



**Office of the People's Counsel
District of Columbia**

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Elizabeth A. Noël
People's Counsel

October 14, 2008

Dorothy Wideman
Commission Secretary
Public Service Commission
of the District of Columbia
1333 H Street, N.W.
Second Floor West
Washington, D.C. 20005

Re: **Formal Case No. 1043, In The Matter of the Petition of the Office of the People's Counsel Requesting an Investigation Into The Impact of Rising Natural Gas Prices on District of Columbia Consumers For The Purpose Of Developing Solutions To Minimize The Impact**

Dear Ms. Wideman:

Enclosed for filing in the above-referenced proceeding is an original and fifteen (15) copies of the "Comments of the Office of the People's Counsel."

If there are any questions regarding this matter, please contact me at (202) 727-3071.

Sincerely,

Laurence C. Daniels
Assistant People's Counsel

Enclosure

cc: Parties of record

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

In the Matter of	§	
	§	
The Petition of the Office of the People’s Counsel Requesting An Investigation Into the Impact of Rising Natural Gas Prices on District of Columbia Consumers for the Purpose of Developing Solutions to Minimize The Impact,	§	Formal Case No. 1043
	§	
	§	
and	§	
	§	
In the Matter of	§	
	§	
The Application of Potomac Electric Power Company for An Increase In its Retail Rates for the Sale of Electric Energy	§	Formal Case No. 813
	§	
	§	

**COMMENTS OF THE OFFICE OF THE PEOPLE’S COUNSEL
IN RESPONSE TO ORDER NO. 15074 REGARDING THE COMMISSION’S
PROPOSAL TO INSTITUTE TEMPORARY MEASURES TO ASSIST
CONSUMERS IN PAYING THEIR ENERGY BILLS DURING THE UPCOMING
HEATING SEASON**

I. INTRODUCTION

The Office of the People’s Counsel of the District of Columbia (“OPC” or “Office”), in furtherance of its mandate as statutory representative of the ratepayers of the District of Columbia,¹ hereby respectfully submits its Comments to the District of Columbia Public Service Commission’s (“Commission”) September 26, 2008, Order No. 15074 requesting comments on whether the Commission should re-vive and re-

¹ D.C. Code § 34-804 (2001).

implement previously instituted temporary tariff amendments to assist consumers in paying their energy bills during the upcoming winter heating season, and whether similar provisions should be applied to electric bills.

II. SUMMARY OF OPC'S POSITION

OPC supports a revival of the temporary measures implemented by the Commission to assist consumers in paying their bills. In addition, OPC believes the implementation of similar provisions for the electric company is appropriate and warranted. The Office proposes the Commission require Washington Gas Light Company ("WG") and the Potomac Electric Power Company ("Pepco") to produce reports on the number of disconnections during the winter heating season from 2006 thru 2008 and to file annual reports on a forward going basis. OPC urges the Commission to consider any and all measures that will mitigate any financial hardship that consumers are likely to experience as a direct result of the high heating bills anticipated for the upcoming heating season in what is predicted by industry experts to be more costly than last year's winter heating season.

III. BACKGROUND

In September 2005, the Office filed a Petition requesting the Commission to establish an investigation into the impact rising natural gas prices were having on District of Columbia natural gas consumers.² Soon thereafter, the Office supplemented its request to include electric customers served by Pepco.³ The investigation was designed to allow

² Formal Case No. _____, *In the Matter of the Petition of the Office of the People's Counsel Requesting An Investigation Into the Impact of Rising Natural Gas Prices on District of Columbia Consumers for the Purpose of Developing Solutions To Minimize the Impact*, Office of the People's Counsel's Petition, filed Sept. 23, 2005.

³ Formal Case No. _____, *In the Matter of the Petition of the Office of the People's Counsel Requesting An Investigation Into the Impact of Rising Natural Gas Prices on District of Columbia Consumers for the Purpose of Developing Solutions To Minimize the Impact*, Motion of the Office of the People's Counsel

the Commission and other stakeholders to develop appropriate solutions to minimize the impact of heating bills on District of Columbia consumers for the upcoming heating season. On October 24, 2005, the Commission established the investigation, but only as it related to Washington Gas.⁴ The Commission reasoned that it was premature to include Pepco because Pepco's rates were capped and would remain capped for the 2005 and 2006 winter heating seasons.⁵

On November 8, 2005, the Office sponsored and convened an energy summit entitled "Energy Summit 2005: Answering the Wake-up Call to Assist D.C. Energy Consumers in 2005 and Beyond." The purpose of the summit was to gather key stakeholders to further examine, consider and commit to implementing any appropriate and reasonable measures to better meet D.C. energy consumers' needs. On February 9, 2006, the Office filed its Energy Summit report in this docket.⁶ The report outlined the issues affecting consumers and outlined possible solutions to assist consumers.

