

Office of the People's Counsel District of Columbia

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Elizabeth A. Noël
People's Counsel

August 22, 2008

Ms. Dorothy Wideman
Commission Secretary
Public Service Commission of the
District of Columbia
1333 H Street, NW, 2nd Floor, West Tower
Washington, D.C. 20005

Re: Formal Case No. 945, Audit Report by F.S. Taylor and Associates, P.C.

Dear Ms. Wideman:

Please find enclosed for filing in the above-referenced proceeding an original and fifteen (15) copies of the "Comments of the Office of the People's Counsel on the District Department of the Environment's Energy Office's Reliable Energy Trust Fund Audit Report Prepared by F.S. Taylor and Associates, P.C. Filed July 1, 2008."

Please contact me if you have any questions or need additional information.

Sincerely yours,

Barbara L. Burton
Assistant People's Counsel

Enclosures

cc: All parties of record

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA**

| | | |
|--|---|-------------------------------------|
| In the Matter of |) | |
| |) | Formal Case No. 945 |
| The Investigation into Electric Service |) | |
| Market Competition and Regulatory |) | (Reliable Energy Trust Fund) |
| Practices |) | |

**COMMENTS OF THE OFFICE OF THE PEOPLE’S COUNSEL ON THE
DISTRICT DEPARTMENT OF THE ENVIRONMENT’S ENERGY OFFICE’S
RELIABLE ENERGY TRUST FUND AUDIT REPORT PREPARED BY F.S.
TAYLOR AND ASSOCIATES, P.C. FILED JULY 1, 2008**

The Office of the People’s Counsel of the District of Columbia (“OPC” or “Office”), the statutory representative of the ratepayers of the District of Columbia in utility proceedings,¹ in response to Order No. 14873 (rel. July 28, 2008), hereby respectfully submits these comments on the report entitled, “Review of the Reliable Energy Trust Fund Program for the District of Columbia Department of the Environment” (“Audit Report”), on the independent audit of the sixteen (16) Reliable Energy Trust Fund (“RETF”) programs. The Audit Report was prepared by F.S.Taylor & Associates, P.C. (“FSTA”), filed by the District Department of the Environment’s Energy Office (“DDOE”) on July 1, 2008.

I. SUMMARY OF OPC’S POSITION

The concerns of the Office and Commission relating to the insufficiency of the accounting procedures used by DDOE for the Reliable Energy Trust Fund were verified by the Audit Report. The Audit Report identified numerous problems with DDOE’s financial records and internal controls. The problems appear systemic to DDOE’s

¹ D.C. Code § 34-804 (2001).

accounting and record retention systems. FSTA made a number of recommendations to correct financial records and improvements in internal controls. Upon review of the Auditor's Report, OPC agrees the recommendations are needed and should be implemented. The Commission should review the changes incorporated by DDOE in their accounting system and internal controls to correct the problems identified by the Audit Report within six months.

Additionally, OPC is recommending further improvements. OPC's specific recommendations are as follows:

- Future Quarterly Reports should contain variance analysis explaining both under and over budget program expenditures and administrative expenses. This variance analysis will decrease the time currently spent by the Commission, OPC and others in reviewing the Quarterly Reports;
- The Commission should require DDOE to begin accounting for the administrative budget as 10% of *actual* program expenditures, not *budgeted* expenditures, and explain why DDOE is over budget by a net of \$268,323 at the end of program Year 2;
- Sound record keeping procedures must be established and implemented to prevent a recurrence of poor record keeping;
- The Commission should require DDOE to review all journal entries and determine which were incorrectly posted in September 2007, rather than in May 31, 2007; and
- The Commission should require DDOE to report program expenses in its Quarterly Reports on an accrual basis of accounting, and require review of all program related fiscal year end adjustments by District financial staff to ensure the adjustments are accurate.

