

**Testimony of Sandra Mattavous-Frye People's Counsel
for the District of Columbia
Before the
Council Committee on Business and Economic Development
on the
Office of the People's Counsel's
Fiscal Year 2017 Agency Performance Oversight Hearing
February 27, 2018**

Good afternoon, Chairman McDuffie, Members of the Committee, staff, and viewers, I am Sandra Mattavous-Frye, People's Counsel for the District of Columbia. Accompanying me today are key members of my management staff.

Thank you for the opportunity to share with you and District of Columbia residents, the successes, accomplishments, and milestones OPC has achieved during the year. At the request of the Committee and in advance of this hearing, OPC provided comprehensive responses to the sixty-two (62) committee questions we received.

In FY 2017, OPC strengthened its resolve and commitment to ensure all DC consumers receive affordable, reliable and sustainable utility service despite seismic changes in the local and national utility landscape. The force of change has caused us to address our mission in new and innovative ways. Advancing technology makes "business as usual" no longer an option. Notably, these changes have markedly different impacts on consumers. For some, technology advances are ripe with opportunities and choices; unfortunately, for others the changes present challenges which potentially place even basic utility services out of their reach. My role is to advocate on behalf of the residents in all eight wards of the city for reliable, affordable, and equitable utility service.

As further detailed in our attached responses we were active in sixty-one (61) legal proceedings before the PSC, FERC, And PJM and resolved thousands of consumer complaints.

Today I will highlight some issues we confronted in FY I 7, and provide the outcomes we were able to achieve for consumers. Specifically, I will focus on five areas:

1. Keeping rates affordable.
2. Ensuring safe and reliable service.
3. Educating consumers and enhancing customer engagement.
4. Advocating for adoption of sustainable energy resources throughout all eight wards, and

5. Empowering consumers through strategic alliances.

Keeping Customer Bills Affordable

Consistent with Mayor Bowser's goal of making Washington DC affordable for all DC residents, is the need for affordable utility rates. Since my first day as People's Counsel, I have made utility affordability a priority.

Pepco

Utility bills are always under attack; OPC's role is to fight back that attack.

We continue to face annual rate proceedings. Pepco filed its first post-merger rate case (Formal Case No. 1139) in FY 16. Its initial request of \$85 was lowered to \$77 million prior to trial.

Armed with our litigation arsenal, OPC successfully convinced the Public Service Commission to deny \$49 million of the company's request. We also successfully advocated for the adoption of the residential customer rate credit we proposed in the Pepco merger proceeding, but was not approved by the PSC.

OPC continued its advocacy in the Pepco/Exelon merger by filing an appeal before the DC Court of Appeals. The basis of OPC's argument was that the Commission approved the merger without providing

adequate process and did not include an important residential consumer protection we supported. Appealing a PSC Order is a difficult choice, however, we were compelled to challenge the decision, to avoid a precedent being set for future cases before the Commission. The Court affirmed the PSC's decision.

The Commission eventually approved the customer rate credit in the subsequent rate case (FC 1139). The rate credit shields residential customers from absorbing any portion of the rate increase - effectively freezing residential rates to their pre-merger level. The funding source of the credit was a \$25.6 million contribution from Exelon secured as a merger commitment.

The Office was actively involved in the development of an "Arrearage Management Program," (another merger commitment). It will provide an opportunity for income eligible Pepco ratepayers to have a portion of their utility debt forgiven if they meet the conditions of the program. The Commission has approved the plan and we anticipate it will be implemented in 2019.

Pepco filed its second-rate increase request for \$66 million (Formal Case No. 1150) in December of 2017. As we litigate Pepco's pending rate case, we will zealously advocate to ensure that consumer rates are affordable, rights are protected and District residents are provided an opportunity to be fully heard on the record by the PSC. We are always

mindful that the utility is armed with unrestrained resources, however, I am confident my office will create a comprehensive evidentiary record to facilitate the PSC's ability to render a fair and reasonable decision.

Washington Gas

During FY 17, WGL also filed for a rate increase for \$19.9 million. OPC urged the Commission to reject \$19.4 million of the request. The Commission ultimately approved a rate increase of \$12 million. The \$7 million savings was much less than we had hoped for, but our efforts eased some of the financial burden imposed on WGL consumers.

On April 24, 2017 Altagas and WGL filed an application seeking Commission approval of the acquisition of WGL by Altagas for \$4.5 billion in an all cash transaction. The Commission identified seven public interest factors to determine whether the proposed acquisition is in the public interest. Evidentiary hearings were held December 5-13, 2017. Now that the record has closed in this proceeding, a final decision from the Commission is anticipated in May, 2018.

Rate Relief Through the New Tax Law

Another form of rate relief consumers will see in this fiscal year will come as a result of the enactment of the Tax Reform & Jobs Act of

2017. The Tax Act reduced the federal corporate tax rate from 35 percent to 21 percent and entitles DC utility ratepayers to receive millions of dollars in refunds. The PSC opened a proceeding to consider the ratepayer impact of the Tax Act on ratepayers. OPC will marshal its legal resources to ensure that consumers receive the maximum level of refunds.