After reviewing the comments of the Office and the utility companies, the Commission, on February 16, 2006, accepted WG's proposed amendments to its tariff governing the methods the Company uses to bill and collect from consumers. Specifically, WG recommended the following temporary tariff amendments:

- 1) payment deferral of up to three months on security deposits,
- 2) a one month billing deferral on reconnection charges,

Requesting Expedited Action and Expansion of the Investigation to Include the Potomac electric Power Company, filed Sept. 30, 2005.

⁴ *Formal Case No. 1043, In the Matter of the Petition of the Office of the People's Counsel Requesting An Investigation Into the Impact of Rising Natural Gas Prices on District of Columbia Consumers for the Purpose of Developing Solutions To Minimize the Impact*, Order No. 13796, rel. Oct. 24, 2005.

⁵ *Id* at para. 5.

⁶ *Formal Case No. 1043, In the Matter of the Petition of the Office of the People's Counsel Requesting An Investigation Into the Impact of Rising Natural Gas Prices on District of Columbia Consumers for the Purpose of Developing Solutions To Minimize the Impact*, A Report of OPC-DC's Consumers ad Stakeholders Energy Summit 2005: Answering the Wake-up Call to Assist D.C. Energy Consumers in 2005 and Beyond", filed Feb. 9, 2006

- 3) participation in the Company's budget billing plan for those customers who would not otherwise qualify,
- 4) review of customer bills with efforts to negotiate settlement of delinquent accounts, and
- 5) referral of customers to programs that can provide eligible customers with additional financial assistance in paying their natural gas bills.

The Commission also accepted OPC's proposal to require WG to submit a report to the Commission explaining whether and to what extent the tariff revisions contributed to a reduction in the number of customers disconnected for non-payment.

On June 15, 2006, WG filed a report that showed approximately 1,300 customers who would have otherwise been disconnected were not as a result of the temporary tariff measures approved by the Commission and implemented by WG.⁷

On September 26, 2008, the Commission issued Order No. 15074, requesting comments from parties asking whether the Commission should revive and re-implement previously instituted temporary tariff amendments to assist consumers in paying their natural gas bills during the upcoming winter heating season and whether similar tariff amendments should be implemented by Pepco.

IV. DISCUSSION

A. The Commission should re-implement the temporary measures with slight modifications to assist natural gas consumers

OPC submits the temporary measures used during the 2005 winter heating season to offer assistance to natural gas customers were effective in reducing the number of consumers who were disconnected. According to WG's report, approximately 1,300 consumers avoided disconnection as a result of the temporary measures. This is a broad public interest and safety benefit to consumers as well as all DC residents. As the public

⁷ *Formal Case No. 1043*, Washington Gas Light Company's Report on the Benefit of its Emergency Billing and Collection Tariff for the 2005-2006 Winter Heating Season, filed June 15, 2006.

record reflects, consumers faced with disconnections during the heating season, often use unsafe and dangerous alternatives to heat their homes. Clearly, the need for these measures existed during the previous heating seasons. Unfortunately, the need continues to exist and may in fact have grown in the current economic environment. The increase in natural gas costs since 2005 as well as the increase in other costs directly impacting family budgets is well documented. The revising of these measures will provide financial relief for consumers during an upcoming winter heating season which according to industry analysts is predicted to be more costly than last year. According to the Energy Information Administration (“EIA”)⁸ consumers in the northeast region of the country can expect to pay \$1,353.00 this winter heating season to heat their homes using natural gas or 19.5% more than last year. (See, EIA Report attached) Accordingly, OPC supports re-implementing the temporary billing measures used in 2005. OPC recommends the following three modifications and an additional reporting requirement will further enhance the program and delivery of tangible benefits:

1. The Commission should require a six month payment deferral on security deposits as opposed to a three month deferral.
2. The Commission should require a three month billing deferral on reconnection charges as opposed to a one month deferral.
3. WG should be directed to continue and expand its efforts to educate consumers about how to participate in the Company’s Budget Billing Program under the modified tariff.