II. BACKGROUND AND PROCEDURAL HISTORY

The Commission adopted Accountability Guidelines on June 2, 2005² that require DDOE, Administrator of the RETF programs, to submit quarterly reports on the administrative costs for the RETF program, among other things. The purpose of the Accountability Guidelines is

to provide the means and the method to establish whether DCEO has met the established success measures for each program and are intended to ensure that DCEO meets its obligations for transparency in its administration of RETF. They serve as a tool to aid the Commission in ensuring that the public interest is protected.³

Under the Guidelines, DDOE is required to submit quarterly reports that detail program spending and how well the program is tracking the budget and cost control plan. The quarterly report must include deviations from the budget, in either direction, and these deviations must be noted and explained. If a program is over budget, that report must contain a remedial plan to return the program to within budget.⁴

In response to the Commission's request⁵ that parties file comments on DDOE's Quarterly Report filed February 7, 2006, OPC filed comments stating that to do so it had to analyze Quarterly Reports submitted on May 5, July 29, and November 7, 2005. OPC's analysis of these reports indicated there were inconsistencies in the quarterly administrative costs of the RETF.⁶ While DDOE filed amended reports to correct the mistakes OPC identified, OPC stated the errors proved the need for an independent audit

² *Formal Case No. 945, In the Matter of the Investigation in Electric Service Market Competition and Regulatory Practices*, Order No. 13601 (June 5, 2005).

³ *Id.*, ¶ 5.

⁴ *Id.*, Attachment A, p.3, Auditing, G.

⁵ *Id.*, Order No. 13926 (Apr. 21, 2006).

⁶ Order No. 13601, ¶ 7.

of DDOE's accounting procedures and RETF expenditures in the near future.⁷ The Commission agreed and stated:

In its oversight capacity, the Commission has also reviewed the RETF Quarterly Reports and Amended Quarterly Reports submitted by DDOE and we have also discovered inconsistencies within these reports. Further, the Commission seeks an explanation detailing how DDOE spent the one-time funding of \$228,921.50, approved for the proposed administrative salaries. The Commission agrees with OPC's assertion that an independent audit of DDOE's accounting procedures and RETF expenditures is warranted to clarify the discrepancies and inconsistencies. Thus, we request that DDOE initiate the procurement process for selecting an independent auditor to audit the sixteen (16) RETF programs under DDOE's control.⁸

On October 26, 2006, the Commission issued Order No. 14098, directing DDOE to initiate the procurement process for an independent auditor.⁹ On July 1, 2008, DDOE filed the independent auditor's report. On July 28, 2008, the Commission issued Order No. 14873 inviting interested parties to comment on the report.¹⁰

Additionally, OPC has analyzed DDOE's filing of revised Quarterly Report information¹¹ and propounded data requests¹² to DDOE. OPC received DDOE's responses dated August 15, 2008, on August 20, 2008. DDOE submitted the revised information on June 27, 2008, because

In the course of a current audit of RETF programs, it was determined that some financial data provided the Public Service Commission (PSC) in quarterly reports during this

⁷Id., ¶ 8.

⁸Id., ¶ 10.

⁹Id., Order No. 14908, ¶¶ 1, 12. (Oct. 26, 2006).

¹⁰Id., Order No. 14873, ¶ 2, (July 28, 2008).

¹¹Id., District Department of the Environment's Energy Office Revised Expenditure Data and Comments for the Reliable Energy Trust Fund, October 2005-September 2007 (3 fiscal-year programs), June 2005-May 2007 (13 calendar-year programs) ("Revised Expenditure Data"), (June 27, 2008).

¹²See, Attachment, OPC Data Request No. 16 to DDOE (July 29, 2008).

two year period needed to be updated due to overlap of program year and fiscal year reporting.”¹³

DDOE’s data responses should illuminate the reasons for the errors in DDOE’s accounting procedures and assist the Commission and the Office in their understanding of the specific measures DDOE is undertaking to prevent the recurrence of these errors. OPC will file Supplemental Comments with the Commission after it has reviewed and analyzed DDOE’s data responses.

OPC’s comments on the major findings of the Audit Report follow.

III. COMMENTS

1. The Audit Report found that financial data in the Quarterly Reports was not an accurate representation of the financial data reflected in the D.C. Government’s System of Accounting and Reporting (SOAR). FSTA found that the financial information reflected in the Quarterly Reports could not be reconciled to the District government’s SOAR. FSTA recommended DDOE review the financial data prior to submission to the Commission and ensure that the basis for the financial data is the financial information reflected in SOAR.¹⁴ OPC agrees the data included in the Quarterly should be reconcilable to SOAR. In response to the Audit Report, DDOE filed Revised Expenditure Data for the 2006 and 2007 program years accompanied by an explanation of the variances between the program budgets and the actual program expenditures. OPC recommends that future Quarterly Reports also contain variance analyses explaining both under and over budget program expenditures and administration expenses. Inclusion of a variance analysis in the Quarterly Reports will decrease the reviewing time for the Commission, OPC and other parties.

¹³ Revised Expenditure Data, p. 1.