Ensuring Safe and Reliable Service and a Resilient Network

Ensuring system reliability, resiliency, and public safety is a fundamental requirement for each utility operating in the District of Columbia. The infrastructures of the utilities' operating facilities (wires, pipes, and conduits) for Verizon, WGL and Pepco date as far back as the early 1900s. These aging and failing systems have led to a deterioration in quality of service, system reliability and resiliency; and present real public safety hazards, including gas leaks and sustained outages during extreme weather.

Throughout the year, OPC was active in several cases dealing with the remediation and updating of utility infrastructures, including: WGL's ProjectPipes to replace its ancient, failing gas lines throughout the city and faulty mechanical couplings to remediate leakages; and Pepco-DDOT's DC Powerline Undergrounding Program ("DC-PLUG") to place poor performing overhead power lines underground.

DC PLUG faced two major challenges. The first being an appeal filed by the Apartment and Office Building Association (AOBA) contesting the Commission's decision approving Pepco's undergrounding plan in 2017. OPC joined the PSC in successfully defending its decision before the DC Court of Appeals. The second challenge to DC PLUG came from the General Services Administration (GSA). OPC joined the PSC and other DC agencies to develop an amendment to the undergrounding legislation that included a new financing model and reduced the amount of the project from \$1 billion to \$500 million. The project is on track to "put shovels in the ground" in the fall of this year.

We also are continuing to monitor Verizon's transition from a copper wire network to its deployment of a fiber optic network (FiOS).

My office is actively participating in the grid modernization proceeding before the Commission formally known as Modernizing the Energy Delivery System for Increased Sustainability ("MEDSIS"). In that case, OPC is advocating for a modernized grid that is; 1) resilient to severe weather and provides high levels of reliable service, 2) flexible enough to integrate a wide-range of distributed energy resources and 3) allows all District ratepayers and consumers to have access to the benefits of sustainable energy options at affordable rates.

In Formal Case No. 1143, a proceeding examining Pepco's Electric Vehicle Charging proposal, OPC raised its concern about cost recovery

(who pays and how much), and recommended the Commission consider the proposal as a part of the MEDSIS proceeding. The Commission accepted OPC's recommendation and merged the two proceedings.

In Formal Case No. 1144, a Commission proceeding examining Pepco's \$1 billion proposal to install a high capacity transmission line in the city and upgrade several electric substations, OPC advocated for the Commission to consider less expensive alternatives to achieve Pepco's goals including, but not limited to, the integration of renewable sources. OPC also urged the PSC to reject the company's piecemeal approach and require Pepco to submit a comprehensive and holistic long-term construction plan.

OPC's Advocacy at the Federal Level

Under my direction, the Office has ramped up its involvement in the working groups of PJM Interconnection, the regional transmission operator that supplies the District wholesale electricity. I have assigned an attorney to work exclusively on PJM and Federal Energy Regulatory Commission related issues. Increasing OPC's visibility and involvement at the national level was a personal priority for me because as much as 65 percent of customer bills is for energy/supply services with rates that are unregulated by the PSC and are market-driven. OPC's advocacy at the regional and federal levels, in collaboration with other consumer

advocates, ensures protection of DC consumers against giant energy suppliers potentially manipulating markets and thereby increasing customer rates.

OPC is acutely aware of the challenges of cybersecurity and information technology as they affect utility services. Cybersecurity is critical to the protection of America's utility grids and the District as a whole. As the nation's capital, we are a vulnerable target. OPC contacted the utilities and PJM to learn more about their cybersecurity protocols. Earlier this month, we were briefed by representatives from PJM, Pepco and Washington Gas on the steps they are taking to protect their networks from cyber-attacks. These briefings left me confident that adequate measures and protocols are in place to protect both the resiliency and reliability of our utility systems.

Distributed Energy Resources: Advocating for the Implementation of Sustainable Resources

In FY 17, in response to a Council directive, OPC commissioned the District's first Value of Solar study to quantify solar service as a competitive energy product in the District. The study addressed the capacity for solar in the District based on several factors, including access to suitable space, effectiveness of existing solar programs, challenges in the interconnection process, program funding, upfront

customer financing and developing clear and effective price signals to consumers to incentivize them to change their energy usage.

Importantly, our study determined that the current price of solar is in fact lower than other competitive energy options. In a separate study released concurrently, we reviewed the availability of solar to low and moderate-income consumers. The report specifically delineated challenges to solar access for these consumers and made recommendations on how to mitigate the challenges.

To further advance the success of the District of Columbia's solar market, my office has supported our sister agency, DOEE, with its Solar for All program. This innovative program allows income qualified homeowners to have a solar system installed on their home at no cost.

Currently, we are collaborating on a project, sponsored by the US Department of Energy's National Renewable Energy Laboratory and the Clean Energy States Alliance, a nonprofit coalition of public agencies and organizations focusing on clean energy, including solar. This partnership will help OPC (1) better understand the value of solar when deploying different options, such as storage, distributed rooftop projects and larger community solar facilities (2) review specific OPC filings related to the impacts of deploying distributed energy resources on the grid, and (3) review and update solar educational materials that OPC

uses to educate, engage and advocate the benefits of solar to consumers throughout the District.

