



Community Engagement - A Pipeline to Power

2016 ANNUAL REPORT

Office of the People's Counsel



The Office of the People’s Counsel engages and empowers communities through educational workshops across the District of Columbia.

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LETTER FROM THE MAYOR

Dear District of Columbia Residents:

We are fortunate to have a thoughtful, forward-leaning Office of the People's Counsel (OPC) staying on top of issues that are reshaping the future for utility consumers, and that understands the impact that utilities have on our economy. OPC will continue to advocate, educate and protect Washingtonians. I am pleased to join the OPC in presenting its 2016 Annual Report: Community Engagement - A Pipeline to Power.

The OPC is tasked with advocating for consumers of electric, natural gas, and local telephone services; its mission is to ensure safe, reliable and affordable utilities for DC residents in all eight wards. The OPC has done a great job protecting the interests of consumers in major proceedings before the Public Service Commission, and educating and informing the public about rate cases, mergers, third party energy suppliers, and solar and other forms of renewable energy.

Washington, DC will be, in just a generation, the healthiest, greenest, and most livable city in our country. As a global destination within our region and the nation for both visitors and corporate investment, Washington, DC stands as a model of innovative, sustainable policies and practices that improve the quality of life and economic opportunity for all Washingtonians. Through our work in the past year, for example, where we created a walkability preference for DC public charter schools to allow more children to walk to school; where we permanently expanded the Mayor Marion S. Barry Summer Youth Employment Program to create more green jobs for our youth; and where my Administration has held firm to my commitment to fund the Housing Production Trust Fund with at least \$100 million annually to produce and protect affordable housing in DC, we will demonstrate how enhancing our natural and built environments, investing in a diverse clean economy, and reducing disparities among residents can create an educated, equitable, prosperous, and sustainable society.

In 2016, the OPC released its Value of Solar Study, an analysis of the benefits of solar expansion for low- and moderate-income residents. This study provides timely and important data as we develop environmentally-responsible and sustainable policies for future generations. I applaud the good work of People's Counsel Sandra Mattavous-Frye and the OPC for its constant presence in our neighborhoods and its recognition that Community Engagement - A Pipeline to Power is a DC Value.

Sincerely,

Muriel Bowser
Mayor



LETTER FROM THE PEOPLE'S COUNSEL

Dear District of Columbia Utility Consumers:

I am honored to present to you the **2016 Annual Report of the Office of the People's Counsel (OPC): *Community Engagement - A Pipeline to Power***. As People's Counsel for the District of Columbia, I could not be more proud of OPC's diligence and fortitude in responding to the shifting sands of utility regulation in the District and tackling the many diverse issues that consumers of electric, natural gas, and local telephone services faced through the year. The positive feedback we receive from consumers who we engage and empower across the District strengthens our resolve and commitment to our mission.

OPC's advocacy positively influenced the outcome of major decisions affecting the present and future direction of utility services in the region. From start to finish, we were vigilant in protecting the interests of consumers in all phases of the merger of Pepco Holdings, Inc. and Chicago-based Exelon Corporation. Our advocacy did not end with the final Public Service Commission decision. OPC established an internal merger compliance unit to ensure that Pepco meets all of the authorized merger commitments. In addition, OPC filed a legal challenge of the PSC's final merger decision before the DC Court of Appeals. Throughout the merger case, OPC galvanized and kept multiple and diverse sectors of the community engaged through increased public briefings, social media, educational awareness campaigns, and technical support. Our outreach campaign has continued post-merger.

OPC's Litigation Services Division maintained an intense pace before the Public Service Commission not just in the merger case, but also in challenging excessive rate increase requests by Pepco and Washington Gas, WGL's Pipeline Replacement case, the \$2.4 million WGL Refund Investigation, and the Grid Modernization proceeding—all of which are profiled in this report.

OPC has long recognized that public engagement is a critical element of success. Our Consumer Services Division (CSD) focuses on two areas: consumer complaints and consumer education. In 2016, OPC's CSD staff successfully handled a significant rise in consumer complaints—almost 2,800 total—with a 95 percent closing rate. We continue to enhance our already robust outreach and community engagement efforts not only to educate ratepayers on the pressing issues affecting their utilities, but also to increase our understanding of their issues and concerns. Our "Senior Outreach, Awareness and Energy Efficiency Education Campaign," for example, provided critical feedback that is helping to chart a road map for OPC's advocacy and outreach to senior citizens going forward.

CSD launched "OPC in Your Neighborhood" to step up personal interactions with stakeholders close to their homes. Active community engagement enabled OPC to bring relief to

the residents of Tyler House, a Northwest apartment complex, where due to a major building renovation, nearly every tenant experienced inconsistent billing and other significant problems with their natural gas services. OPC advised consumers, arranged meter testing, and worked with city inspectors to address potentially hazardous housing code violations in the Ward 6 dwelling.

At the Jetu Apartments in Ward 5, OPC's Consumer Services and Litigation Services divisions worked collaboratively with the DC Office of the Tenant Advocate to resolve issues resulting from the building owner's decision to switch from a system of measuring electricity with a master meter to individual meters in each of the 426 apartment units.

OPC provided technical assistance during the conversion process to ensure that tenants received a fair and accurate rent reduction as a result of the change in their utility metering. Consumer services specialists are continuing to work with the tenant association to educate residents about their rights and responsibilities as new utility ratepayers.

I am excited about the first year of our new initiative to educate youth about the importance of being responsible energy consumers. With coloring books and other fun activities, we are teaching children as young as five at the Boys & Girls Clubs of Greater Washington simple tips to help their families save energy and money on utility bills.

In 2016, OPC also laid the groundwork for the "Value of Solar" study. The findings have resulted in key recommendations that achieve our objective to provide policymakers and consumers with a toolkit for evaluating the District's current solar policies and future goals for solar development across all eight wards.

OPC's 2016 accomplishments could not have been achieved without my dedicated staff and the trust that District ratepayers continue to place in OPC's ability to represent their interests and ensure they have a place at the table.

Rest assured, so long as I am People's Counsel for the District of Columbia, OPC will continue its *advocacy* in hearings and courtrooms, *education* initiatives throughout our city, and *protection* of the right of every utility consumer in the nation's capital to have safe, affordable, and reliable utility services now and in the future.

