

**Testimony of People’s Counsel Sandra Mattavous-Frye**  
**Before the**  
**Committee on Business, Consumer, and Regulatory Affairs**  
**Public Roundtable**  
**Review of Utilities in the District of Columbia**  
**October 5, 2015**

Chairman Orange, Members of the Committee, and members of the public. For the record I am Sandra Mattavous Frye, People’s Counsel for the District of Columbia. I am here today representing the utility ratepayers of the District of Columbia and will provide an updated overview of the relevant cases you requested in your Public Roundtable notice and provide a status of OPC’s progress regarding two directives from the City Council in the Budget Support Act of 2015.

The foremost takeaway from the last year of OPC’s activity before the Council and in other forums is that the transformation of the infrastructures of all of the utility companies in the District of Columbia is well under way. The decisions being made today and in the near future will usher in a new utility paradigm that integrates new providers, introduces modern technology, new renewable & environmentally sound energy choices and a focus on improving service reliability. My testimony will specifically address OPC’s role and involvement with respect to the issues delineated in your Public Notice.

I will begin my presentation of utility transformation by discussing the electric infrastructure beginning with a report of Pepco’s system reliability.

## **Status of Pepco's Reliability**

Each year, Pepco files a Consolidated Report that details the Company's overall reliability performance as measured by the Electric Quality of Service Standards ("EQSS"). In the Consolidated Report, there are two indices that are the primary measures for Pepco's system reliability. The first index is the average system interruption frequency known as SAIFI and the other index measures the average duration of outages known as SAIDI. Comparing these two indices for the years 2013 and 2014 shows a 21% improvement. This is a significant improvement in Pepco's system reliability. As you are aware, I have consistently advocated for reliability improvements and I am pleased that Pepco is moving in the right direction.

One activity that contributes to this improvement is vegetation management. Based on the information reported by Pepco in its 2015 Annual Consolidated Report, shows there has been a steady decline in tree-related outages. OPC is cautiously optimistic that the trend in tree-related outages will continue to edge downward with the continued removal of tree limbs extending above power lines and the removal of hazardous trees.

In the interest of time, I have attached a complete copy of the Consolidated Report for your further review.

## **DC Power Line Undergrounding**

Another matter regarding Pepco that will impact service reliability in the future is the DC Power Line Undergrounding—referred to as "D.C. PLUG."

The legislation authorizing the DC PLUG project was enacted in May of last year. Since that time, the Commission has approved the construction plan detailing where the undergrounding would actually take place and the surcharge that would cover the costs of the bonds used to pay for a large part of the project.

In February of this year, Pepco filed the construction schedule indicating where the initial underground projects would commence.

However, in March of this year, the Apartment and Office Building Association of Metropolitan Washington (AOBA) filed an appeal of the orders approving the customer surcharges that will be used to recover Pepco's construction costs and the District's bond servicing costs, respectively. This appeal has brought the undergrounding project to a halt.

By law, the bonds paying for a portion of the underground construction costs cannot be issued until the conclusion of the appeals process. Therefore, the construction schedule has been placed on hold and will have to be adjusted once the appeal process concludes. My Office has intervened in support of the Commission in the proceeding before the DC Court of Appeals. OPC will keep the Committee up to date about the adjusted construction schedule.

## **Net Energy Metering and the Interconnection Process**

Net metering is a regulatory process that allows customers who generate their own electricity through renewable energy sources to receive bill credits for any excess generation they produce. In order to participate in net metering, the consumer must first interconnect their distributed generation system to Pepco's distribution network.

Over the last few years, there have been a growing number of consumer complaints about Pepco's ability to interconnect consumers in a timely manner. In fact, a recent study comparing utilities nationwide found that Pepco ranked near the bottom in terms of the time it takes for Pepco to interconnect consumers to the distribution network.

The issue of Pepco's poor performance in interconnecting consumers is being addressed in Formal Case No. 1050. In July, the PSC held a legislative-style hearing at which consumers, OPC, solar installers and Pepco detailed the issues involved with the interconnection process. In August of this year, OPC filed comprehensive comments with the Public Service Commission detailing a number of proposed solutions to improve Pepco's process of interconnecting consumers' solar arrays and to improve the means in which consumers are educated about the capabilities of Pepco's interconnection process and billing system. I am confident

the Commission will use the input from OPC, consumers, the solar installers and Pepco to improve the interconnection process to ensure that consumers' rights are protected and our city's renewable energy objectives are not undermined.