¹⁴ Audit Report, pp.5-6.

2. The Audit Report found that DDOE was under budget for administrative costs by \$444,372 for Program Year 1 and over budget by \$343,687 for Program Year 2. According to the Audit Report, DDOE was net under budget by \$100, 685. OPC disagrees. OPC's calculations show that for Program Years 1 and 2 combined, DDOE's administrative costs are *over budget* by a net \$268,323. The difference between the Auditor's numbers and OPC's numbers lies with the different methods DDOE and OPC use to calculate the 10% cap on administrative costs.

The Audit Report states the "Administrative costs for the RETF programs were to be limited to 10% of the approved budget plus a one-time allotment of an additional \$228,922 for Program Year 1 only."(emphasis added).¹⁵ OPC submits this interpretation is incorrect. The correct interpretation is that the cost for administering RETF-funded programs is limited to no more than 10% of total program costs,¹⁶ not 10% of total program budget, pursuant to Order No. 12778. In Order No. 12971, referring to the 10% cap on administrative costs, the Commission stated "[t]here is clearly only one cap and it is limited to 10%." In Order No. 13475, referencing Order No. 12971, "the Commission clarified [in Order No. 12971] that DCEO is limited to a total recovery of 10 percent for its administration of all RETF programs."¹⁷

DDOE interprets the Commission's Order establishing a 10% cap on administrative costs to mean that DDOE is authorized to spend 10% of the budgeted program amount every year whether or not DDOE actually spends the budgeted program amount. In practice, DDOE's interpretation would allow the RETF Administrator to

¹⁵Id., p. 7.

¹⁶ *See, Formal Case No. 945*, Office of the People's Counsel's Response to Potomac Electric Power Company's Motion for Clarification of Order No. 12778, (Aug. 7, 2003).

¹⁷Id., Order No. 13475, ¶ 3, (Mar. 7, 2005).

spend \$1,000,000 on administrative costs in one program year that has a budget of \$10,000,000 for program expenses, even if DDOE only actually spent \$5,000,000 on the programs. The Commission intended for DDOE to spend no more than 10% of program costs actually incurred for administrative costs. Thus, if DDOE only spent \$5,000,000 for program costs it could only spend 10% of that amount, or \$500,000, for administrative costs.

DDOE's Revised Expenditure Data and the Audit Report state that the budget for administrative costs for Program Year 1 was \$1,180,922 (\$228,922 + \$952,000) and the actual administrative costs were \$736,550 or \$444,372 under budget. OPC submits since DDOE only spent \$5,820,159 for program costs in Year 1 and not the Commission-approved budgeted amount of \$9,520,000, the amount for administrative costs should be \$582,016 plus the Commission allowed \$228,922, or a total of \$810,938.¹⁸ Based upon the Commission's orders regarding the 10% administrative cap on actual program costs, OPC calculates DDOE was under budget by only \$74,387 in Program Year 1, not the \$444,372 stated in the Audit Report and Revised Expenditure Data filing. In short, in Program Year 1, DDOE calculated its 10% for administrative costs based on costs it did not actually incur for program activities. The Audit Report and Revised Expenditure Data demonstrate DDOE did not spend the entire \$9,520,000 approved for program costs in Program Year 1. In fact, it spent 61% of the budget approved for program costs in Program Year 1. Rather than base its administrative costs on actual costs (\$5,820,159) and the lower number, DDOE calculated its 10% administrative cost on the higher (\$9,500,000) budgeted number.

¹⁸ Audit Report, p. 7.

DDOE's actions raise two concerns for OPC: First, what happened to the remaining, unused funds in Program Year 1? Second, when, and if, the remaining funds are actually spent on program activities, DDOE will not have sufficient funds for administrative costs because it spent the money on administrative costs for nonexistent program activities in Program Year 1 when it should not have.

Regarding administrative expenditures for Program Year 2, DDOE's Revised Expenditure Data filing and the Audit Report state that the budget for administrative costs for Program Year 2 was \$1,052,000 and DDOE administrative costs were \$1,395,687 or \$343,687 over budget. DDOE spent \$10,529,777 for program costs in Year 2. Ten percent of the program costs are \$1,052,977 compared to actual administrative costs of \$1,395,687. The DDOE administrative expenses are \$342,710 more than the \$1,052,977 budget ($\$10,529,777 \times 10\%$) for Program Year 2. Based upon OPC's interpretation of how the administrative costs are to be calculated, DDOE administrative costs are over budget by a net \$268,323 for Program Years 1 and 2 combined.