Sincerely,

A handwritten signature in black ink that reads "Sandra Mattavous-Fry". The signature is written in a cursive, flowing style.

Sandra Mattavous-Fry
People's Counsel for the District of Columbia



September 26 | Ward 8 | “Be Wise with Watt, the Energy Saving Owl” is the advice Community Outreach Specialist Denise Blackson gives to youngsters at the FBR Branch of the Boys & Girls Clubs of Greater Washington at THEARC in Southeast.



September 16 | Ward 1 | OPC participates in “International Park(ing) Day,” which promotes green space in urban areas as groups set up a park in a metered parking space. OPC’s park featured games and discussions on energy efficiency. Consumer Outreach Specialist Stephen Marencic, Jr. served as the “park commissioner.”

ABOUT THE DC OFFICE OF THE PEOPLE’S COUNSEL

The Office of the People’s Counsel is an independent agency of the District of Columbia government. By law, the Office advocates for consumers of natural gas, electric, and telephone services. The Office also represents the interests of District utility ratepayers before the DC Public Service Commission, Federal Energy Regulatory Commission, Federal Communications Commission, other utility regulatory bodies, and the courts. The Office is mandated to conduct consumer education and outreach, and as the utility lawyer for ratepayers, OPC may represent individual consumers with complaints related to their service and bills.

The Office is authorized to investigate the operation and valuation of utility companies independent of any regulatory proceeding. The Office’s mandate is to advocate for the provision of quality utility service and equitable treatment at rates that are just, reasonable, and non-discriminatory; to assist individual consumers in disputes with utility companies about billing or services; and to provide technical assistance and consumer education to lay advocates and community groups.

In addition, in defining its positions while advocating on matters pertaining to the operation of public utility or energy companies, the Office shall consider the public safety, the economy of the District of Columbia, the conservation of natural resources, and the preservation of environmental quality.

Practicing daily Community Engagement – A Pipeline to Power, the Office of the People’s Counsel pursues its mission to the benefit of consumers in all eight wards, as well as the betterment of the economy of the District of Columbia, the conservation of natural resources, and the preservation of environmental quality.

History of the Office

Originally established by the United States Congress in 1926, the Office was eliminated by that body in a federal Executive Branch reorganization in 1952. Community concern in 1975 about rapidly rising electric rates resulted in the reestablishment of the Office by Congress. OPC became an independent agency of the District of Columbia government on January 2, 1975.

ENGAGING DC RESIDENTS AND ADVOCATING FOR RATEPAYERS

OPC In Your Neighborhood: Community Engagement in Action - A Pipeline to Power

In 2016 OPC launched a community outreach initiative to better serve our city's utility consumers: "OPC in Your Neighborhood." The initiative addresses rising complaints regarding third party energy suppliers and utility service disconnections, primarily in Wards 4, 5, 7, and 8. These wards have the District's largest populations of senior and low- and-limited income residents.

OPC's Consumer Services Division (CSD) is focusing special outreach in affected neighborhoods and educating consumers about OPC's services to help them keep the power on and save money on utility bills. With a door-to-door campaign and in-person contact at a variety of community locations, CSD provided consumers with information on how OPC could help them resolve service complaints and billing disputes and make referrals for financial aid for consumers facing disconnections. We also distributed many of OPC's popular purple reusable shopping bags!

Soon after launching OPC in Your Neighborhood, we expanded the outreach program to all eight wards. Positive responses from consumers suggest "OPC in Your Neighborhood" has resulted in higher and more effective public engagement and recognition of OPC as the utility lawyer and consumer advocate for DC residents. Increasingly, consumers are learning about, taking advantage of, and benefiting from OPC's mandate to ensure everyone receives high-quality utility services at a fair rate.

"OPC in Your Neighborhood" and numerous other education and outreach programs advance the agency's mission to "advocate, educate and protect" DC residents.

OPC in *Your Neighborhood* is on location at...



16 libraries, farmers markets, and shopping centers...



reaching **1300** residents.

Engaging Communities to Open a Pipeline to Energy Efficiency

The OPC Energy Efficiency and Sustainability Section (EES) identifies policies, strategies, and activities that help the District of Columbia transition to a sustainable and clean energy economy. These activities include energy efficiency outreach and education to DC residents of all ages, faith-based groups, small business owners, property managers, and many other stakeholders.

In 2016, we continued to grow our Energy Efficiency Workshop (EEW) series: “Keeping it Simple and Practical.” OPC provided hands-on demonstration of a variety of products and energy efficiency measures that District consumers can use immediately to save energy and money on utility bills. A popular feature of the workshop was an “OPC Bucket” filled with items such as weatherstripping, a hot water gauge, heating/cooling and refrigerator thermometers, and energy efficient light bulbs. Workshop attendees are encouraged to share their energy efficiency success stories with OPC.

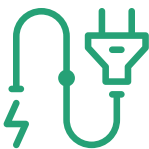
OPC also engages faith-based groups and small business owners to make deep energy efficiency retrofits using District-sponsored energy efficiency rebates and renewable energy programs. Our work has helped houses of worship and other groups upgrade their lighting systems and take major steps toward renewable energy improvements. For example, OPC was able to refer Morning Star Baptist Church in Ward 8 to the District of Columbia River Smart Program to obtain more than \$50,000 worth of storm water retention measures to be installed outside the church building. While water resources are not under OPC’s jurisdiction, we recognize that storm water retention goes hand-in-hand with energy conservation.

Our workshops and other outreach take a “one-stop-shop” collaborative approach that brings together all available consumer savings opportunities, financing options, and storm water retention programs under one umbrella so that households and groups can maximize their savings. A key partner is the DC Sustainable Energy Utility, which provides outreach services to DC residents through the DC Department of Energy and Environment.

OPC in *Your Neighborhood* is on location at...



45 “Keeping It Simple and Practical” hands-on energy efficiency workshops.



55 energy efficiency outreach meetings and events with churches and faith-based institutions.

Focusing on Seniors

Serving the District's senior citizens is a major component of OPC's consumer education and outreach programming. In 2016, the Consumer Services Division participated in more than 50 events, targeting senior citizens for Community Engagement – A Pipeline to Power, to provide them with tools to become active participants in the utility regulatory process. In an effort to expand our efforts and respond to a DC Council directive to provide targeted outreach and education to low- and limited-income and elderly residents, OPC convened a Senior Focus Group in February 2016.

