investigation into Verizon’s Service Quality

Consumers of Verizon’s traditional land line service in the District of Columbia have consistently voiced their frustrations about Verizon’s poor service quality. OPC has been contacted by District residents, City Council members and their staff, in addition to advisory neighborhood commissioners, relaying their complaints about Verizon’s poor service.

Consumers frequently experience phone service outages, especially when it rains or during other inclement weather, and complain that restoration is slow and undependable. In addition, consumers regularly experience noise and other interference on their phone lines, or a totally inoperable line.

OPC filed a petition with the PSC requesting it conduct an investigation into Verizon’s

quality of service to address these consumer concerns. OPC’s petition asks the PSC to examine a broad array of service quality issues. Ranging from an investigation of the causes of the outages and Verizon’s efforts to resolve these problems to whether Verizon is deliberately failing to repair its copper infrastructure serving land line customers. On October 14, 2011, the PSC granted OPC’s petition and initiated a proceeding.

ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

OPC Establishes Section to Address Energy Efficiency and Sustainability Strategies

A new environmental mandate requires the Office of People’s Counsel to consider public safety, the economy, the conservation of natural resources, and the preservation of environmental quality when taking positions on matters pertaining to the operation of public utility or energy companies. As a

staunch supporter of a cleaner and healthier District, the People’s Counsel established a new Energy Efficiency and Sustainability Section within OPC. The purpose of this Section is to recommend strategies and activities for the Office to implement that achieve the following objectives:

1. Increase awareness of energy efficiency, renewable and sustainable energy options to the broad base of DC consumers in all wards and at all 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 and policy positions that advance the use of these resources and benefit ratepayers;
5. Actively participate in and monitor the implementation of the DC Sustainable Energy Utility;
6. Expand alliances with other stakeholders in the field; and
7. Expand and refine OPC’s presence at PJM Interconnection (PJM) and Federal Energy Regulatory Commission (FERC).



*Energy Efficiency & Sustainability Team
(left to right): Pamela Nelson, Rishi Garg, Esq., Barbara Burton, Esq, Yohannes Mariam, Ph.D.*



ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

New Energy Efficiency & Sustainability Section off to an Aggressive Start

OPC's new Energy Efficiency & Sustainability ("EE&S") Section has begun to identify strategies and activities that, once implemented, will help transition the District to a Clean Energy Economy. In developing clean energy policies and strategies, the Office insists on pursuing only those initiatives that will provide long-term environmental and economic benefits to the ratepayers of the District. Guided by these principles, the EE&S Section has taken important and active roles in: 1) facilitating implementation of the Sustainable Energy Utility; 2) coordinating development of an Energy Efficiency Portfolio Standard as part of the Mayor's Sustainable DC Initiative; 3) negotiating development of a Community Solar Garden program; 4) brainstorming a potential Sustainable District of Columbia Energy Futures Report; 5) exploring the implementation of a Sustainable Energy Legal Clinic; 6) attending environmental conferences and presenting on matters that impact energy affordability; and 7) taking aggressive positions on behalf of District ratepayers at PJM and the FERC. EE&S has also launched an interactive website which provides details about ongoing programs and upcoming events. The interactive website can be viewed by visiting: <http://ees.opc-dc.gov>.

As a member of the Sustainable Energy Utility ("SEU") Advisory Committee, OPC is working with the regulated public utilities and interested stakeholders to improve the efficacy of SEU in its delivery of energy savings to District residents. Access to commercial and residential energy usage data will enable SEU to conduct important analyses and design

programs that respond to the District's unique energy needs. Customer privacy interests are of paramount concern and must be guarded in every manner when sharing usage data with SEU. OPC's proposal will address both data access and privacy concerns so that District residents can receive SEU efficiency benefits without compromising their right to privacy of customer account data.

OPC welcomes the Mayor's Sustainable DC Initiative which seeks to transform the District into the most sustainable city in America and is in the process of developing a comprehensive sustainability implementation plan by April 2012. OPC staff has joined a small group of community members to develop an Energy Efficiency Portfolio Standard ("EEPS") for the District. EEPS, much like the District's Renewable Portfolio Standard, would identify the most cost-effective methods to help District electricity consumers become more efficient and then set targets to achieve energy efficiency goals. The group's work will complement initiatives already taking place in the District.



ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

Development of Community Solar Garden Program

OPC has collaborated with DC Solar United Neighborhoods and the Vote Solar Project to develop legislation that would create a Community Solar Garden Program. Community Solar Gardens are renewable energy facilities located at a customer site – often referred to as distributed generation (DG) or behind-the-meter generation (BTMG). As opposed to installing solar panels that service only the residents at a particular location, the proposed Community Solar Garden concept will enable all electric ratepayer classes at all locations and in all income levels “to subscribe to” an installed solar facility. OPC is working with the solar coalition to ensure that a well-designed bill is developed and presented to the District Council in 2012.



OPC Staff Makes Presentation at 2011 Environmental Conference

OPC attorney Rishi Garg made a presentation at the September 2011 environmental conference Non-Governmental Organization (NGO) Strategies for a Clean Energy Future in Washington DC. Mr. Garg spoke about a Least-Cost approach to integrating renewable energy resources and clean demand-side resources into the transmission system. Mr. Garg discussed recent FERC Orders and wholesale energy market initiatives that could enable greater renewable resource integration, but concluded that advocates for clean resource integration must provide convincing arguments that clean resource alternatives are also the most cost-effective resource options.



Development of “Sustainable District of Columbia Energy Futures Report”

What are our options for a clean District of Columbia Energy future? OPC is interested in exploring options to transition to a clean energy economy in the next 20 to 30 years. Recent developments in political support (Mayor Gray’s Sustainable DC Initiative), innovations (Sustainable Energy Utility, Smart Meter Deployment) and public policies (solar legislation, renewable portfolio standards, federal EPA rules) have presented unprecedented opportunities to transition to a cleaner future. OPC plans to study the economic and environmental impacts of selecting various energy future options available to us. The study, which shall become a report, will inform policy makers and residents about the regulatory and legislative policy options before us to achieve our clean energy goals.

ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

OPC Files Comments Protesting Changes to PJM's Capacity Market

District ratepayers are part of a mid-Atlantic regional electric system known as the PJM regional transmission organization. PJM is responsible for planning transmission expansions in the mid-Atlantic, forecasting future loads to be served, maintaining the reliability of the bulk power system at the most efficient price reasonable, and administering a number of energy markets where power is bought and sold to serve load. A new energy paradigm, brought by advancements to grid technologies and state and federal clean energy policies, have forced PJM to determine how to integrate these new resources and policies into their existing system planning and market studies. OPC supports the integration of advanced technologies and clean resources into system planning and markets because they could ultimately produce immense economic and environmental benefits. As such, OPC has ramped up its participation in a number of PJM committees focused on new environmental policies, old coal plant retirements, and clean distributed generation integration. OPC believes its involvement in PJM will produce tangible benefits for District ratepayers.

OPC Expands Its Activities at PJM and FERC

More than two-thirds of consumer bills are controlled by wholesale generation rates and policies set at the federal and national level. OPC has increased its participation in Federal Energy Regulatory Commission (FERC) and Regional Transmission Organizations (RTO)-based proceedings (specifically in PJM) in response to the opportunities that new, advanced and clean grid technologies and policies offer to affect wholesale energy market prices and transmission rates. New grid-optimizing products and programs, like price-responsive demand, distributed solar generation and storage, and energy efficiency will enter the electric system at the distribution grid level, providing retail customers opportunities to help transform the grid from an antiquated structure to a clean, interactive energy-delivery network. In addition, federal and state policies, such as the EPA's new clean air and water rules and state renewable portfolio mandates

are driving green transitions to our existing generation fleet. Responding to this rapidly-changing environment, FERC has required RTOs to:

1. Implement planning reforms that integrate public policy objectives (Order 1000)
2. Comparably compensate demand response resources (Order 745)
3. Compensate fast ramping regulation resources for the quality of services they provide (Order 755).

In addition, FERC is considering reforms to transmission line incentives and a regulatory policy to accommodate storage technologies. OPC's increased participation is driven by the principles that removing market barriers to new technologies, if done correctly, could provide economic benefits to ratepayers and produce a cleaner, healthier environment.

OPC supports the integration of advanced technologies and clean resources into system planning and markets because they could ultimately produce immense economic and environmental benefits.

ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

OPC Files Comments in PJM Price Response Demand Proceeding

In response to PJM's proposal to recognize price responsive demand (PRD) – the automated, predictable response of loads to increasing prices – OPC stated that such recognition could improve load forecasting, short-term reliability, and economic and operational efficiency and reduce market clearing prices. OPC recommended that PJM not erect barriers to certain markets participant's ability to offer PRD, that PRD be compensated comparable to other demand response (DR) products, and that PRD should not ultimately replace other existing DR products in the marketplace. In December 2011, the FERC issued an order implementing PJM's PRD proposal in May 2012, by scheduling a technical conference to analyze the concerns raised by OPC and other intervening parties.

OPC Files Comments in FERC Inquiry on Transmission Incentives

On September 12, 2011, OPC filed comments at FERC recommending:

1. FERC award transmission incentives in accordance with well-established planning principles and,
2. FERC adopt a demonstration-based approach to awarding incentives for the use of advanced grid technologies.

Specifically, OPC stated that incentives for transmission should only be awarded if they enable the fulfillment of public policy goals such as air and water quality (referencing a coal plant that will be retired due to transmission upgrades) and demonstrated coordination over a large geographic region (referencing the need to consider all available resource options). Finally, OPC stated that the mere installation of advanced grid technologies should not automatically result in an incentive reward absent a demonstration that the technology will confer benefits upon its customers. OPC awaits a commission ruling in this proceeding.

OPC Increases Activity in PJM Regional Transmission Organization

In December 2011, OPC filed comments, on behalf of joint consumer advocate offices, protesting elements of a PJM proposal to modify its capacity market. The consumer advocates recommended that the FERC adopt changes that result in energy rates that are just and reasonable and reject proposed changes that result in rates that are not just and reasonable. Consumer advocates also joined a coalition of industrial energy users and demand response providers to protest the modification of a market construct called the Short Term Resource Procurement Target – a function that helps to moderate market prices. OPC expects a FERC decision in early 2012.

ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

OPC Introduces Hands-on Energy Efficiency Workshop

OPC remains steadfast in its mission to keep District residents abreast of the emerging 21st century energy efficiency and renewable energy options available to help save energy and money on increasing energy bills. This year, the Office introduced its new hands-on energy efficiency workshop model, called “Keeping It Simple and Practical,” that demonstrates a variety of energy efficiency products and their benefits that residents can use in their homes for energy savings.

Additionally, during these workshops OPC provides District consumers with the added educational value of information and demonstrations from energy efficiency and renewable energy providers and local and federal energy agencies in order to ensure that workshop attendees are informed about as

many alternative energy options as possible available to them for energy savings.

Residents attending OPC’s Energy Efficiency Workshops learn:

- Basic energy efficiency measures they can use immediately to achieve energy savings in their homes.
- About Programs available through the District government to help them conserve and improve energy efficiency.
- The ABC’s of going solar, what it means, the benefits, and how a resident or group can do it.

In 2011, over 43 energy efficiency workshops were held throughout the District at local libraries, senior and church groups meetings,

civic associations meetings, neighborhood gatherings, parents-back-to-school events, and many other group events. A more extensive four- hour workshop was held in Ward 7 in the new District of Employment Services building. The Energy Efficiency Workshops continue to provide vital energy efficiency outreach and education to District residents to help them to become better informed and take proactive energy efficiency measures for energy savings. Workshop attendees are asked to share their energy savings success stories with the Office after they have implemented energy efficiency measures learned from the Workshop. OPC believes informed residents make informed decisions! The Office looks forward to boldly advancing its Energy Efficiency education and outreach in 2012.



OPC Staff member Pamela Nelson provides DC student with resources to help make her home energy efficient.



Ms. Nelson presents Ward 7 residents with Energy Efficiency tips.



Councilmember Yvette Alexander with People’s Counsel Sandra Mattavous-Frye at the Keeping it Simple and Practical Energy Efficiency Workshop.

ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

OPC Sponsors Community Workshop on Distributed Generation

In May 2011, OPC hosted its first event on distributed generation technologies for District residents when it sponsored the “Distributed Generation Workshop.” OPC convened the event because the Office believes it is important for District residents to know that distributed generation encompasses an array of technology. The majority of District residents who use a distributed generation technology employ the use of solar panels. Workshop topics included a discussion of distributed generation and the options available at the state and local levels, how to go solar by joining a cooperative, installing solar panels or participating in virtual solar gardens, how locally produced energy is priced, and challenges to and opportunities for using distributed generation in the District. Based on feedback that OPC received from attendees, future forums will focus on technology rollout, include discussion on commerce/financing; and information about the workshop will be more widely disseminated to the District’s general population. OPC is seeking creative ways to inform and educate District residents about the benefits distributed generation technology can provide them as it looks towards the future.

