

ROLL CALL REPORT

D.C. PEOPLE'S COUNSEL ELIZABETH NOËL APPEARS ON NBC4 TO DISCUSS ENERGY EFFICIENCY

On October 28, D.C. People's Counsel Elizabeth Noël appeared with D.C. Councilmember Mary Cheh and Rhone Resch, President of the Solar Energy Industries Association, to discuss OPC-DC's 12th Home Energy Expo and energy efficiency initiatives for the District of Columbia on "View Point," a public affairs program. The half-hour segment provided Ms. Noël with the opportunity to discuss how OPC-DC is educating consumers on ways to make their homes more energy efficient. She believes an educated consumer is better equipped to make wise decisions about how to trim their home energy bills while also ensuring the District becomes more energy conscious and environmentally savvy. Councilmember Cheh discussed her plans to introduce a comprehensive energy bill for the District of Columbia that will affect residential and commercial/government consumers. Mr. Resch shared his experience with retrofitting his home with solar energy panels, which have reduced his home energy bills by 80%.



People's Counsel Elizabeth A. Noël joins D.C. Councilmember Mary M. Cheh and President of the Solar Energy Industries Association, Rhone Resch on ViewPoint, a Washington region public affairs program hosted by NBC's WRC-TV-4.



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OPC-DC PRESENTS ITS 12TH HOME ENERGY EXPO

On November 10, OPC-DC held its 12th Home Energy Efficiency Expo. The theme was "Making the District of Columbia Energy Efficient and Environmentally Conscious: One Resident at a Time." There were more than 30 vendors who provided hands on demonstrations, energy audit information, Green loan programs, energy upgrade success stories, Green builders, solar energy information and more, and all at no cost. Expo was co-sponsored by D.C. Councilmember Mary Cheh, Bank of America, the District Department of the Environment, the U.S. Department of Energy, the United Planning Organization, the Metropolitan

Washington Council of Governments, and the YMCA National Capital. The event was well-attended, providing D.C. consumers with the critical information they need to make informed decisions about doing their part to reduce reliance on energy and to reduce the District's environmental footprint.



May 2007 Energy Expo at D.C. Reeves Center

OPC-DC OPPOSES DECOUPLING IN PEPCO'S PROPOSED \$50 MILLION DISTRIBUTION RATE INCREASE

In June 2007, OPC-DC presented witnesses at an evidentiary hearing before the D.C. Public Service Commission to oppose PEPCO's proposed \$50.5 million distribution rate increase, which included a request to approve a revenue decoupling mechanism. The Office recommended a reduction in PEPCO's distribution rate by \$30.8 million. OPC-DC challenged the reasonableness of the proposed revenue decoupling mechanism, known as the bill stabilization adjustment, as unnecessary and not in the public interest; PEPCO's rate base as containing unjust and unreasonable expenditures; PEPCO's presentation of revenue requirements as incorrectly

reflecting the taxes paid to the federal and District governments; PEPCO's proposed jurisdictional cost allocations and rate design; and, PEPCO's request to impose a surcharge to cover unsupported variances in pension and other post-employment benefits expenses. OPC-DC also presented evidence that PEPCO's Standard Offer Service and associated surcharges insulate it from business and regulatory risk, thus prompting the need to reduce the Company's authorized return on common equity to reflect the reduced risk. A decision from the D.C. Public Service Commission is pending.



OPC-DC SUCCESSFUL IN OBTAINING A \$25,000 FINE AGAINST WASHINGTON GAS FOR TARIFF NON-COMPLIANCE

In a consumer complaint proceeding in which OPC-DC represented a number of consumers challenging the cost to install new natural gas lines and connections, the Office was able to get Washington Gas to concede it calculated such costs using a methodology inconsistent with its approved D.C. tariff. The Commission initiated a proceeding to determine the impact Washington Gas' actions had on D.C. ratepayers and consumers. OPC-DC sought statutory fines against the Company for each occurrence of

noncompliance, determined to be 1,875. Although the total amount of the fine for each occurrence totaled \$562,500, the Commission ruled, without explanation, that such amount was excessive and reduced the total fine to \$25,000. Although OPC-DC is challenging the decision to reduce the fine, the Office's advocacy in a consumer complaint proceeding was instrumental in bringing this issue before the Commission, resulting in the imposition of a fine.



OPC-DC'S INVOLVEMENT ENHANCES D.C.'S 21ST ANNUAL JOINT UTILITY DISCOUNT DAY

On October 31, 2007, a record number of District residents applied for utility discounts, financial assistance, free energy audits, and appliance replacement. OPC-DC staff assisted in receiving applications on behalf of the District's Department of the Environment's Energy Division. For the seventh year, OPC-DC also provided valued added opportunities for

residents. This year OPC-DC invited organizations and agencies to provide financial and credit counseling, health screenings, housing counseling, and health education for District residents.