Participants included senior ratepayers, Advisory Neighborhood Commissioners, government and private sector agencies, and community and non-profit organizations that provide services to low and limited-income seniors.

The Senior Focus Group called for government agencies and community organizations to develop more comprehensive education and outreach programs. Participants expressed strong interest in enabling seniors to be active participants in the utility rate-making process. They also urged increasing financial aid programs for seniors, promoting home energy audits, and encouraging the use of energy efficient products. Moreover, participants were passionate about wanting utility companies to improve customer service training for representatives who handle senior consumer concerns.

In response to the group's recommendations, OPC launched an "Awareness and Energy Efficiency Education Campaign," with door-to-door distribution of information. Consumers received materials about OPC's advocacy, energy efficiency, renewable energy, and utility billing assistance programs. The outreach campaign engaged more than 8,000 households in Wards 5, 7 and 8. Tens of thousands more people were reached through Metrorail and Metrobus posters and newspaper and radio announcements encouraging consumers to contact OPC for help with utility issues.

Our outreach work with the District's senior population recently resulted in a report on the campaign, which incorporated focus group recommendations, agency implementation measures, and steps OPC is taking to advocate, educate, and protect under-served communities in all eight wards.

Senior Outreach, Awareness and Energy Efficiency Education Campaign Reach



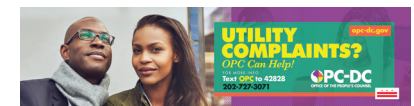
109,000 newspaper views in the Current Newspapers (Northwest, Dupont, Georgetown, Foggy Bottom); Washington Informer; Senior Beacon Magazine; Capital Community News publications (Hill Rag, Mid-City, East of the River)*



1 million radio listeners on WMMJ 102.3 FM and WPRS 104.1 FM (based on Nielsen rating service)



Estimated **3.3 million** Metrobus/ Metrorail views



8,000+ households reached in Wards 5, 7, and 8

*Based on vendor estimates, circulation, and readership surveys.



February 25 | Ward 4 | Consumer Outreach Specialist Silvia Garrick at energy efficiency workshop with Mayor's Office on Latino Affairs.



May 9 | Ward 5 | Electrical Engineer Jason Cumberbatch meets with residents of the Jetu Apartments. OPC is assisting the Jetu Tenant Association as the development is converting from a master meter to individual meters to be placed in each tenant's apartment.

Perfect Score for Language Access Act Compliance

The District of Columbia has a diverse population:

17 % of District residents are foreign-born.

17 % of the population speaks a language other than English at home.

*OPC engaged **4,492** limited and non-English speaking persons in FY 2016—up from 2,513 in FY 2015.*

Each year, the DC Office of Human Rights assesses OPC and other city government agencies on how well they comply with the requirements of the Language Access Act to provide language translation or interpretation services to limited or non-English proficient (LEP/NEP) constituents. For the fourth consecutive year, OPC received a scorecard rating of 100 percent. OPC also received praise from Mayor Muriel Bowser for achieving a perfect score, translating 55 vital documents, ensuring training for front-line staff, participating in 39 community events, and providing Spanish language instruction for OPC employees. OPC is committed to eliminating language as a barrier to receiving quality service for all consumers seeking help with utility concerns.

Engaging & Empowering Tenants Affected by Meter Moves

Tenant associations and advocates often turn to OPC to help navigate concerns or disputes with utilities or landlords. Such was the case with the Jetu Apartments.

Jetu is a “master-metered” 426-unit complex in Northeast Washington, DC. Master-metered buildings have one meter measuring electric consumption for the entire complex. The residents of the building do not directly pay a utility bill, but a portion of their rent covers the cost of electric service.

The owner of the Jetu Apartments chose to convert the building's electric service to individual meters in each unit. When an apartment complex is making a conversion, the building owner must inform the DC Rent Administrator of the change. At that time, the tenants may oppose or accept the change and request a rent adjustment. The building owner may be ordered to reduce the rent by an amount that compensates tenants for the portion of their rent that had previously covered utility bills.

In this case, the Jetu Apartments Tenant Association and their attorney from the DC Office of the Tenant Advocate requested

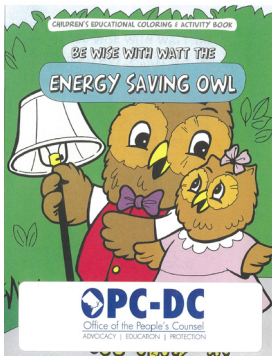
OPC assistance to analyze the building owner's proposed rent reduction. OPC's technical staff reviewed the factors and methodology the building owner used to come up with the rent reduction and determined it should be higher. We met with the tenants and the building owner, and an agreement was reached to use the higher rent offset calculated by OPC.

Once individual meters are installed, OPC will hold a series of educational workshops with the tenants to explain their rights and responsibilities as new Pepco ratepayers. We will also give them information on how to save energy and money, how OPC can resolve billing or service complaints, and how to apply for financial assistance if they need help paying electric bills.

Through Community Engagement - A Pipeline to Power, OPC can help tenants and landlords come to agreement on numerous utility matters.

Engaging Youth to be Energy-Wise Owls

OPC regularly partners with organizations serving District youth to teach them how to conserve energy, protect the environment, and help their families save on energy costs. Young people from kindergarten to high school ages are learning practical and simple tips at weekly workshops OPC began in 2016 at the FBR Branch of the Boys and Girls Clubs of Greater Washington at THEARC in Ward 8, and at Anne Beers Elementary School in Ward 7.



OPC presenters used fun activities, games, and coloring books with titles such as "Be Wise with Watt: The Energy Savings Owl," to help young children understand the importance of saving energy. Participants are rewarded with night lights, backpacks, and coloring books.

Additionally, sewing was a useful and fun activity for teenagers. Many learned how to turn old clothing into "draft logs" to be placed in door crevices to keep out cold air.

OPC is expanding youth programs and planning new partnerships with summer camps, schools and faith-based groups. We believe you are never too young to learn how to be a "wise energy saving owl."

Getting Social In-Person and Online

OPC has been engaging the community in new and exciting ways, including seeking out and joining unique events to reach more residents. One of our more fun, "outside the box" events was participating in "International PARK(ing) Day" on September 16, 2016. The event promotes the use of green space in urban areas as participating groups set up temporary public parks in metered parking spaces.

