

# PRESS RELEASE

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## People's Counsel Urges Commission to Reject \$34M of Pepco's \$42M Rate Increase Request and Compensate Consumers for Poor Service and Reliability

People's Counsel Sandra Mattavous-Frye filed testimony today on behalf of District consumers recommending that the Public Service Commission reject at least \$34M of Pepco's \$42M rate increase request. "OPC strongly believes consumers should be compensated for enduring years of poor and unreliable service. The Office also recommends Pepco be required to credit consumers \$2M on a one-time basis as compensation," said the People's Counsel.

"This is Pepco's third request in five years, and while consumer bills have steadily increased, there has been no measurable improvement in service reliability. Pepco's actions put consumers in the untenable position of *"paying more and getting less,"* said the People's Counsel. "It is time to send Pepco a strong message that this will not be tolerated. Service reliability is of the utmost importance, yet Pepco has completely missed the mark in what it has presented to the Commission. Simply stated, Pepco has failed to justify its case," she said.

"Not only is there 'no meat on the bones,' but Pepco shifts the burden to consumers and proposes anti-consumer measures that, if approved, would permit Pepco to recover money without guaranteeing any improvement in reliability," said the People's Counsel. Pepco's Reliability Investment Mechanism ("RIM") would allow it to effectively by-pass the PSC's review and public scrutiny merely to speed up Pepco's ability to collect money from consumers. "OPC strongly opposes the RIM! All costs for reliability projects must be recovered in a traditional ratemaking proceeding," stated Ms. Mattavous-Frye.

At OPC's urging, the Commission included in this case the issue of whether the quality and reliability of Pepco's electric distribution service...warrant an adjustment to the base rates proposed by Pepco in this case? "The answer is a resounding yes," said the People's Counsel. OPC believes Pepco's service is of such poor quality that the Commission must convey its seriousness about this issue to Pepco and assure consumers it will protect the public interest.