

**Before the Council of the District of Columbia
Committee on Business and Economic Development**

**Testimony of Sandra Mattavous-Frye,
People's Counsel for the District of Columbia**

**On the
Office of the People's Counsel FY 2019
Budget Request**

April 19, 2018

Good morning, Chairman McDuffie, members of the Council and members of the viewing public. For the record, I am Sandra Mattavous-Frye and I serve as the People's Counsel for District of Columbia utility ratepayers. I am accompanied by key members of my executive staff and Ms. Gurmeet Scoggins, our Agency Fiscal Officer. I appreciate the opportunity to come before you to present OPC's FY 19 Budget Request.

Introduction

The FY 2019 budget request of the Office of the People's Counsel is tailored to the anticipated utility service demands of the District, which is growing both in terms of population and diversity. The District's population is now estimated to be just over 703,000 residents. An additional 20,000 new residents are expected to make the District their home by the year 2020.

Combined, these factors have a measurable impact on the services OPC provides now and will provide in the foreseeable future. For example, building conversions and renovations have caused many DC residents to become first-time utility customers as their utility service is no longer included in their rent.

Alternative energy suppliers are offering consumers an opportunity to choose their energy supplier. Distributed generation, including solar, are being integrated into our energy systems and contribute to the District economy. Utility acquisitions and mergers have become a part of our lexicon.

As People's Counsel, I am committed to advocating for affordable utility rates, ensuring safe and reliable services, educating consumers, enhancing customer engagement,

advocating for adoption of sustainable energy, and creating strategic stakeholder alliances throughout all eight wards.

In my testimony, I will address our agency budget request in terms of fulfilling our mandate to advocate, educate and protect ratepayers; and reinforce my obligation to steward ratepayer resources to produce tangible and lasting benefits for DC consumers at the lowest possible cost.

As you know, OPC's budget is revenue neutral to the District government. All OPC funding is derived from Special Purpose Revenue funds, collected through a surcharge on consumer's utility bills under the Public Utilities Reimbursement Fee Act (PURFA). This factor increases the need to ensure that we optimize all funds we expend and consumer dollars are well-spent.

Proposed Budget

The FY 2019 budget request of the Office of the People's Counsel is \$8,970,586 (\$8.97 million) a cumulative increase of 11% above the FY 2018 approved budget of \$8,062,744 million.

Personnel Services

The OPC personal services budget is \$6,152,494 a \$297, 194 increase or 5% above the FY18 budget. This increase of \$297,194 will fund Cost of Living Adjustment increases of \$179,000, and provide \$32,695 for mandated within-grade increases and fringe benefits for 45.4 FTE's. The personal services budget includes \$85,499 to fund one newly requested position, a Consumer Services Specialist in our Consumer Services Division at grade 12, step 1.

Non-Personnel Services

Our non-personal services budget is \$2,818,092 (\$2.8 Million) supporting a range of costs, including maintenance, rent, equipment, and contractual services.

The NPS budget is an increase of \$610,647 above the FY 18 budget. Of this amount, \$200,000 will support OPC's ability to effectively represent consumers in "special major cases" such as the Pepco-Exelon and Washington Gas-AltaGas mergers or

other potential technical or regulatory evaluations or studies in the utility field.

Additionally, \$150,000 will support increased consumer advocacy as well as educational and outreach activities.

\$100,000 will allow an increase in contractual services to support new initiatives around energy efficiency and sustainability such as distributed generation. \$82,000 will address changes in fixed costs, primarily due to a rent increase and a decrease in occupancy costs. Finally, there is an increase of \$16,000 in total equipment costs with minor increases to operational costs for supplies, vehicle maintenance and office support.

In compliance with the standards set by the DC Quick Payment Act, OPC has enhanced and streamlined our invoice processing to ensure accurate vendor payments, easy tracking through the payment approval process and that timely payments were getting to our vendors. After careful research and scrutiny of vendors offering electronic or “e-invoicing” solutions, we identified a web-based option that has proven user friendly for staff and our vendors and has supplied us with robust reporting capabilities.

The finalized system enables vendors to submit their invoices online and track invoices from submission to payment. OPC's administrative officers can now identify all purchase orders, contracts and invoices in the system and filter them by date range, vendor, and status.

I am also pleased to inform you that for FY17 we met 123.6% of our SBE spending goal and we are on track to meet our FY18 SBE spending goals. We are aggressively pursuing minority contractors and consultants.

A Tangible Return on Advocacy

In framing this budget, I have endeavored to provide consumers a substantial return on their investment in OPC. Our litigation division has been vigilant in keeping rates affordable while still achieving service improvements in multiple proceedings. A key example is OPC's multi-year involvement in the DC Powerline Undergrounding Plan. OPC's advocacy along with the Public Service Commission ("PSC" or "Commission") and other parties, contributed to reducing the scope and projected cost of the critically needed infrastructure work from \$1 billion down to

\$500 million – reducing by \$500 million, the amount that would have been borne by ratepayers. Importantly, through an amendment to the authorizing legislation, the Office helped to remove the final obstacle to the commencement of the long overdue construction.

In Pepco's first post-merger rate case, OPC's vigorous advocacy before the PSC helped consumers avoid over \$40 million in excessive rates. In the Exelon/Pepco Merger case, OPC was first to advocate for a customer base rate credit of \$25.6 million to protect consumers from rate increases. The CBRC was ultimately authorized by the PSC in its rate case decision. As a direct result, residential ratepayers are currently paying at the same rate level as they were paying for distribution services as they were paying before the merger.

