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# PRESS RELEASE

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## **OPC Petitions Commission to Enforce Order Designed to Link Executive Compensation to Utility Reliability**

“Nearly eight years after the Public Service Commission ordered Pepco to link executive pay and bonuses to reliability performance, it remains unclear how, or if, Pepco has implemented the Commission’s compensation directive” stated People’s Counsel Sandra Mattavous-Frye.

“The issue is not merely the level of compensation, but rather the nexus between executive pay and the reliability of the service provided District customers” said the People’s Counsel.

Following the Hurricane Isabel outage in 2003, Pepco’s own expert consultant James Lee Witt Associates, (LLC) recommended that the Commission “link executive pay and bonuses to performance of the companies in disasters and disaster drills, thereby institutionalizing disaster performance as a PHI priority.” OPC supported this recommendation and, on September 15, 2004, the PSC ordered Pepco to implement all recommendations set forth in the Witt Report.

“Recent media comments attributed to Pepco officials following the rejection of Pepco’s rate increase in Maryland are, at best, troubling. These comments frame a defiant company that suggests reliability and the customer service experience will not improve because regulators refuse higher rates” stated People’s Counsel Mattavous-Frye.

“District reliability clearly has not improved as it should and whatever vague link exists between management compensation and reliability, it clearly is not providing Company management with incentives to meet its obligation to provide safe, adequate and in all respects just and reasonable distribution service” said the People’s Counsel.

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The Office of the People's Counsel is an independent agency of the District of Columbia Government representing energy and telecommunications services customers

OPC is asking the Commission to move forward to create a mechanism that clearly signals to Pepco management and the public precisely what consequences Pepco's management faces if service reliability remains poor.

Such a mechanism would help ensure that Pepco indeed incorporates optimal service reliability as part of its corporate culture.