OPC laid out its "park" with cozy chairs and benches, a sand box, and plenty of green plant life. Passersby stopped to visit our pop-up at 14th and U Streets NW during the workday and were given an opportunity to share their thoughts on energy efficiency and the environment with People's Counsel Sandra Mattavous-Frye and her staff. They also got to have some fun by playing Jenga and Kerplunk on giant-sized game boards.

Thirty-four pop-up parks were staged by agencies and community groups, making 2016 the largest participation ever in the DC region since the program began in 2005!

OPC also has stepped up its social media presence as a way to interact with younger, tech savvy utility ratepayers throughout the District. Staff members attended trainings focused on leveraging social media as a powerful tool to connect with consumers. OPC also launched an Instagram account and more than doubled its number of Twitter followers and Facebook friends. With the redesign of OPC's website, the office will continue to use new media to complement traditional and non-traditional outreach efforts.



2016 Consumer Complaints

In 2016, each of the District's major utilities—Pepco, Washington Gas, Verizon and Third Party Suppliers – experienced increases in consumers' complaints about their services. OPC staff received 2,785 consumer complaints for 2016, a 37% increase compared to the 2,033 complaints received in 2015. More than half of the complaints received in 2016 were about Pepco, followed by Washington Gas (WGL). Verizon complaints increased by 44% this year. Complaints about Third Party Suppliers (TPS) increased more than 89% compared to the number of complaints logged in 2015.

Following is a detailed breakdown of utility consumer complaints received by OPC in 2016.

Pepco

In 2016, Pepco's consumer complaints totaled 1,652, representing 60% of all complaints received by OPC staff. Pepco's 2016 complaints increased by 35% compared to the number of complaints received for the utility in 2015. The Pepco-Exelon merger can be noted as a possible contributing factor to the

increase. The vast majority of Pepco complaints (77%) came from Wards 4, 5, 6, 7, and 8. High bills, time payment arrangements (TPAs), meter problems, budget payment plans, estimated bills, disconnection notices, and disconnections were some of the most frequent complaints about Pepco services.

Washington Gas

Consumer complaints about WGL services slightly increased from the number of complaints logged in 2015. In 2016, OPC received 505 WGL complaints, or 18% of all complaints received. This was a 22% increase for complaints received in 2015. In 2016, complaints included high bills, billing disputes, and disconnection notices and disconnections. Some complaints were received due to the WGL's PROJECTpipes replacement project. Complaints from residents concerning the project included lack of notification to residents prior to the work starting in their neighborhood, moving gas meters from inside to outside of homes, poor quality workmanship, and property damage. Most of these particular WGL complaints came from neighborhoods in the Ward 6 Capital Hill and Ward 2 Foggy Bottom historic districts.

Verizon

OPC received 401 Verizon complaints, which accounted for 14% of all complaints received in 2016. This is a 44% increase from complaints received in 2015. Verizon complaints included billing disputes, high bills, equipment problems, repairs, missed appointments and consumers' inability to contact the company.

Third Party Suppliers (TPS)

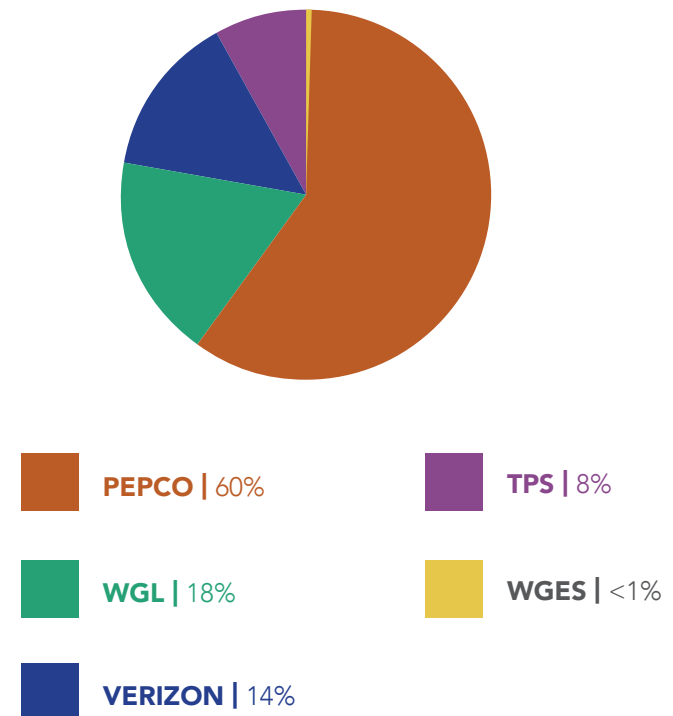
After reaching a high of 446 complaints in 2014, TPS complaints declined considerably in 2015, but spiked again in 2016. This increase can be attributed to the number of new companies entering the District and their telephone and door-to-door marketing practices. TPS issues accounted for 225 (8%) of all complaints OPC staff received in 2016. A majority of the TPS complaints came from Wards 7 and 8 residents. Types of TPS complaints included billing disputes, high bills, possible slamming, and the consumer's inability to contact the company.

2016 CONSUMER COMPLAINTS

Numbers By Utility

Utility	Number of Complaints 2015	Number of Complaints 2016
Pepco	1220	1652
Washington Gas (WGL)	414	505
Verizon	279	401
Third Party Suppliers (TPS)	119	225
Washington Gas Energy Services (WGES)	1	2
Total	2033	2785

Percentage By Utility



CONSUMER TESTIMONIALS

“Thank you all [including OPC’s volunteer] so much for your commitment to tutoring our students this year. They have all grown tremendously because of all of your hard work and dedication to service.”
- Alima Shaw, Reading Partners DC at Beers Elementary School, Ward 7

“The energy efficiency measures helped me a lot. I saw a big difference in my electric, gas, and water bills, I appreciate it very much.” - Bobbie Kennedy, Ward 1 Resident

“The Office of the People’s Counsel worked diligently with me...to resolve a problem. It strongly advocated for me. It investigated the facts of my case; it explained the regulatory process; and helped me communicate with proper people. Without this Office, I do not believe I would have had a satisfactory solution.”
- Penelope Ludwig, Ward 6 Resident