OPC recommends the Commission require DDOE to begin accounting for the administrative budget as 10% of the actual program expenditures (not budgeted expenditures) and explain why DDOE is over budget by a net of \$268,323 at the end of Program Year 2.

3. The Audit Report found DDOE did not provide supporting documentation for some program expenditures.¹⁹ Specifically, DDOE was unable to provide a complete set of supporting program expenditure documentation for 23% of the Program Year 1

¹⁹Id., p. 8.

transactions selected for testing.²⁰ In Program Year 2, the documentation was not provided in 15% of the sample transactions.²¹ Employee timesheets were not provided for 11 out of the 30 employees requested in the FSTA's sample of personnel costs for Program Years 1 and 2.²² OPC notes DDOE's explanation that certain documentation for Program Year 1 was lost during a move of its offices is unacceptable and does not explain the same problems with lost documentation and employee time sheets in Program Year 2.

OPC propounded data requests to ascertain the record keeping procedures DDOE used during these years, the reasons for the poor performance in record keeping and the procedures that DDOE has implemented to prevent a recurrence of these problems. OPC supports FSTA's recommendation "that DDOE prepare, maintain and retain appropriate documentation of costs directly charged or allocated to the RETF."²³

4. The Audit Report found some journal entries were incorrectly posted; DDOE used two different accounting methods for the two groups of programs with different program years. Regarding the journal entries, FSTA reviewed the adjusting journal entries that were made by District financial staff as a part of the year end closing process and found certain journal entries posted in SOAR for September 2007 related to expenditures for May 31, 2007 year end programs.²⁴ FSTA made two adjustments to the program costs that were identified during the audit. However, FSTA did not perform a full review of all journal entries and states "there may be other costs related to the programs for the year ended May 31, 2007 which have not been reflected in our analysis

²⁰ Id.

²¹ Id.

²² Id.

²³ Id., p. 8.

²⁴ Id., p. 9.

on Exhibits A-1 – A-1.1.”²⁵ OPC propounded data requests asking DDOE for a listing and description of all journal entries that were posted in September 2007. The Commission should require DDOE to review all journal entries and determine whether any had an adverse impact on the Revised Expenditure Data.

As to the different accounting methods, FSTA noted DDOE considers the three fiscal year end programs (B-4, D-2 and D-4) to be reported on the accrual basis of accounting but the remaining programs are considered to be reported on a modified cash basis of accounting.²⁶ OPC has requested an explanation of the differences in the accounting methods used for the fiscal year end programs and the May 31 year end programs. Accounting methods used for the programs should be consistent. DDOE’s Quarterly Reports to the Commission should be on an accrual basis of accounting in order for the Commission to determine the costs of the programs on a current basis. A cash basis of accounting allows expenses to be pushed from one quarter to another depending on when the expenses are actually paid and not when they are incurred. OPC recommends the Commission require DDOE to report the program expenses on an accrual basis of accounting. Additionally, the Commission should require DDOE to review all of the program related fiscal year end adjustments made by District financial staff to ensure the adjustments are accurate.

5. The Audit Report found Standard Offer Service (“SOS”) related expenditures were erroneously reported as RETF program expenses. Specifically, the Audit Report found expenditures of \$2.18 million related to SOS were recorded as part of Program D-

²⁵Id., pp. 8-9.

²⁶Id., p. 9.

2, RAD Expanded.²⁷ Since the SOS program is not one of the RETF-funded programs, these expenditures should not be included or reported in the Quarterly Reports. FSTA recommends these expenditures be recorded and accounted for separately in SOAR.²⁸ OPC agrees.

6. The Audit Report found internal controls over program records for the Appliance Rebate Program need to be strengthened.²⁹ Specifically, FSTA's review of the Appliance Rebate Program revealed that certain program activities were not supported by appropriate documentation and internal control and certain procedures need improvement.³⁰ FSTA was not provided with required documentation for 21 of a sample of 60 applicants who received rebates under the Appliance Rebate Program.³¹ FSTA also noted DDOE did not provide a reconciliation of the debit cards issued and redeemed; physical security of the debit cards needs to be enhanced to prevent theft and/or misplacement; and the separation of duties related to physical control of the cards, approval of applicants and issuance of the cards was lacking.³²

The total deficiency in internal control over the debit cards and documentation of program expenses noted above is disturbing to OPC. DDOE should immediately implement the recommendations of FSTA related to the Appliance Rebate Program. OPC propounded data requests to DDOE concerning the lack of control over the debit cards and is seeking information about the procedures DDOE has implemented to correct the lapses in internal control.