The second infrastructure that is undergoing a transformation is Washington Gas' distribution network.

**Washington Gas Accelerated Pipeline Replacement Plan "PROJECT PIPES"**

In January of this year, the Commission approved a unanimous settlement, including Washington Gas, OPC and AOBA to address the issue of the District's aging gas system while providing strong protections and safeguards for consumers. Specifically, the order approved a multi-year project known as Project Pipes that will allow WGL to replace portions of its underground network with new gas pipes.

This project has already begun and WGL will contact residents in each community as work is scheduled to begin in that area and will be notified about the length of time service may be interrupted while the service line is being replaced. The wards that will have pipes replaced include Wards 2,3,4,5,6, and 7.

Consumers using an average of 760 therms per year can expect an increase in their bills of approximately 60¢ per month beginning this year.

The last infrastructure I will discuss is the transformation in Verizon's telecommunications network.

### **Verizon Copper to Fiber Transition**

Over the last several years, Verizon has transitioned the medium it provides telephone service from a copper based network to a fiber optic network. This transition has not been easy and it has raised a number of consumer complaints and policy issues. At the beginning of my tenure as People's Counsel, we convened several town halls across the city to hear the concerns of consumers. OPC subsequently filed a petition with the PSC asking for an investigation.

To address these issues, the Commission opened Formal Case No. 1102. After a lengthy hearing, the Commission issued its order on September 1. The order included a number of directives that clarified the relationship between Verizon and consumers who receive telephone service over the new fiber optic network and it established a number of rulemaking proceedings:

- The Commission directed Verizon DC inform customers choosing FiOS Digital Voice service that the Commission cannot handle any consumer complaints regarding FiOS Digital Voice service.
- The Commission also directed Verizon DC to continue to permit customers who switched to fiber optic service to have access to the copper facilities if they wish to go back to copper service.
- The Commission required Verizon to inform customers that when they choose telephone service provided over fiber facilities, they will not have telephone service when a commercial power outage lasting several hours occurs unless they have battery backup.

- The Commission also stated that it will open two rulemaking proceedings. One to propose rules governing battery backup requirements and the other to address the manner in which Verizon can retire its copper facilities in the District of Columbia.

At this time, the Office is in the process of educating consumers about the changes this order establishes and will solicit consumers input in the upcoming rulemakings to ensure all of their needs and concerns are addressed.

Last, I will provide an update on the Office's progress on two assignments that were required of OPC by the City Council in the Budget Support Act of 2015.

#### **Status of Council Directives to OPC in the Budget Support Act**

In the latest Budget Support Act, the City Council directed the Office to complete two assignments:

- 1) Produce a study to address emerging alternatives for energy choice for residential customers in the District of Columbia, and the integration of those alternatives into Pepco's evolving smart grid
- 2) Provide targeted outreach and education of low-income and elderly residents regarding the benefits and options for energy efficiency.

As it concerns the study, OPC has developed an RFP for a consultant who has expertise in energy technology. The consultant will study a wide breadth of energy alternatives and develop a whitepaper explaining how these technologies can be integrated into Pepco's distribution network.

As it concerns the targeted education outreach regarding energy efficiency to low-income and elderly residents, OPC has an extensive and targeted seniors outreach program. As part of this initiative, we visit senior homes, multi-family housing units, Senior home centers; and, attends meetings sponsored by groups such as AARP, and Foster grandparents to educate consumers about the discount programs that are available to them as well as provide them with energy efficiency tips. We are now in the process of developing a media campaign to augment its energy efficiency education program using broadcast and cable television, radio and social media to inform consumers about energy efficiency. Additionally, OPC plans to partner with DOEE to select a focus group of seniors and low and limited income consumers to track the effectiveness of the integrating energy efficiency measures and OPC's media education program. The deliverable will be a study that details the pilot program participants' experience using the energy efficiency measures.

## **Conclusion**

Thank you for the opportunity to present this update on the status of cases impacting utility consumers. I am available to respond to any questions you might have.