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PRESS RELEASE

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\$1,000,000 Fine Challenges Pepco Reliability Improvement Plans

Today District of Columbia People's Counsel Sandra Mattavous-Frye commended the Maryland Public Service Commission for its stern decision to fine Pepco \$1 million for chronically poor quality of service. "District of Columbia consumers share the frustrations of many nearby suburban Pepco customers who often suffer outages from shared causes," said the People's Counsel. Maryland officials cite Pepco's poor vegetation management and customer communications as major challenges for Pepco. OPC has repeatedly cited vegetation management and poor customer communications as core failings of Pepco in the District.

OPC has consistently called upon our Commission to "Do the Right Thing" by establishing and imposing stiffer fines and stricter performance measures on Pepco. Pepco has repeatedly responded with new versions of old reliability plans coupled with requests for greater funding from ratepayers. The Maryland PSC has now taken the lead and is warning Pepco that as the Company proceeds with expenditures, it will only be permitted to recover costs from ratepayers if there are significant improvements in reliability. The Maryland Commission has told Pepco that it risks reimbursement of \$300-500 Million if it fails to backup its reliability claims. OPC is hopeful that the DC PSC, faced with the same reliability problems, the same utility, in essentially the same service territory, will chose a similar course of action.

The question remains "Will the DC Commission establish a path to penalizing Pepco when service is poor and allow recovery only when service improves? This is very much an issue for the present because Pepco is currently seeking \$42.5 Million from ratepayers in a rate proceeding, but makes no guarantee that service will improve as a result. In this case OPC has requested that Pepco be assessed \$2 Million to compensate consumers for poor quality of service," said the People's Counsel.

"It cannot be the plan to give, give, give to Pepco and never receive quality service," said Ms. Mattavous-Frye.