OPC submits the first two modifications, a six month deferral on security deposits and reconnection charges, are reasonable modifications in light of the fact that the EIA is

⁸ The Energy Information Administration is a statistical agency of the U.S. Department of Energy. The mission of the agency is to provide policy-neutral data, forecasts, and analyses to promote sound policy making, efficient markets, and public understanding regarding energy and its interaction with the economy and the environment.

projecting the cost of heating a home using natural gas in this region is going to increase by nearly 20%. Faced with such a substantial cost increase, any amount of money that can be deferred past the winter heating season would be welcome relief to consumers. The third modification, a requirement for WG to educate consumers about how to participate in the Budget Billing Program under the revised tariff is also reasonable because while the relaxed criteria for participating in the Budget Billing Program is a great opportunity for consumers, it is only effective to the extent that consumers are aware of it. OPC is aware that the WG promotes its Budget Billing Program and urges the Commission to ensure that WG is maximizing its efforts, via bill inserts, public service announcements and dissemination of information at public forums.

OPC is confident that combined, the six month deferral of the security deposit and reconnection charges along with the increased awareness of the new criteria for WG's Budget Billing Program will allow more consumers to participate and benefit from the program. These measures, along with current Commission Rule 310.3 which prohibits disconnection of natural gas or electric service when the temperature is forecast to be below 32 degrees within 24 hours, should keep District consumers connected to these vital sources of heating during the upcoming winter heating season.

OPC also recommends the Commission require WG to submit a report to the Commission and OPC detailing the number of consumers disconnected for non-payment during the winter heating season (October 1-March 1) from 2006 to present. The Commission should also require WG to file this report on an annual basis due in April following the winter heating season. OPC submits, even more so today than "the situation three years ago, there are genuine concerns today about the upcoming winter

season and impact of rising fuel prices on utility customers' ability to pay for heating."⁹ In this region, heating a home is essential. OPC submits requiring the utilities to file reports will give the Commission and OPC a measure of how many people are being disconnected during the winter heating season and whether additional steps can be taken to provide further relief to consumers.

B. Increases in electric rates and current economic forecasts provide adequate justification for the Commission to direct Pepco to implement the similar temporary measures to provide economic relief to consumers during the upcoming winter heating season.

In October 2005, the Commission denied the Office's request to require Pepco to implement temporary measures to assist electric consumers during the 2005 winter heating season because Pepco's rates were capped.¹⁰ The Commission indicated its decision was based upon the fact that Pepco's rates were capped pursuant to the rate moratorium.¹¹ OPC submits the Commission's reasoning is no longer applicable in the instant case. First, Pepco's rates are no longer capped and in fact have increased by 62% since 2005.¹² Second, according to the EIA report, consumers in the northeast region can expect to pay \$1,579.00 this winter heating season to heat their homes using electricity or 14.2% more than last year. (*See*, EIA Report attached) Taken together, the fact that Pepco's rates are no longer capped and the fact that it will cost more to heat a home using electricity provide a strong rationale for the Commission to require Pepco to amend its tariff to implement similar billing measures employed by WG in 2005, including the

⁹ *Formal Case No. 1043, In the Matter of the Petition of the Office of the People's Counsel Requesting An Investigation Into the Impact of Rising Natural Gas Prices on District of Columbia Consumers for the Purpose of Developing Solutions To Minimize the Impact*, Order No. 15074, para. 5, rel. Sept. 26, 2008

¹⁰ *Formal Case No. 1043, In the Matter of the Petition of the Office of the People's Counsel Requesting An Investigation Into the Impact of Rising Natural Gas Prices on District of Columbia Consumers for the Purpose of Developing Solutions To Minimize the Impact*, Order No. 13796, para. 5, rel. Oct. 24, 2005.

¹¹ *Id.*

¹² As a result of increases in Pepco's distribution, generation and transmission rates, the cost of electricity has increased by 62%.

proposed three modifications outlined above, to assist consumers during this winter heating season. Again, doing so would provide consumers with a measure of relief and could prevent families from using unsafe measures to heat their homes if they are unable to do so with the traditional means of natural gas or electricity.

Additionally, as recommended for WG, the Commission should also require Pepco to produce a report on the number of disconnections during the winter heating season from 2005 to present and also continue to produce this report for every upcoming heating season.

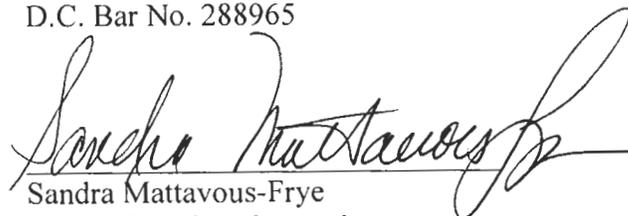
Lastly, OPC recommends the Commission, on an annual basis, consider implementing these temporary measures during the winter heating season.

V. CONCLUSION

Wherefore, based upon the foregoing, the Office supports the Commission's proposal to require both WG and Pepco to amend their tariffs and implement the temporary billing and collection measures with OPC's proposed modifications to assist consumers in paying their natural gas and electric bills for the 2008-2009 winter heating season.