The Office of the People’s Counsel stated at the Distributed Generation Workshop that one of OPC’s primary goals is to ensure that the technological advances in distributed generation are made accessible to residents in every ward of the city. In pursuit of that goal, OPC generally supports proposed DC community solar legislation that would require the creation of a program to facilitate participation by low-income retail customers at no cost to eligible low-income customers, among other things. OPC anticipates that some version of a community solar bill will be introduced in the DC Council in Fiscal Year 2012.



DC Residents Rob Robinson and Sherrill Burger get information from panelist regarding distributive generation technology.



Associate People’s Counsel Karen Sistrunk, Esq. provides workshop participants with an overview of the work of OPC.

ENERGY EFFICIENCY AND SUSTAINABILITY DIVISION

Community Workshop on Distributed Generation



DC Residents, Activists and Government Agencies came together to discuss increasing energy efficient in the District of Columbia.



AGENCY FUNDING

Source of Funds

Funding for the Office is provided through two sources. The appropriated budget provides for administrative and general operating expenses (rent, salaries, equipment) of the Office and is authorized by the District of Columbia in the governmental budget review process. Assessment funds are used to pay the costs of litigation and investigations, These costs are directly assessed to the affected utility.

Operating Budget

Appropriated funds are also used to support such additional activities as: 1) representing the interests of District consumers before the Council, the Congress and federal courts and agencies; 2) conducting independent investigations or audits of utility companies; 3) monitoring the implementation of utility rates; and 4) providing technical assistance to community groups. By law, these funds must be reimbursed to the District by the three regulated utility companies and the alternative energy and telecommunications providers according to an established formula, outlined in the Public Utility Reimbursement Fee Act, D.C. Code § 34-912(b)(1).



Office of the People's Counsel for the District of Columbia – We are DC

Formal Case Assessments

To fully participate in complex litigation before the public service commission and the courts, the People's Counsel is authorized to retain the professional services of attorneys and expert technical consultants such as economists, accountants and engineers, as needed, to effectively represent D.C. utility consumers. By law, the affected utility company is required to pay the costs of regulatory litigation of the Office through a special franchise tax. This applies to the PSC as well. See D.C. Code § 34-912 (a)(1). In turn, the law recognizes the utility may include these costs, as well as its own litigation-related expenses, as operating expenses which are an element of rates, and recovered from consumers.

There are monetary limits to the assessments of the utilities by the Office. With respect to rate cases the Office is permitted to assess no more than a total of one-quarter of one percent of a company's District revenues. With respect to all other cases or investigations (those not involving the setting of rates), the Office is permitted to assess one-twentieth of one percent of all investigations of a company per year. All unused money is returned to the company on an annual basis.



REACHING OUT

OPC Staff Lend Helping Hands to Elsie Whitlow Stokes Community Freedom Public Charter School

OPC believes in lending a helping hand to the community we serve and has done so over the years in a number of ways including, making monetary donations to charities, collecting clothing for District citizens, and giving gifts to organizations who distribute them to families with children during the holiday season. In August 2011, OPC added elbow grease to its list of community contributions by lending the collective helping hands of several OPC staff to Elsie Whitlow Stokes Community Freed Public Charter School (“Stokes School”), located in northeast DC. Stokes School has a dual focus on academic excellence and community service. OPC staff volunteers helped Stokes School prepare to greet students for the 2011-2012 school year.



OPC Staff Members Tamika Dodson, Herbert Jones and Muriel Nash helped to organize the library.

leaders, scholars, and responsible citizens who are committed to social justice. Stokes School teaches students to learn in two languages,

Its mission is to prepare culturally diverse elementary school students to be leaders, scholars, and responsible citizens who are committed to social justice.

Stokes School, founded in 1998, serves 350 students from preschool through the sixth grade. Its mission is to prepare culturally diverse elementary school students to be

English and either French or Spanish. In December 2011, Stokes School was honored by Mayor Vincent Gray and the Public Charter School Board for making the top tier of the



Founder/Executive Director Linda Moore and People’s Counsel Sandra Mattavous-Frye.

Public Charter School Board’s Performance Management Framework.