The good news doesn't stop there. On April 17th OPC, PEPCO, the District Government, AOBA, Liuna and other stakeholders filed a Proposed Settlement Agreement that will reduce Pepco's rates by a whopping \$24.1 million dollars. This is the combined effect of the 2017 Tax Cuts and Jobs Act passed by Congress in December 2017 and rate case adjustments to their filed case. If

approved, residential bills will be lowered and the CBRC will be extended. We also negotiated a settlement with WGL to reduce their rates by \$8.2 million to reflect tax reductions related to the TCJA.

On the telecommunications side, OPC filed comments with the PSC supporting amendments to its service quality rules to ensure District consumers would receive optimal local service whether it is provided over copper or fiber facilities. (RM24-2014-01)

Regional and National Results

Customer bills are comprised of Pepco's distribution costs and generation and transmission costs from unregulated market suppliers. I have dedicated an attorney to represent the interest of DC consumers at the Federal Energy Regulatory Commission (FERC) and the PJM. My office, along with other consumer advocate offices, filed comments with the FERC, against the U.S. Department of Energy's Grid Reliability and Resilience Pricing proposal which would have increased costs to consumers by billions of dollars nationwide. On January 8, 2018, FERC

unanimously rejected the DOE's proposal and consistent with OPC's recommendation initiated a new proceeding to evaluate issues related to grid resilience.

OPC lead a group of stakeholders at PJM in defeating a proposal that would have limited transmission cost cap measures to construction costs. Transmission costs represent the fastest growing portion of ratepayers' wholesale electric costs. We also joined other consumer advocates, and defeated a proposed measure before the PJM that would have severely limited the availability of residential demand response programs. OPC's insightful choice to participate at the Federal level means DC ratepayers are not burdened with excessive generation costs.

We remain active in telecommunications at the federal level with an OPC staff attorney serving as a member of the Federal Communications Commission's (FCC) Consumer Advisory Commission. Most recently, the CAC has considered how to strengthen rules to prevent robocalls and cramming.

Cybersecurity and protecting critical infrastructure

Cybersecurity, even before the most recent foreign “hacking” attacks on U.S. power plants became front-page news, OPC initiated briefings with our local utilities and regional transmission organization (PJM) to evaluate measures that are actively ensuring the integrity of our local energy and telecommunications systems. These systems are critical to our economy and immensely important to public safety in the District, the nation and beyond. These briefings have helped educate our Staff about measures the utilities are taking to secure our critical systems.

OPC opposed Pepco’s plan to construct its two new substations as part of its Capital Grid Project. The Commission agreed that the project was too costly and did not include a holistic approach in its construction plan. OPC will continue to advocate to ensure the final plan is cost effective.

Education and Protection

In FY 2017, OPC had 3,844 encounters with limited English and non-English speaking consumers, participated in 69 outreach events for LEP/NEP consumers at which 9,689 attended. In FY

2017, OPC translated 50 documents into six languages, Amharic, Chinese, French, Korean, Spanish and Vietnamese. Encouraged by our success we are increasing the number and types of foreign language pamphlets and brochures we publish in any effort to better connect to our LEP/ NEP consumers.

The nine staff members of the Offices' Consumer Services Division (CSD), serviced 2,349 consumer complainants, and over 900 consumer inquiries while also attending 243 community meetings and education events. CSD directly engages with more than 10,000 consumers each year. In addition, using social media, professionally produced documents, email campaigns, twitter and modest public space advertising, OPC makes tens of thousands of impressions on consumers as they go about their day. I have personally attended more than 30 meetings, outreach events and briefings to interact with consumers and learn directly from them about what they believe are major issues. We are constantly developing new ways to reach our consumers.

In 2017, CSD staff saved consumers approximately \$27,000 on their Third-Party Supplier (TPS) energy bills after the bills were

recalculated due to deceptive marketing practices, failure to inform consumers about variable rate contracts, slamming, and poor quality of customer services. One of OPC's major budget items implemented in FY 18 is the "IQ Consumer Information Database" (IQ CID). It provides the capabilities to effectively manage information, track processes and measure performance. The IQ CID is used to log, track, and compile consumers' inquiries and utility complaints. The IQ CID tracks consumer complaints taken in seven languages as prescribed by the DC Language Access Law. OPC staff use the data to capture a chronology of how individual consumer complaints are resolved. The database facilitates our ability to identify and define trends impacting utility consumers on a real-time basis.

Closing

In closing, OPC has made every effort to present a budget that is comprehensive in outlining the needs of the agency and prudent with respect to every expenditure of ratepayer funds.

The nature of our work places us in close contact with consumers who have much, and consumers who have little. The

affordability gap in the District is a matter of record, for some consumers utility services are 30% of their income, for others, just another bill. As People's Counsel, I serve the full range of consumers. Therefore, I do not lose sight of the fact that every ratepayer dollar represents a hard-earned sacrifice for some.

On average, OPC's budget cost consumers less than 3-cents per day (\$9.96 per year). OPC's advocacy activities are projected to save ratepayers well over \$100 million in the current year, adding to the \$1 Billion OPC has saved ratepayers during our 4 decades of service. This is a legacy that I am proud to continue.

As always, I appreciate the opportunity to present the Office of the People's Counsel's FY 2019 Budget request. I welcome any questions you have.