Respectfully submitted,

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Dated: October 14, 2008

Table WF01. Selected U.S. Average Consumer Prices* and Expenditures for Heating Fuels During the Winter
 Energy Information Administration/Short-Term Energy Outlook -- September 2008

Fuel / Region	Winter of							Forecast	
	02-03	03-04	04-05	05-06	06-07	Avg.02-07	07-08	08-09	% Change
Natural Gas									
Northeast									
Consumption (mcf**)	84.3	80.0	79.8	73.9	74.7	78.5	74.8	78.9	5.5
Price (\$/mcf)	9.99	11.77	12.64	16.40	14.69	12.99	15.14	17.15	13.3
Expenditures (\$)	842	941	1,009	1,211	1,098	1,020	1,132	1,353	19.5
Midwest									
Consumption (mcf)	92.1	85.5	85.2	82.2	84.8	85.9	88.4	86.8	-1.8
Price (\$/mcf)	7.61	8.77	10.04	13.45	11.06	10.12	11.38	13.35	17.3
Expenditures (\$)	701	750	855	1,106	938	870	1,006	1,158	15.1
South									
Consumption (mcf)	60.6	55.6	54.0	53.8	54.8	55.8	52.9	56.6	7.0
Price (\$/mcf)	9.03	10.67	12.17	16.46	13.59	12.30	14.28	17.24	20.8
Expenditures (\$)	547	594	658	886	745	686	755	975	29.3
West									
Consumption (mcf)	44.7	45.7	46.7	46.7	47.2	46.2	49.6	48.6	-1.9
Price (\$/mcf)	7.55	8.84	10.18	12.96	11.20	10.17	11.31	13.34	18.0
Expenditures (\$)	338	404	475	605	528	470	560	649	15.8
U.S. Average									
Consumption (mcf)	71.1	67.1	66.8	64.7	66.0	67.1	67.2	68.1	1.3
Price (\$/mcf)	8.42	9.81	11.04	14.58	12.35	11.18	12.72	14.93	17.4
Expenditures (\$)	599	659	738	943	815	751	855	1,017	18.9
Households (thousands)	54,942	55,811	56,167	56,587	57,223	56,146	57,804	58,309	0.9
Heating Oil									
Northeast									
Consumption (gallons)	671.5	636.9	637.0	589.6	596.0	626.2	600.4	629.3	4.8
Price (\$/gallon)	1.42	1.46	1.93	2.45	2.51	1.93	3.31	4.13	24.9
Expenditures (\$)	956	930	1,230	1,446	1,494	1,211	1,987	2,602	30.9
Midwest									
Consumption (gallons)	531.6	488.9	486.0	466.9	483.7	491.4	507.8	496.9	-2.1
Price (\$/gallon)	1.35	1.34	1.84	2.37	2.39	1.84	3.32	4.09	23.0
Expenditures (\$)	718	654	893	1,108	1,158	906	1,687	2,032	20.4
South									
Consumption (gallons)	418.8	394.1	378.0	372.3	363.2	385.3	343.1	387.2	12.9
Price (\$/gallon)	1.41	1.45	1.94	2.46	2.38	1.91	3.33	4.09	23.0
Expenditures (\$)	590	572	734	915	863	735	1,142	1,586	38.9
West									
Consumption (gallons)	311.6	325.0	331.6	328.0	327.2	324.7	351.4	336.6	-4.2
Price (\$/gallon)	1.39	1.46	1.99	2.49	2.57	1.99	3.36	4.16	23.9
Expenditures (\$)	432	473	659	818	842	645	1,181	1,402	18.6
U.S. Average									
Consumption (gallons)	644.9	612.5	610.2	574.9	580.9	604.7	585.7	611.5	4.4
Price (\$/gallon)	1.41	1.45	1.93	2.45	2.49	1.93	3.31	4.13	24.7
Expenditures (\$)	912	886	1,176	1,409	1,445	1,166	1,939	2,524	30.1
Households (thousands)	9,491	9,336	9,064	8,741	8,542	9,035	8,356	8,115	-2.9