OPC’s staff volunteers cleaned and reorganized the school’s supply closet, painted a classroom, catalogued and re-shelved library books and assisted staff in building a foundation for new playground equipment. OPC’s visit to Stokes School in August was the second time in 2011 OPC participated in a Stokes School activity. In May 2011, an OPC staff attorney and a community outreach specialist participated in Stokes School’s career day. OPC hopes to continue its connection with Stokes School by volunteering for future activities.

REACHING OUT



December 12, 2011

Barbara Burton
Assistant People's Counsel
Office of the People's Counsel
1133 15th Street, NW
Washington, DC 20005

Dear Ms. Burton:

On behalf of the Elsie Whitlow Stokes School community, I would like to thank you and your colleagues at the Office of the People's Counsel for your generous contribution of in-kind professional services to our school on August 26, 2011. The work that you completed in and around our school building was tremendously helpful to the entire school community.

Generous donations like yours make it possible for all of our Stokes Scholars to experience the essential extras that make our school special. From planting in and harvesting from our own community garden, to playing safely in our on-site school playgrounds, traveling to Panama and Martinique as part of Stokes international study tours, Stokes Scholars are enriched by the many programs that inspire them to learn and become responsible, caring adults.

I hope that you will continue to visit Stokes School to see us in action. You can stay abreast of school's activities through our e-newsletter, "Stokes Inside Connection", and visit our website at www.ewstokes.org.

Best Regards,

A handwritten signature in black ink that reads "Erika Bryant".

Erika Bryant
Managing Director

REACHING OUT

DC People's Counsel Speaks at National Association of Regulatory Utility Commissioners (NARUC) Annual Conference



People's Counsel Sandra Mattavous-Frye along with panelist of the Critical Consumer Issues Forum.

On November 15, 2011, DC People's Counsel Sandra Mattavous-Frye spoke to the Critical Consumer Issues Forum (the Forum) during the NARUC Annual conference in Saint Louis, MO. The CCIF Forum was launched in 2010 to bring state commissioners, consumer advocates and utility representatives together to address important consumer-related energy policy issues. This Forum was

about the challenges of a changing regulatory environment and Ms. Frye spoke about potential solutions to mitigate the rate impacts. Ms. Frye has been a staunch advocate of reliable service and said numerous times, "reliability is the benchmark by which utility service is judged". At the session, Ms. Frye emphasized that reliability cannot be compromised and every utility should be evaluated based upon

its provision of reliable service which is a cornerstone of utility service.

During the question and answer session, Ms. Frye was asked a question, "How do we maintain affordability while making the necessary investments in the system to improve reliability and meet other energy policy goals?" Ms. Frye presented several options, including lowering the return on equity, particularly given the general prevailing low interest rates; ensuring that energy efficiency gains and automation advancement savings are passed on to ratepayers. Finally, Ms. Frye stated that consumer education is the most important part for any energy efficiency program to succeed and it should be the responsibility of all stakeholders.

REACHING OUT

Hi, Sandra –

I hope this note finds you well.

I wanted to write and thank you for participating on our “Potential Solutions” Panel at the Critical Consumer Issues Forum (CCIF) 2nd Annual Forum, titled “The Challenges of a Changing Regulatory Environment,” on November 15, 2011, co-located with both the NARUC and NASUCA Annual Meetings in St. Louis, Missouri.

You did an excellent job, and I believe that it was important to have D.C.’s perspective represented on these important consumer issues. Along with your esteemed colleagues from the state commissioner, consumer advocate, and electric utility communities, you helped inform the 200-plus member audience about the challenges that the industry, consumers, and decision-makers face today, the impacts of those challenges, and potential solutions. All feedback about the forum in general, and your performance in particular, was extremely positive. In fact, most suggested they would have liked it to have gone longer so that you and other panelists could have engaged in additional debate and answered more questions from the audience.

You have my sincere gratitude, and I hope that you will remain involved in future efforts of CCIF to discuss these important issues and explore consumer-focused solutions.