“Support of our church, in terms of energy efficiency outreach, has been, and continues to be, outstanding. She [OPC’s outreach specialist] has provided us a myriad of ways in which our church may become more energy efficient and has helped us to implement the plans to accomplish our recommended energy goals.” - Rev. Anthony E. Owens, Pastor, Liberty Baptist Church, Ward 6

“From the labor movement’s experience, we know that our low-wage workers are the most vulnerable to economic challenges...Saving on utility bills means more money is available for food and other necessities. OPC has been zealous in advocating for and protecting the rights of all DC residents, including our most vulnerable population.”
- Stephen Courtien, Community Hub for Opportunities in Construction Employment (CHOICE)

“When you go into the utility, you don’t know what to do, and you are up against the experts, and OPC [gives] you...expertise to use against the experts to make sure you [get] what you should have.”
- Theresa Howe Jones, Ward 8 Advisory Neighborhood Commissioner

“OPC has provided LIUNA with technical support to understand the District’s utility company ratemaking process, and has provided information on various cases before the Public Service Commission. OPC is a tremendous resource and does a great job representing the District’s residential ratepayers.” - Victoria Leonard, Laborers International Union of North America (LIUNA)

PROMOTING DC'S COMMITMENT TO RENEWABLE ENERGY

Assessing the Value of Solar

OPC launched the District of Columbia's first ever "Value of Solar" study in 2016. The project responded to a DC Council directive to review and assess emerging alternatives for energy choice for residential consumers. Given the growing importance of solar in the energy landscape and the city's emphasis on providing solar resources, OPC believed that an assessment of DC's solar capacity, costs, and benefits would be a useful tool for policymakers and energy stakeholders. There were two central components to the project: 1) an assessment of solar capacity and value for DC overall, and 2) a review of low-income solar access issues.

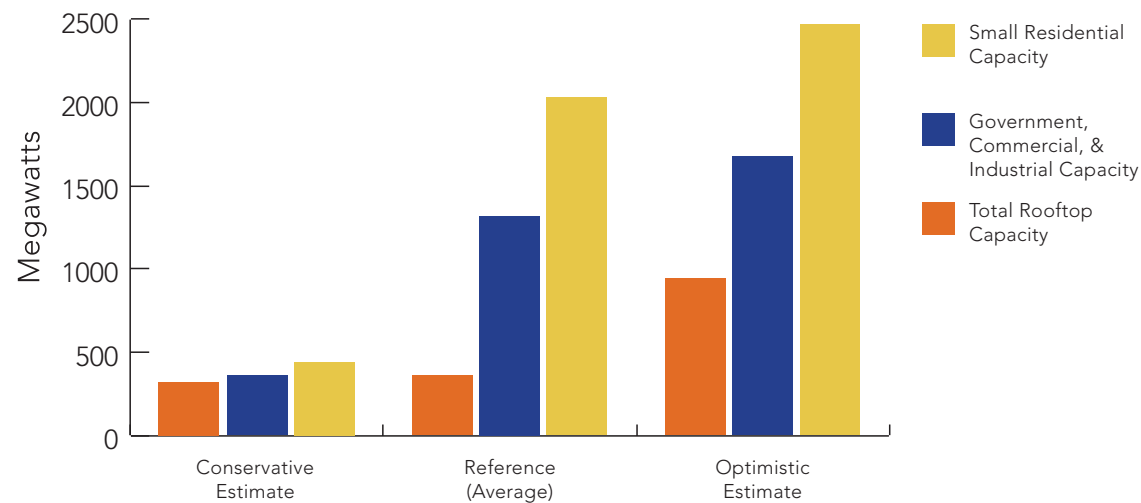
OPC engaged Synapse Energy Economics, Inc., a consultant nationally-known for their research and analysis on environmental and energy policies and electricity markets, to conduct the study. There were three components to Synapse's work: 1) a review of

policies and rate design options to support distributed generation; 2) technical, physical, and economic capacity for solar; and 3) value of solar to utilities, the grid, and society.

OPC also worked with DC-based consultant Jerome Paige and Associates to review access to solar power in limited- and low-income communities, including the physical and technical capacity of rooftops and solar gardens and financial and regulatory barriers.

OPC submitted the eye-opening findings to the DC Council and revealed them to the public at a news conference at the solar-equipped Florida Avenue Baptist Church in Northwest in April 2017. OPC hopes the Value of Solar study will help shape policies that advance opportunities for solar in all eight wards for residents who wish to consider this renewable energy option. For more information, visit our website to read the press release from the event, as well as the Value of Solar report: <http://bit.ly/2pv1Hqs>.

DC SOLAR ROOFTOP CAPACITY



Joining DOEE’s “Solar for All” Task Force

OPC was an active participant in the DC Department of Energy & Environment’s (DOEE) “Solar for All” Task Force. DOEE established the Solar for All Task Force to provide recommendations on how the agency should design and implement the Solar for All initiative mandated in the Renewable Portfolio Standard Expansion Amendment Act of 2016. The legislation requires DOEE to administer a program to “increase the access of seniors, small local businesses, nonprofits, and low-income households in the District to the benefits of solar power.” The law mandates a minimum 50 percent reduction of the electric bills in at least 100,000 low-income households by the end of 2032.”

OPC staff chaired two Solar for All Task Force subgroups. The Customer Acquisition Subgroup was charged with making recommendations for identifying the universe of District customers who can benefit from the Solar for All program and how to facilitate and maintain participation. The Customer Education Subgroup generated recommendations for educating DC consumers about the fundamentals of going solar as well as establishing a marketing campaign about the program.

In November 2016, the Task Force submitted a robust list of recommendations to DOEE to help the agency develop its Solar for All implementation plan. OPC is proud to have been an active contributor to the planning process and will continue to partner with DOEE to ensure that low-income consumers benefit from solar power.

Advocating for DC Solar Consumers at the FTC

In Spring 2016, the US Federal Trade Commission launched a proceeding focused on protecting solar customers. The agency held a day-long workshop: “Something New Under the Sun: Competition and Consumer Protection Issues in Solar Power.” OPC attended this forum and submitted comments to the FTC, welcoming meaningful discussion about consumer protections. As part of our comments, OPC stated:



“OPC firmly believes that consumer education and protections are crucial for consumer confidence in distributed solar. If consumers are not fully informed about: (1) the most effective process for going solar; (2) how their solar PV (or solar thermal) systems work; (3) their contractual obligations under third-party solar provider agreements; (4) the real financial costs and benefits of their solar energy systems; and (5) where and how to seek recourse for violation(s) of their consumer rights, the District of Columbia and other jurisdictions across the country will experience limited growth in distributed solar deployment and will fall short of their objectives for increased renewable energy integration.”