Educating Consumers and Expanding Customer Engagement

We take seriously, our role to educate, inform and engage consumers. For example, we are witnessing a surge in the renovation and conversion of multi-family buildings. It is leading to more people becoming first-time utility customers because the cost for utility service is no longer included in rent. For some, this is an opportunity to be free of the "group rate" they were charged in their rent for other tenants' consumption. On the other hand, it is sometimes a startling test of some consumers' ability to independently manage separate utility bills. OPC has developed an outreach campaign to educate these residents about their rights and responsibilities as utility consumers.

Our Consumer Services Division (CSD) is OPC's face in the community. It has conducted some 243 outreach meetings in FY I7, reaching ANCs, civic & citizens associations, tenant groups, schools and other organizations to share information about consumer rights in the provision of utility services, energy efficiency and sustainability, renewable energy concepts, and consumer empowerment.

CSD staff also conducted "OPC in your Neighborhood" events in every ward, and literally took our message to the street as we participated in

"Parking Day" for the second year in a row, with displays at 14th & U Streets, N.W. and 2100 Martin Luther King Jr. Avenue, S.E. We distributed energy efficiency materials and information about services offered by OPC.

In further efforts to reach our residents, in August, I and my staff answered calls from DC residents concerning utility problems on the ABC-7 on Your Side Phone Bank program.

I am also very proud of our consumer complaint resolution success. In FY 17, our consumer services staff handled 2,349 consumer complaints about utility services, closing 2,231 (95%) and responded to 924 inquiries. Handling complaints not only helps us to assist individual consumers, but also fuels our ability to identify trends that may have a broader public impact.

For example, as a direct result of our advocacy around consumer complaints, we are engaged in continuing efforts on behalf of residents of Browns Court to resolve problems with WGL meter relocations in Ward 6.

We successfully resolved complaints from Foggy Bottom residents about the relocations of their meters in Ward 2. I am pleased to add that OPC's advocacy led our "satisfied customers" in ANC 2A to nominate Ms. Cheryl Morse of my staff for a Cafritz Award, which recognizes excellence in government service, for her work on behalf of residents.

Empowering Consumers through Strategic Alliances

OPC worked with AARP's Legal Counsel for the Elderly and other DC agencies to provide support for the Third-Party Notice of Utility Disconnection Requirement Act of 2017 (Council Bill B22-0353). This bill is designed to protect seniors and other vulnerable consumers living in private care facilities from potentially life-threatening service disruptions that are no fault of their own. It requires the utilities to provide notice of pending disconnections to DC government agencies who are charged with oversight of these facilities.

In FY I7, OPC expanded its existing partnerships to include the DC Department of Employment Services, DC Department of Parks and Recreation Youth Summer Camp program and the DC Public Schools. Research shows that young people will take the message of saving money through energy efficiency home to their parents.

The growing diversity of the District of Columbia requires us to make a concerted effort to reach and serve the needs of consumers despite language barriers. OPC prides itself on our efforts to fulfill the mandate of the Language Access Act. For the past four consecutive years, OPC received outstanding marks for its compliance with the Act.

New Educational Tools and Expansion of Social Media

Perhaps the most radical adjustment for OPC in FY I 7 came after I directed my staff to think differently about our messaging to consumers. We have revised several of our existing publications and created new publications and documents that are user-friendly and adapted to our multi-lingual audience and seniors. Internally, our publications team has produced a new “Seniors Guide,” new “How to Read your Utility Bill” pamphlets, a new “Consumer’s Guide to Third Party Suppliers,” and new "info-cards" to give consumers a quick thumbnail about OPC. In addition, we have reformatted our press releases, consumer alerts and fact sheets to quickly engage and educate consumers. We are currently in the process of producing a consumer-friendly "How to Go Solar Guide."

Early in the fiscal year, OPC launched a new agency website (www.opc-dc.gov) to better serve consumers. With a user-friendly interface, the new site is backed by more robust and updated software improving the ability to find and display media content, online complaint assistance, forms and answers to frequently asked questions.

Our social media engagement continues to grow with significant increases in followers and page likes (Twitter followers have tripled to more than 1,220 since 2016). I personally have been on “Facebook Live” to keep consumers updated on rate cases OPC is working on.

Closing

In closing, consumer expectations and consumer confidence in OPC are as high as they have ever been. OPC is servicing all DC consumers in its advocacy, education and protection on utility issues.

I am confident that we are focused on the challenges that are foremost facing the District and the utility industry, and I believe that OPC is uniquely prepared to address whatever challenges may come.

I would be remiss, if I failed to recognize the performance of my staff who have demonstrated their commitment to providing exemplary service to the hundreds of thousands District consumers we serve as we fulfill our statutory mission.

I thank you for this opportunity to appear before you today and I am available to respond to any questions you may have.