²⁷ Id.

²⁸ Id.

²⁹ Id., p. 10.

³⁰ Id.

³¹ Id., p. 11.

³² Id.

7. The Audit Report found DDOE erroneously included receipts from PEPCO related to Standard Offer Service in the RETF revenue in SOAR.³³ Specifically, FSTA reviewed the RETF receipts from PEPCO for Programs Years 1 and 2. FSTA noted an increase in the RETF revenue transmitted to DDOE beginning in April 2007 was related to SOS which is not one of the RETF programs. Therefore, FSTA recommended DDOE account for the SOS activity separately in SOAR.³⁴ OPC agrees.

8. The Audit Report found DDOE did not record the appropriate interest earned on a timely basis.³⁵ FSTA reviewed DDOE's analysis of the interest earned on RETF funds for the period August 2001 through March 31, 2008. DDOE waited six and a half years to transfer RETF funds to the RETF account. Specifically, DDOE did not make the adjustment transferring the interest earned on the remaining balances of the RETF funds from inception through March 31, 2008, until June 2008.³⁶ FSTA recommends DDOE implement a more timely review and determination of the interest earned on the RETF funds and that DDOE account for the SOS interest separately.³⁷ OPC agrees with FSTA's recommendation and has requested additional information from DDOE concerning the procedures implemented to correct this problem.

³³ Id., pp. 12-13.

³⁴ Id.

³⁵ Id., p. 15.

³⁶ Id., p. 14.

³⁷ Id., p. 15.

IV. CONCLUSION

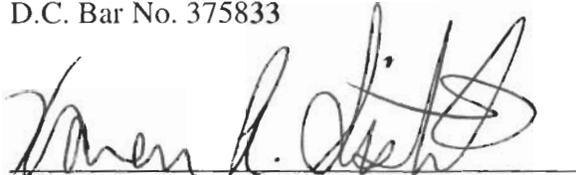
WHEREFORE, for the foregoing reasons, the Office of the People's Counsel recommends the Commission adopt the recommendations contained herein.

Additionally, the Office reserves the right to supplement these Comments once it has reviewed and analyzed DDOE's responses to OPC Data Request No. 16.

Respectfully submitted,

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Elizabeth A. Noël
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July 29, 2008

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District Department of the Environment
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**Re: Formal Case No. 945--(Reliable Energy Trust Fund Audit Report by
FS Taylor and Associates, PC)**

Dear Ms. Rich:

Please find enclosed "Data Request No. 16 of the Office of the People's Counsel to the District Department of the Environment's Energy Office/FS Taylor and Associates, PC." Because these data requests refer to the audit report prepared by FS Taylor and Associates, PC and submitted to the Commission on July 1, 2008, the Energy Office may need to send these questions to FS Taylor and Associates, PC for a response.

Please contact me if you have any questions or need additional information.

Sincerely yours,

Barbara L. Burton
Assistant People's Counsel

Enclosures

cc: All parties of record

DISTRICT OF COLUMBIA PUBLIC SERVICE COMMISSION

FORMAL CASE NO. 945

OFFICE OF THE PEOPLE'S COUNSEL

DATA REQUEST NO. 16

**TO THE DISTRICT DEPARTMENT OF THE ENVIRONMENT/ENERGY
OFFICE/FS TAYOR AND ASSOCIATES, PC**

The following data requests refer to the Reliable Energy Trust Fund Audit Report prepared by FS Taylor and Associates, PC and may need to be transmitted to FS Taylor and Associates, PC for a response.

- 16-1. Pages 5 and 6 of the Audit Report indicate that the “Quarterly Reports could not be reconciled to District of Columbia Government’s financial accounting and reporting system known as System of Accounting and Reporting (SOAR)”.
- A. Please provide a spreadsheet comparison showing the differences between the original data filed in the quarterly reports and the revised data filed on June 27, 2008.
 - B. Please describe the accounting system that DDOE was using to produce the quarterly reports.
 - C. Explain why DDOE was using a separate system to account for the RETF expenditures and to produce the quarterly reports?
- 16-2. Page 7 of the audit report notes that the RETF programs are limited to 10% of the approved budget plus a one-time allotment of an additional \$228,922 for Program Year 1 only. In Year 1 administrative costs were \$444,372 under budget (including the \$228,922 one time allotment). In Year 2 the administrative budget was \$343,687 over budget. Please explain whether or not the Commission’s orders allow a carryover of under and over budget administrative costs from one program year to the next. Does the carryover extend from Year 1 to Years 3, 4 or 5?
- 16-3. Exhibit A-1 and Exhibit A-1.1 show FSTA adjustments to the DDOE Revised Quarterly reports. Exhibit A-1 shows a reduction of \$595,017 in Program D-4 expenditures in Program Year 1. In Program Year 2, on Exhibit A-1.1 Program D-4 expenditures are increased by \$595,017 and Program D-5 and D-6 total expenditures are increased by \$595,017. Why were two adjustments increasing Year 2 expenditures made on Exhibit A-1.1?