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Fuel / Region	Winter of							Forecast	
	02-03	03-04	04-05	05-06	06-07	Avg.02-07	07-08	08-09	% Change
Propane									
Northeast									
Consumption (gallons)	915.8	871.2	870.0	808.3	816.7	856.4	820.0	859.4	4.8
Price (\$/gallon)	1.55	1.65	1.88	2.20	2.29	1.90	2.78	3.01	8.5
Expenditures (\$)	1,416	1,435	1,633	1,775	1,872	1,626	2,276	2,588	13.7
Midwest									
Consumption (gallons)	860.8	800.5	793.2	766.9	792.7	802.8	832.2	813.6	-2.2
Price (\$/gallon)	1.07	1.20	1.42	1.67	1.74	1.41	2.12	2.42	13.9
Expenditures (\$)	922	960	1,130	1,278	1,382	1,135	1,767	1,969	11.4
South									
Consumption (gallons)	577.0	532.5	515.1	514.2	519.7	531.7	500.5	538.5	7.6
Price (\$/gallon)	1.45	1.57	1.79	2.11	2.16	1.81	2.66	2.90	9.2
Expenditures (\$)	838	838	921	1,087	1,123	961	1,329	1,561	17.5
West									
Consumption (gallons)	559.7	567.5	581.6	581.7	588.5	575.8	618.2	607.7	-1.7
Price (\$/gallon)	1.38	1.53	1.78	2.09	2.17	1.80	2.65	2.88	9.0
Expenditures (\$)	774	871	1,037	1,214	1,275	1,034	1,635	1,752	7.1
U.S. Average									
Consumption (gallons)	713.3	672.5	668.3	655.4	669.0	675.7	682.1	694.8	1.9
Price (\$/gallon)	1.29	1.42	1.65	1.95	2.01	1.66	2.45	2.72	10.9
Expenditures (\$)	918	953	1,103	1,277	1,347	1,120	1,673	1,890	13.0
Households (thousands)	6,848	6,818	6,782	6,565	6,539	6,710	6,539	6,464	-1.1
Electricity									
Northeast									
Consumption (kwh ^{***})	10,417	10,013	10,019	9,497	9,570	9,903	9,577	9,953	3.9
Price (\$/kwh)	0.109	0.114	0.117	0.133	0.139	0.122	0.144	0.159	9.8
Expenditures (\$)	1,136	1,140	1,173	1,260	1,329	1,208	1,383	1,579	14.2
Midwest									
Consumption (kwh)	11,469	10,922	10,857	10,635	10,883	10,953	11,263	11,093	-1.5
Price (\$/kwh)	0.074	0.075	0.077	0.081	0.085	0.078	0.089	0.095	6.7
Expenditures (\$)	846	823	834	857	926	857	1,004	1,055	5.1
South									
Consumption (kwh)	8,763	8,402	8,266	8,255	8,299	8,397	8,144	8,448	3.7
Price (\$/kwh)	0.074	0.078	0.082	0.092	0.096	0.084	0.098	0.106	7.9
Expenditures (\$)	646	652	674	762	797	706	802	897	11.9
West									
Consumption (kwh)	6,968	7,091	7,188	7,185	7,199	7,126	7,454	7,337	-1.6
Price (\$/kwh)	0.091	0.091	0.092	0.097	0.102	0.095	0.104	0.113	8.4
Expenditures (\$)	635	642	661	695	735	674	779	831	6.7
U.S. Average									
Consumption (kwh)	8,592	8,307	8,246	8,156	8,215	8,303	8,231	8,374	1.7
Price (\$/kwh)	0.082	0.085	0.088	0.096	0.101	0.090	0.104	0.113	8.2
Expenditures (\$)	702	703	722	787	828	749	858	944	10.1
Households (thousands)	34,153	34,686	35,745	36,741	37,349	35,735	38,024	38,787	2.0
All households (thousands)	105,434	106,650	107,758	108,634	109,654	107,626	110,723	111,675	0.9
Average Expenditures (\$)	681	712	793	948	900	807	986	1,152	16.8

Note: Winter covers the period October 1 through March 31.

Fuel consumption per household is based only on households that use that fuel as the primary space-heating fuel.

Included in fuel consumption is consumption for water heating, appliances, and lighting (electricity).

* Prices include taxes

** thousand cubic feet

*** kilowatthour

CERTIFICATE OF SERVICE

Formal Case No. 1043, In The Matter of the Petition of the Office of the People's Counsel Requesting an Investigation Into The Impact of Rising Natural Gas Prices on District of Columbia Consumers For The Purpose Of Developing Solutions To Minimize The Impact

I hereby certify that on this 14th day of October, 2008, a copy of the "Comments of the Office of the People's Counsel" was served on the following parties of record by hand delivery or first class mail, postage prepaid:

Honorable Agnes A. Yates
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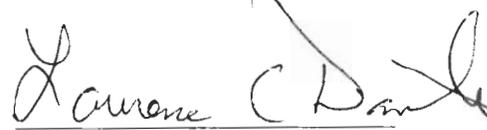
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