

Office of the People's Counsel for the District of Columbia • 1133 15<sup>th</sup> Street,  
N.W. • Suite 500 • Washington, D.C. 20005 • (202) 727-3071 • Fax (202) 727-1014  
• TTY/TDD (202) 727-2876 • [www.opc-dc.gov](http://www.opc-dc.gov)

# PRESS RELEASE

Contact: Consumer Services Division • (202) 727-3071 •  
email: [ccceo@opc-dc.gov](mailto:ccceo@opc-dc.gov)

**Sandra Mattavous Frye,  
People's Counsel**

**September 28, 2012**

## **Commission Again Disappoints Ratepayers and Rewards Pepco Despite Poor Reliability**

The D.C. Public Service Commission, over unprecedented outcry and objection of thousands of consumers, has rewarded Pepco with \$24 million in additional revenue while failing to reprimand the company for the ongoing reliability nightmare experienced by ratepayers.

“From a regulatory point of view, awarding Pepco nearly 60% of their request sends a clear message that pitiful service quality will be acceptable to this Commission,” said People’s Counsel Sandra Mattavous-Frye. “Rather than wield a stick, the Commission has elected to once again extend more carrots to an otherwise healthy company that is at best “complacent.” Of great concern is that Pepco seems to view reliability as a “pay to play” proposition for consumers. Of course Pepco chooses to ignore the fact that it has received an outrageous \$72.7 million in rate increases in the last 4 years,” said the People’s Counsel.

OPC’s testimony presented strong evidence that supported the imposition of a penalty or direct credit to consumers for Pepco’s consistently dismal reliability performance. Instead, the Commission allowed Pepco to earn a 9.5 percent return (OPC recommended a 9.0 percent ROE, the difference is approximately \$5 million). This is against the backdrop of the difficult economic conditions affecting many of our residents.

While the Commission appears to have mostly ignored in its final decision the views of thousands of ratepayers who provided testimony, sent letters and postcards in opposition to the rate increase, it rightfully rejected Pepco’s most egregious proposal and approved several of OPC’s recommendations. Consistent with OPC’s position in the case, the Commission determined that the Reliability Investment Improvement Mechanism (“RIM”) was flawed and inappropriate regulatory policy for the District-- and therefore rejected it. The Commission

approved OPC's Petition to establish a proceeding that would in the future require Pepco's Executive salaries to be subject to meeting D.C. reliability standards. Finally, the Commission also accepted OPC's recommendation that in future proceedings the company will be required to provide far more precise information describing its massive distribution construction program.

Unfortunately, based upon its track record of insatiable greed, Pepco will likely be back before this Commission with a request for even more money in the near future. OPC will remain vigilant. Public concern will not go away. "It is my hope that in the next go-around the Commission will in fact hold Pepco's feet to the fire," said the People's Counsel.