OPC will continue to advocate for enhanced consumer protection and education for solar customers on the local, regional, and federal levels. OPC’s work to drive solar forward in the city is another great example of the People’s Counsel’s commitment to Community Engagement – A Pipeline to Power.



May 11 | OPC staff tours "Net-Zero" energy efficiency house on the grounds of the National Institute of Standards and Technology.

Leading NASUCA Distributed Energy Resources Committee

OPC continued its role as Chair of the Distributed Energy Resources (DER) Committee of the National Association of State Utility Consumer Advocates (NASUCA). The purpose of the NASUCA DER Committee is to share information and establish policies on energy efficiency, renewable energy, and distribution generation. These policies help foster the development of cost-effective programs and promote fairness and value for all consumers. OPC's Energy Efficiency and Sustainability Section (EES) coordinated numerous meetings and panel presentations on various DER topics throughout the year.

Among the programs, the Committee featured a presentation on grid modernization. The Assistant Attorney General of

Massachusetts, Don Boecke, a NASUCA member, provided an overview of the grid modernization proceedings in Massachusetts over the past few years and the consumer issues raised by his office. In addition, the DER Committee featured a presentation by RJ Dyrdek, an engineer with the Fort Knox Army Base in Kentucky, about Fort Knox's solar installation and microgrid project. The DER Committee also joined with consumer affairs experts to report on protections for solar customers and issues facing solar installers.

Finally, at the NASUCA 2016 Annual Meeting, the DER Committee sponsored a panel on electric vehicle integration from the consumer advocate perspective. The panel featured OPC EES staff as well as Bob Jenks, Executive Director of the Oregon Citizens Utility Board, and Katherine Stainken, Policy Director at Plug-In America.



February 26 | People's Counsel Sandra Mattavous-Frye speaks with reporters after the Public Service Commission announced its Pepco-Exelon merger decision.



June 10 | Director of Litigation Laurence Daniels tells a WJLA TV 7 reporter how OPC addressed consumer complaints about Washington Gas billing errors.

PROTECTING CONSUMERS THROUGH FAIR POLICIES AND REGULATIONS

Aggressively Advocating for Consumers as Pepco-Exelon Marathon Merger Moves Forward

There were numerous twists and turns in what has been described as the “marathon merger” of Pepco and Exelon. Ultimately, Pepco became “an Exelon company.” OPC appealed the decision that gave the merger the green light to the DC Court of Appeals. Over the three-year tug of war, the Office of the People’s Counsel has consistently alerted consumers to all of the developments through Community Engagement - A Pipeline to Power. OPC outreach and legal staff members have been in the trenches at every step—at civic association meetings, Advisory Neighborhood Commission briefings, and information fairs, explaining all of the issues stemming from the hotly-debated merger.

Battling for Consumers Before the Public Service Commission

In June 2014, Pepco Holdings, Inc. and Exelon Corporation filed a merger application with the DC Public Service Commission (PSC) requesting permission for Exelon to acquire Pepco. From the outset, we maintained that OPC could only support a merger if consumers are provided with tangible benefits in the form of rate relief, reliability improvements, and the continued support for the city’s sustainability efforts. After careful examination, we found the merger application deficient and OPC opposed the merger.

In August 2015, the PSC found that the merger proposal was not in the public interest because there were too many benefits for the companies and several areas of risk for consumers. Two months after the merger was denied, six parties, including OPC, proposed a settlement agreement. The proposal increased Pepco’s financial offer from \$13 million to \$72 million to provide additional consumer benefits. The benefits included rate increase protection in the form of a rate credit for Pepco’s residential customers, low-

income energy assistance, commitments to deploy renewable energy such as solar, and provide job training and employment opportunities for DC residents.

In February 2016, the PSC denied the proposed settlement agreement. It presented an alternative set of terms and offered OPC and the other parties an opportunity to either accept the PSC's terms or jointly propose an alternative. OPC opposed the Commission's alternative settlement agreement because it stripped away the rate credit that would have spared District residents from paying a rate increase until March 2019.

On March 7, 2016, in response to the Commission's action, Pepco and Exelon offered a new proposal. OPC opposed the companies' offer as it was not in line with a fair and open process because it was inconsistent with the process outlined by the Commission. In the order rejecting the settlement, the Commission offered its own alternative terms and indicated the settling parties could submit a proposal for other relief. However, the Pepco-Exelon proposal was not a plan considered or offered by all the settling parties. It was a unilateral offer by the companies alone to settle the case. Nonetheless, on March 23, the Commission approved the merger under the terms it had proposed.

OPC subsequently asked the PSC to reconsider its decision to approve the alternative merger proposal. However, the Commission denied OPC's request on June 17, 2016.

Pursuing Our Case Before the DC Court of Appeals

On August 16, 2016, OPC asked the DC Court of Appeals to review the Commission's approval of the merger. Our basis for appeal is that the PSC violated OPC's due process rights by denying the People's Counsel an opportunity to argue against the Pepco-Exelon unilateral settlement proposal. Moreover, OPC believes the Commission's action is inconsistent with District law and practice. OPC disputes whether District law allows the Commission to approve a unilateral offer of settlement in a case involving multiple parties.

Launching a Merger Compliance Team to Ensure Pepco Honors its Merger Commitments

Immediately after the Commission's March 2016 decision approving the Pepco-Exelon merger, OPC established a Merger Compliance Team. The body will ensure Pepco and Exelon are in strict compliance and upholding the commitments Pepco and Exelon must meet for the merger to meet the public interest standard. To date, OPC has issued several data requests and has met with Pepco and Exelon's executive team to discuss the steps both companies have taken to comply with PSC directives.