- 16-4. Finding A-2 on page 8 of the audit report indicates that a substantial amount of the supporting documentation for program expenditures was not provided to the auditors. The report states that “DDOE indicated that certain documentation for Program Year 1 was lost during a move of its offices and that changes have been implemented to improve accounting and record keeping.”
- A. Please provide a detailed description of the accounting and reporting procedures that were used in Year 1 and Year 2.
 - B. Please describe the procedures that DDOE has implemented to insure that all documentation related to program expenditures and administrative costs are available for audit in the future.
 - C. Please describe the problems with record keeping in Year 1 and Year 2 which caused the lack of documentation for the RETF expenditures.
 - D. When were the problems with record keeping corrected? Did the problems persist in Year 3 (year ending May 31, 2008)?
 - E. DDOE did not provide 11 out of 30 timesheets requested by FSTA. Explain why these timesheets were unavailable for audit? Please provide a list of the employees (by job title) whose timesheets were unavailable and provide the amount of salary expense of these employees allocated to RETF in Year 1 and Year 2.
- 16-5. Page 9 of the audit report states that “certain journal entries posted in SOAR for September 2007 related to expenditures for May 31, 2007 year end programs.” Please provide a copy of the journal entries that were prepared by DC financial staff as part of the year end closing process as referenced on page 9 of the report. Please provide an explanation for each of the journal entries.
- 16-6. Page 9 of the report states that the three fiscal year end programs (B-4, D-2 and D-4) are considered by DDOE to be reported on the accrual basis of accounting. Does FSTA also consider that the three fiscal year end programs are reported on the accrual basis of accounting? If not, why not?
- 16-7. Page 9 of the report states “The remaining programs are considered to be reported on a modified-cash basis of accounting.” Please describe the modified-cash basis of accounting that DDOE uses for the May 31 year ending programs and the apparent differences in the method of accounting used for the September 30 year ending programs.
- 16-8. Page 11 of the audit report states that “We were not provided with this required [rebate payment] documentation for 21 of a sample of 60 applicants who received rebates.”
-

- A. Please explain why the documentation was not properly retained.
 - B. Please provide detail for the procedures DDOE has implemented to insure that proper documentation is retained in the future.
 - C. Please explain the procedures that DDOE has implemented to correct the internal control lapses identified by FSTA.
- 16-9. Refer to page 15 of the audit report. Please explain why DDOE did not record interest on the RETF funds for three years? What procedures has DDOE implemented to correct this problem?

CERTIFICATE OF SERVICE

Formal Case No. 945

I hereby certify that on this 29th day of July, 2008, copies of "Data Request No. 16 of the Office of the People's Counsel to the District Department of the Environment's Energy Office/FS Taylor and Associates, PC," were served on the following parties of record by hand delivery, facsimile, electronic mail, or first-class mail, postage prepaid:

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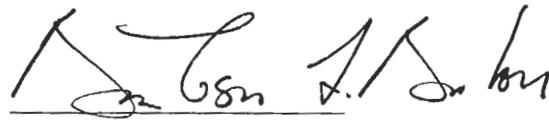
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CERTIFICATE OF SERVICE

Formal Case No. 945

I hereby certify that on this 22nd day of August, 2008, copies of the "Comments of the Office of the People's Counsel on the District Department of the Environment's Energy Office's Reliable Energy Trust Fund Audit Report Prepared by F.S.Taylor and Associates, P.C. Filed July 1, 2008," were served on the following parties of record by hand delivery, facsimile, electronic mail, or first-class mail, postage prepaid:

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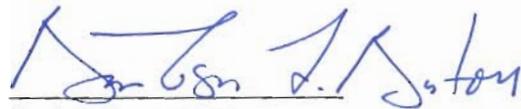
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