Best regards,

Katrina

Katrina J. McMurrian

Executive Director

Critical Consumer Issues Forum (CCIF)



JUST THE FACTS



District of Columbia Utility Consumers

| Utility | District Customers | Total Customers for Company ¹ |
|------------------------------|--------------------|--|
| Pepco | | |
| Residential | 215,979 | 483,793 |
| Non-Residential | 18,094 | |
| Competitive Suppliers | | |
| Residential | 11,835 | 26,509 |
| Non-Residential | 8,501 | |
| Total | 254,408 | 510,302 |
| Washington Gas | | |
| Residential | 126,809 | 284,052 |
| Non-Residential | 8,103 | |
| Competitive Suppliers | | |
| Residential | 13,034 | 29,196 |
| Non-Residential | 4,697 | |
| Total | 152,643 | 313,248 |

JUST THE FACTS

Selected Socioeconomic Data for the District of Columbia by Ward

| Categories | Ward 1 | Ward 2 | Ward 3 | Ward 4 | Ward 5 | Ward 6 | Ward 7 | Ward 8 |
|---|----------|-----------|-----------|-----------|----------|-----------|----------|----------|
| Average Population ¹ | 76,197 | 79,915 | 77,152 | 75,773 | 74,308 | 76,598 | 71,068 | 70,712 |
| Average Family Income ² | \$98,485 | \$190,692 | \$257,386 | \$116,668 | \$78,559 | \$120,526 | \$54,677 | \$44,076 |
| Average Occupied Housing Units ¹ | 35,027 | 40,362 | 37,921 | 29,326 | 30,605 | 36,795 | 29,929 | 26,742 |
| Percent Unemployed ² | 7.2 | 4 | 3.4 | 7.6 | 13 | 8.4 | 19 | 17 |
| Percent of Households with Access to Phone ² | 94 | 95 | 97 | 97 | 97 | 95 | 95 | 93 |

1- Refers to year 2010 census

2- Refers to average of 2005-2009 data

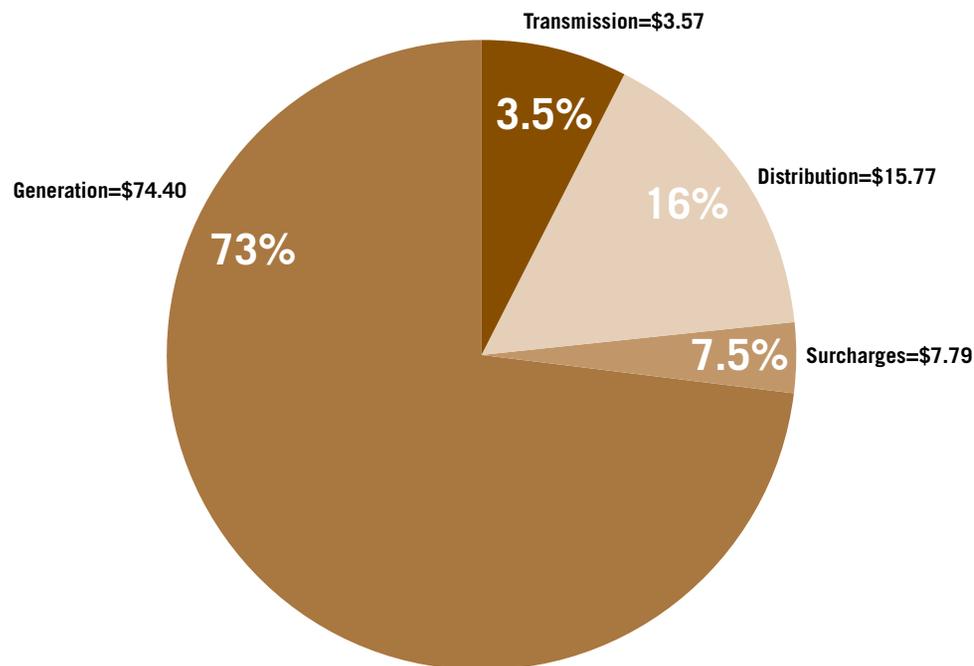
Source: US Census 2010, and American Community Survey, 2009



JUST THE FACTS

SOS Residential Rate "R" Distribution 2011

**SOS Residential Rate "R" Distribution
2001
Where do your dollars go?**



CONTACT US

Do You Need More Information?

At OPC we are proud of the wide range of quality services we provide to D.C. utility consumers. If you want to learn more about the Office of the People’s Counsel or changes regarding utility services and policies in the District of Columbia, the OPC Speakers Bureau can provide a representative from our office to speak with your community group, tenant association, church, labor or civic group. Our staff can provide information regarding a variety of consumer utility issues such as changes in rates or services affecting consumers. Speakers are available for daytime, evening and weekend meetings, provided the Office is notified early enough to schedule your event. You may contact OPC at:

Phone: 202.727.3071

TTY/TTD: 202.727.2876

Email: ccceo@opc-dc.gov

Online: www.opc-dc.gov/educating



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