TIMELINE FOR PEPSCO-EXELON MERGER

April 30, 2014	Exelon Corporation announces plans to purchase Pepco Holdings, Inc.
June 18, 2014	Pepco and Exelon file merger application with DC Public Service Commission
March - April 2015	PSC holds 11 days of evidentiary hearings
August 27, 2015	PSC denies Pepco-Exelon application, finds merger as submitted not in the public interest
October 6, 2015	Pepco-Exelon, OPC, DC Government, DC Water, National Consumer Law Center, National Housing Trust, National Housing Trust-Enterprise Preservation Corporation, Apartment and Office Building Association request consideration of new settlement agreement which offered greater benefits to consumers
February 26, 2016	PSC denies the above parties' settlement agreement but offers alternative proposal for parties to consider
March 7, 2016	Pepco-Exelon requests other relief at PSC
March 11, 2016	OPC rejects PSC alternative and Pepco-Exelon other relief
March 23, 2016	PSC approves its alternative merger proposal
April 22, 2016	OPC files application for reconsideration of alternative merger proposal
June 17, 2016	PSC denies OPC application for reconsideration
August 16, 2016	OPC challenges merger approval at DC Court of Appeals
February 6, 2017	OPC files initial brief with DC Court of Appeals
May 2, 2017	OPC argues case before DC Court of Appeals
July 20, 2017	DC Court of Appeals upholds PSC approval of Pepco-Exelon merger

Fighting to Keep Electric Rates Down: Opposing Pepco Rate Hike Request

On June 30, 2016, a mere three months after the approval of the Pepco-Exelon merger, Pepco filed an application with the Public Service Commission (PSC) seeking to increase its distribution rates by \$85.5 million. Later revised downward to \$72 Million, the request was the largest filed in at least 30 years. According to Pepco, the large rate increase request is driven by ongoing investment in its distribution system to maintain and improve reliability and serve a growing electric customer base in the District.

After a careful examination of the application, OPC determined that Pepco's request was excessive and that the Commission should reduce the amount by at least \$51 million. The basis for OPC's rejection of such a large portion of Pepco's request is that: 1) Pepco was seeking recovery for construction projects that are not providing service to customers at this time, 2) the proposed increase in shareholder profits was inconsistent with market conditions, and 3) consumers should not pay for excessive executive compensation packages.

One proposal included in Pepco's application that OPC agreed with was a \$25.6 million rate credit that, if accepted, would be used to keep rates for residential consumers at their current levels through March 2019. The rate credit was originally proposed in the Pepco-Exelon merger case. When the merger was approved, however, the PSC deferred a decision on how the credit would be applied to the next rate increase request. Therefore, the issue to be decided in this case is whether the credit would be applied solely to residential customers or spread among all customers, including businesses and other organizations. OPC believes the rate credit should be applied exclusively to residential consumers, particularly for the benefit of low-income and disadvantaged ratepayers.

In recognition of Community Engagement - A Pipeline to Power, OPC consistently informs consumers of the possibility of their utility bills going up. As a result, consumers have made their voices heard by writing the Commission, testifying at community hearings, and passing numerous Advisory Neighborhood Commission resolutions in opposition to this rate increase.

Working to "Unplug" DC PLUG

OPC efforts to ensure reliable and safe electric service are manifested in many ways, including advocating for system resiliency during stormy weather. The Litigation Services Division continues to represent consumer interests in the implementation of the Electric Company Infrastructure Improvement Financing Act of 2014 which surfaced after a series of damaging storms.

The Act authorized the District of Columbia Power Line Undergrounding Initiative (DC PLUG) to enable Pepco and the District Department of Transportation (DDOT) to place several dozen of the District's most-vulnerable overhead power lines underground in Wards 3, 4, 5, 7, and 8 to prevent power outages. Moreover, the legislation directed costs to be recovered from ratepayers through two separate surcharges—one would pay for Pepco's construction and the other would help pay for debt related to DDOT's construction costs. Construction was initially scheduled to begin in June 2015 in Wards 3 and 7, but it has been delayed for two reasons.

First, the Apartment and Office Building Association of Metropolitan Washington (AOBA) appealed the Public Service Commission's approval of the two DC PLUG surcharges. This appeal was denied by the DC Court of Appeals in January 2016. The second delay relates to the General Services Administration's (GSA) notification to city leaders in June 2015 that the federal government would not pay the DC PLUG surcharge that was to be used to repay bonds for construction costs. GSA claims the surcharge is a tax from which the federal government is exempt. As a result of GSA's refusal to pay, construction stalled.

To overcome the GSA impasse, OPC, along with other DC agencies and stakeholders, drafted an amendment to the Electric Company Infrastructure Improvement Financing Act to replace the proposed bond issuance with a pay-as-you-go (PAYGo) financing model. Under the amendment, the District would place a monthly assessment on Pepco to fund DDOT's construction. Pepco would, in turn, recover a monthly rider from its ratepayers. The Council approved the stakeholders' PAYGo amendment and the Mayor signed it into law in May 2017.

OPC and our partners on the amendment are confident that the plan will withstand any legal challenges and the project will move forward soon.

Victoriously Defending Consumers' Entitlement to Natural Gas Refunds

OPC advocates on behalf of the District's residential ratepayers to ensure they pay not only affordable rates for electricity and gas, but also that they pay only for costs directly related to their account. In 2013, OPC learned that residential customers' bills had spiked considerably and questions arose about why a dramatic increase occurred in the "Actual Cost Adjustment" portion of their bills. The staff of the Public Service Commission learned that a mathematic forecasting model WGL used to determine how much natural gas each competitive supply provider (CSP) was required to deliver daily for their customers caused a billing error. As a result of WGL's calculations, various suppliers had delivered too much natural gas to WGL during the 2008-2009 winter heating season.

OPC conducted its own research and concluded that WGL had improperly and unlawfully compensated CSPs with cash payments. On August 5, 2014, OPC filed a complaint with the Commission asserting that WGL violated a PSC-approved tariff and had harmed District residential ratepayers by overcharging them a total of \$2.4 million, or approximately \$4.50 for the Actual Cost Adjustment portion of the average residential customer's natural gas bill.

In October, 2016, the PSC directed WGL to refund the \$2.4 million over the normal 12-month cycle of the Actual Cost Adjustment beginning December 1, 2016, and to submit quarterly reports regarding its refund activities to current and previous customers who were account holders in 2008-2009. WGL customers will receive refunds through November 2017.

PROJECT*pipes* Moving Forward with Consumer Protections

OPC believes reliability and safety are paramount in the delivery of all energy resources, and natural gas is no exception.

