

**Opening Statement of People’s Counsel Sandra Mattavous-Frye  
for the Public Service Commission Evidentiary Hearing on  
Pepco’s Application for Authority to Increase Rates & Implement a  
Multiyear Rate Plan for Electric Distribution Service  
in the District of Columbia**

The following statement was entered into the hearing record for Formal Case 1156 on Monday, October 26, 2020:

The parties to this proceeding have separate and distinct roles. Pepco’s core interest is to maximize the profit to its shareholders, and the Office of the People’s Counsel’s core interest is to advocate for and protect the interests of District of Columbia ratepayers, and we both fight hard to do so. But the Public Service Commissioners have the most difficult role of all—that of determining what is in the public interest. The PSC has been doing so for over a century, but in its storied history, the decision that it will make on this case is one of the most critical.

There is no denying that the energy landscape is evolving and that we are facing increasing environmental and economic challenges. In the District we have experienced flooding, extreme heat, and hurricanes related to climate change. And as recently noted, the world literally changed overnight as the global pandemic has touched every aspect of our daily lives.

The Office does not dispute that changes may need to be made to the regulatory structure to address these challenges, but the law does not mandate that the Commission adopt what Pepco has proposed. Nor does it allow for change to be made simply for the sake of change. Rather, the law requires the Commission to ensure that any changes are in the public interest and that ratepayers will be “protected” and will not be harmed by any such changes.

The Commission has before it three proposals, two of which seek a dramatic paradigm shift in regulatory oversight and rates, all to the benefit of the Company. The Company claims that ratepayers will also benefit, but

vague claims are not sufficient to sustain a Commission decision. Rather, the Company bears the burden of proving each of its claims with reliable evidence. OPC and the interveners have decisively established, on the record, that the Company has not met its burden. The Office reached this conclusion, as did other parties, in its direct testimony based on the evidence that was presented under “normal,” pre-pandemic circumstances. The changes that have been wrought by the pandemic, both to energy demand and to ratepayers’ wallets and wellbeing, speak even more strongly to why this is the wrong time to adopt a new untested and unsupported ratemaking plan that will impose enormous rate increases on ratepayers that are already suffering.

A few weeks ago, over 70 consumers took time out of a workday and their busy lives to speak to the Commission about the impact this rate case will have on their lives. All community witnesses addressed the additional financial and economic hardships they are facing due to COVID19 as well the continued uncertainty of their economic condition, and a majority of the witnesses implored the Commission to reject Pepco’s MRP Applications.

OPC continues to recommend that given the current state of the economy and public safety, combined with the PSC’s and OPC’s obligation to support the District’s climate action goals, the Commission reject Pepco’s faulty proposals and instead decide the case on Pepco’s traditional test year. But even with Pepco’s third proposal that is based on a traditional test year, the law must be followed, and any rate increase approved must be just and reasonable. Pepco, however, has proposed a rate increase that is a gross overstatement of what is needed to ensure a financially healthy utility. A more reasonable rate increase could both serve the interests of the utility and be delayed or offset with existing funds to protect ratepayers in their time of need.

This case is complicated and fact-intensive. The Office has taken to heart the Commission’s plea for administrative efficiency and has attempted to address the issues through over 60 rounds of discovery, technical conferences with the utility, and multiple rounds of testimony. We have aimed to limit the cross that will occur over the next few days to only those

issues where we need to test the veracity of the Company's statements, and those disputed material facts that have not yet been fully vetted in testimony. As such, the issues that will be discussed at hearing are only a subset of the problems that plague Pepco's application.

This is not a decision that can "be fixed later." Unemployment levels are high, many businesses are still shuttered or working at lower capacity. As we all heard at the community hearing, an extra \$7 a month could make the difference in a ratepayer's ability to pay their rent and buy food or medicine, and an extra \$4,000 a month for commercial customers could mean the difference between staying afloat or closing their doors. The Office, on behalf of all District ratepayers, implores the Commission to ensure that the short- and long-term interests of consumers are protected, and that the public interest is adequately safeguarded as you arrive at your decision in this important proceeding. Thank you for your consideration and service to the public.