OPC at JUDD

OPC-DC SUCCESSFULLY ADVOCATES FOR STRONGER CONSUMER PROTECTIONS

Nearly four years ago, OPC-DC sought comprehensive revisions to the District of Columbia Municipal Regulations, which codify the Utility Consumer Bill of Rights (UCBOR). After considering rules proposed by the D.C. Public Service Commission in 2004 that would have codified consumer protections applicable, not only to the regulated utilities –PEPCO, Verizon and Washington Gas, but also competitive energy suppliers and telecommunications service providers, OPC-DC proposed major revisions to the UCBOR.

In response to OPC-DC’s comments, the Commission released a Notice of Proposed Rulemaking which, among other things, proposed to allow consumers to use a personal guarantee in lieu of providing a cash deposit , cap the cash deposit at the current amount of \$100, and prevent consumers from disclosing their social security number

to obtain utility service. OPC-DC continues to oppose late charges on telephone bills, use of credit scores to qualify a consumer for utility service, a reduced period for the rescission of a contract with an energy supplier from 10 to 3 days, and requiring a consumer to bear the cost of relocating a meter if the consumer refuses or fails to grant access to the meter. OPC-DC recommended the Commission prohibit the disconnection of service if a consumer fails to pay for products and service not regulated by the Commission, demand that hearing officers issue timely decisions in consumer complaint proceedings, require an actual meter reading after successive estimated bills have been issued, and prohibit the disconnection of service to the elderly and disabled when the forecasted temperature is 90° Fahrenheit or above. A decision is pending.

LANDMARK “CLEAN & AFFORDABLE ENERGY” BILL INTRODUCED IN THE DISTRICT OF COLUMBIA

On November 6, D.C. Councilmember Mary M. Cheh introduced the “Clean and Affordable Energy Act of 2007,” landmark legislation to create a sustainable energy utility that will launch energy efficiency and renewable energy programs in the District of Columbia. The District’s concept is based on successful models already in place in Vermont, Oregon, Delaware, and New Jersey. The sustainable utility will also train District residents for green-collar jobs and help low-income residents reduce their bills through energy efficiency. “This combination of mandates and market incentives will help us to reduce energy costs for all District residents while at the same time minimizing our carbon footprint” said Cheh. “Furthermore, this bill will reduce our reliance on polluting forms of energy production, thereby protecting the health of District residents now and in the future.” A public hearing on the bill is slated for early 2008.



OPC-DC ASSISTS D.C. COUNCIL IN ENACTMENT OF EMERGENCY LEGISLATION TO PROTECT D.C. RESIDENTS FROM SUMMER HEAT

On July 9, 2007, the Council of the District of Columbia, in response to concerns about electric residential consumers suffering from the extreme heat, enacted an emergency bill prohibiting PEPCO from disconnecting residential electric service if the temperature is 93° Fahrenheit or above. The language of the law, the “Heat Wave Safety Emergency Amendment Act of 2007,” was provided by OPC-DC, which has made a similar recommendation for inclusion in the Utility Consumer Bill of Rights.

WASHINGTON GAS RATE CASE STALLS AND RESULTS IN HISTORIC \$350,000 FINE AGAINST WASHINGTON GAS

In December 2006, Washington Gas (WG) requested a \$20.5 million increase in D.C. distribution rates to be effective October 1, 2007. OPC-DC opposes the request which includes a revenue decoupling mechanism. In a bizarre twist of events on the first day of the evidentiary hearing this past July, Washington Gas failed to provide the Commission and OPC-DC with a complete copy of the contract the Company entered into with Accenture to outsource numerous support functions, including its customer service call center, as directed by the Commission.

The DC-PSC subsequently suspended the proceeding. Washington Gas sought reconsideration of the Commission's directive. OPC-DC has asserted that

outsourcing customer service functions is closely tied to Washington Gas' ability to provide safe, adequate and reliable service at just and reasonable rates.

On September 28, 2007, the Commission levied a fine of \$350,000 against WG for failing to comply with its directive to provide the complete contract. The Commission further ordered WG to provide the complete contract to OPC-DC and the PSC. After the Company complied, the DC-PSC scheduled the evidentiary hearing to begin on December 12, 2007, nearly a year after the application for the distribution rate increase.



OPC-DC SUCCESSFULLY ADVOCATES FOR RESIDENTS OF THE DISTRICT'S FAIRLAWN COMMUNITY TO INVESTIGATE RECURRING OUTAGES AND POWER SURGES

OPC-DC celebrated a tremendous victory for the many affected residents of the District's Fairlawn community who suffered tremendous losses when, after two separate unplanned power outages, power surges occurred upon outage restoration causing thousands of dollar in damage to electrical appliances and electronic devices. Many of these residents voiced their concerns before the Commission at a public hearing on June 16, and detailed the problems they experienced obtaining financial relief from PEPCO for the damages sustained.