In August 2013, Washington Gas (WGL) filed a proposal with the DC Public Service Commission that detailed "PROJECT*pipes*," a multi-million-dollar plan to increase reliability and safety by replacing hundreds of miles of outdated gas main lines. PROJECT*pipes* is now in its fourth year of the initial five year implementation. With consumer protection as an underlying premise, OPC's Litigation Services Division has been directly involved in the project's proceedings from the start.

WGL sought approval to obtain up-front funds for the construction by adding a surcharge to its customers' bills, rather than recovering funding through a traditional rate increase after project completion. Consistent with OPC's historical opposition to single-issue ratemaking and surcharges, OPC litigation staff initially opposed WGL's surcharge request. However, the Commission gave final approval to WGL's five-year plan for PROJECT*pipes* on August 21, 2014. Subsequently, the parties began settlement negotiations. OPC's objective focused on protecting consumer interests as the urgently-needed work moved forward. WGL estimates the cost of PROJECT*pipes* to be \$110 million for the first five years. For a typical residential heating customer, this translates to a 60-cent per month surcharge for the first year of the project.

After considering the Commission's decision and public safety, OPC agreed to a surcharge for a limited period of time to ensure that consumers do not have to pay an open-ended surcharge. To further ensure PROJECT*pipes* is transparent and accountable, OPC negotiated a unique settlement with WGL, with terms that require WGL to provide public access to project proposals for each year of implementation and facilitate opportunities for public review and comment.

Advocating for Consumers in “Grid of the Future” MEDSIS Landmark Case

In the District of Columbia, utility distribution and regulations are undergoing rapid changes. These changes come from technological innovations; new environmental regulations; and consumer demand for local production of renewable energy and the right to choose to remain connected to local utility networks. This new energy “revolution” has been coined the “Grid of the Future.”

Regulators, consumer advocates, and lawmakers are being challenged to ensure rules regarding reliability and consumer protections keep up with this transition. To address these challenges, the DC Public Service Commission (PSC) initiated “Modernizing the Energy Delivery Structure for Increasing Sustainability,” (MEDSIS)- Formal Case No. 1130. MEDSIS will identify technologies and policies that can modernize the District’s energy distribution network to increase sustainability and make our current system more reliable, efficient, cost-effective, and interactive. In April 2016, OPC filed comments regarding issues and considerations for the PSC to use in shaping the direction of this case.

As policymakers and regulators increasingly prioritize more environmentally-responsible energy options, distributed generation and renewable energy sources like solar and wind, and energy efficiency are growing in use. The exploration of ways to establish a more advanced and consumer-driven energy infrastructure will better facilitate the ability of DC consumers to benefit from a more reliable grid, reduced carbon emissions, energy cost savings, and more clean energy jobs in our city.

OPC recognizes that this “Grid of the Future” proceeding is one of the most important cases the Commission is considering. The outcomes will impact the District and its residents for decades to come, and the needs and expectations of consumers will play a vital role in the development of regulations. Therefore, OPC will vigorously advocate before the PSC and educate the community about MEDSIS and the opportunities for public input on the case.

Important MEDSIS Issues for OPC:



Ensuring consumer protection and just and reasonable rates remain a priority while new technology is deployed.



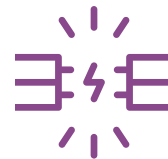
Promoting equitable energy resources for DC residents.



Fostering access to and benefit from new technologies for all eight wards.



Learning and deploying best practices from other jurisdictions.



Defining clear rules governing access to network and customer data.



Ensuring development of an advanced, consumer-driven energy infrastructure to provide a reliable grid, reduced carbon emissions, and more energy jobs.

Supporting DC Council Legislative Initiatives that Benefit Consumers

Expanding the District's Renewable Energy Supply

The DC Council recently expanded the city's "renewable portfolio standard" (RPS) as part of DC's efforts to ensure a certain percentage of energy comes from renewable sources each year. The RPS expansion is expected to reduce the electric bills of 100,000 low-income households by 50 percent by the end of 2032.

The RPS was originally mandated in response to growing awareness about the environmental impacts of fossil fuels in the region. To date, energy suppliers have fallen short of this statutory requirement, and further legislation was needed to enforce the requirement.

On May 23, 2016, the Office of the People's Council testified before the DC Council's Committee on Transportation and the Environment in support of passage of the Renewable Portfolio Standard Expansion Amendment Act of 2016.

The expansion bill requires 50 percent of energy come from renewable sources by 2032, more than quadrupling the previous mandate. Additionally, the expansion requires five percent of the District's energy supply to be met through solar energy, more than 10 times the previous minimum. The bill also increases penalties on electricity suppliers who do not reach the renewable energy portfolio goals. The legislation also creates a "Solar for All" program within the Department of Energy and Environment to help low-income households, seniors, nonprofits, and small local businesses reap the benefits of solar power.

Understanding Climate Change and Resiliency in the District

The effect on District residents of extreme weather events such as the Derecho of 2012, "Snowmageddon," and Hurricane Sandy led the DC Council to establish the Commission on Climate Change and Resiliency. The Council's goal is to protect District residents, infrastructure and the economy by enhancing resiliency to handle weather-related threats.

OPC is on the record as wholly supportive of this comprehensive and collaborative approach, and welcomed the opportunity to have a staff representative sit on the 16-member commission. The body will assess the predicted impacts of climate change on the District, evaluate the city's vulnerabilities and make recommendations to the Council and the Mayor on how to respond.

Protecting City Residents from Extreme Temperatures

The District of Columbia has regulations in place that determine when an electric or gas utility company may disconnect a customer's service. Specific provisions are included to protect the elderly, families with children and persons with disabilities and certain medical conditions. It is with our city's most vulnerable residents in mind that OPC supported the passage of the Extreme Temperature Safety Amendment Act approved on March 25, 2016.

The new law prohibits electric and gas companies operating in the District from disconnecting residential electric or gas service when the heat index is 95 degrees Fahrenheit or above, or during the winter months when the temperature is forecast to be 32 degrees Fahrenheit or below. This law protects approximately 20,000 low-income electricity customers eligible for Pepco's Residential Aid Discount who tend to receive a disproportionate share of disconnections. The prohibition also takes into account potential health risks resulting from the lack of power for medical devices or life-threatening temperatures.