At the request of these residents, OPC-DC successfully petitioned the DC-PSC to investigate the recurring electric service outages and power surges in two areas of D.C. On July 26, the Commission granted OPC's request to determine the causes and corrective actions necessary to prevent similar incidents in the affected areas. The

Commission directed PEPCO to respond to a list of questions about the causes of the outages and surges and to describe its efforts to compensate the affected consumers. PEPCO's responded on August 15, and agreed to compensate consumers.

This victory is significant because, not only does it affect the Fairlawn community, but also District consumers who in the future face similar problems with electric service. OPC-DC believes it is essential that consumers be assured they will receive safe and reliable electric service. The occurrences and PEPCO's reluctance in accepting responsibility for the damages sustained undermined consumer confidence, especially at a time when PEPCO is seeking a \$50.5 million increase in distribution rates. Once again, OPC-DC says, "Power to the People!"



OPC-DC SEEKS SOS ENERGY PROCUREMENT PROCESS THAT BENEFITS CONSUMERS

In July 2006, the D.C. Public Service Commission granted OPC-DC's request to investigate the District of Columbia's current energy procurement process for Standard Offer Service (SOS) for residential consumers. The Commission created a working group, which includes OPC-DC, to explore whether a portfolio management model is an appropriate way to improve the District's SOS procurement process. The Commission issued a list of pertinent issues and requested the SOS working group discuss and reach a consensus. Because the working group was unable to reach consensus on many of the issues raised by the Commission, it requested comments on its list of issues. OPC-DC asked the Commission to investigate the potential benefits of a SOS procurement process that reflects

an actively managed portfolio of diverse resources, which include long-term energy acquisitions. OPC-DC further recommended the Commission (1) require consideration of a full range of available resource types and products; (2) find that SOS procurement can and should accommodate fuel and supplier diversity; (3) include energy efficiency as a component of a comprehensive, long-term procurement process; and (4) consider procurement of demand response resources through multiple channels. A Commission decision is pending.

OPC-DC CONTINUES STRONG ADVOCACY BEFORE FERC AND AT PJM ON BEHALF OF D.C. CONSUMERS

OPC-DC continues to be active at PJM and FERC. In April 2007, OPC-DC, along with other consumer advocates and end users, filed a complaint at FERC requesting FERC conduct an investigation into whether PJM had violated its tariff. FERC issued an order finding PJM had not violated its tariff, ordered the market monitor report to the PJM Board rather than management, and gave the parties 90 days to discuss how PJM's market monitoring unit should be structured going forward. OPC-DC is also actively involved in these negotiations because the Office believes a strong market monitor is the only avenue end use customers have for being informed about the wholesale markets.

OPC-DC has also appealed PJM's capacity construct-Reliability Pricing Model (RPM) to the United States Court of Appeals. It is OPC-DC's position the capacity construct pays generators a great deal of money with no guarantee new generation will be built. In addition, the first three auctions have resulted in prices much higher than expected. This is especially true for the Southwest MAAC in which the District of Columbia is located. The Southwest MAAC has the highest RPM prices. OPC-DC has also protested PJM's most recent RPM compliance filing.



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About the Office of the People's Counsel

The District of Columbia Office of the People's Counsel is an independent agency of the District of Columbia government that represents, educates and advocates on behalf of consumers of natural gas, electric and telecommunications services.

D.C. COUNCIL TO HOLD OVERSIGHT HEARINGS ON UTILITY SERVICE QUALITY

In response to public concerns raised at a hearing on legislation to exempt VoIP from regulation, the D.C. Council will be having oversight hearings to receive public views on the quality of service provided by PEPCO, Verizon D.C., and Washington Gas. OPC-DC will provide assistance for stakeholders who plan to participate in the hearings, which will be held in early 2008.

OPC-DC ASKS D.C. PUBLIC SERVICE COMMISSION TO INVESTIGATE THE QUALITY OF VERIZON'S SERVICE

On September 11, 2007, OPC-DC asked the D.C. Public Service Commission to: (1) establish a proceeding in which interested stakeholders could provide evidence and comments on Verizon's inadequate delivery of telecommunications services; 2) investigate and determine the causes of Verizon's inability to meet Commission-mandated levels of service quality; and (3) determine what remedial actions are needed to ensure Verizon D.C. provides high quality telephone service to its customers in the District.

Because OPC-DC believes the delivery of adequate service quality is important to the public interest, the Office is seeking a balanced public investigation that relies not only on evidence provided by Verizon, but also, and more important, by Verizon customers. Prior to OPC-DC's filing, the Commission directed the Company to explain failures of the out of service clearing time measure. The Commission declined to grant OPC-DC's request, but directed the Office to respond to Verizon D.C.'s explanation. In response, OPC-DC noted Verizon D.C. has consistently failed to meet Commission-approved metrics and standards from 2002 to 2007; Commission enforcement of quality of service metrics and standards is now of critical importance; and the Commission should hold quality of service hearings to permit the development of a full and complete record and to allow the public to directly address the unacceptable quality of service provided by Verizon D.C. and the impact of such poor quality of service. Further Commission action is pending.