

TESTIMONY OF
EMILE C. THOMPSON, INTERIM CHAIRMAN
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
BEFORE THE
COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT
COUNCIL OF THE DISTRICT OF COLUMBIA
MARCH 28, 2022

Good morning, Chairman McDuffie. I am Emile C. Thompson, Interim Chairman of the Public Service Commission. I am pleased to appear before this Committee to provide testimony in support of the Mayor's Fiscal Year 2023 budget request for the Commission.

I. The Mayor's Proposed Budget for the Commission

For FY 2023, the Mayor has proposed an operating budget of \$18,842,775 and 90.6 Full-Time Equivalent Positions. This represents an increase of 4.4% over FY 2022 budget and the addition of one full-time position. This new position will be in the Office of Consumer Services and will assist in our outreach activities. As you know, our outreach activities have been severely curtailed for the past two years, and we intend to ramp up these events dramatically in 2023. This new position will support those activities and will also assist in other consumer-related initiatives, including disputes surrounding disconnections and payment plans. We expect a marked increase in consumer needs as the public health emergency ends.

The proposed FY 2023 budget includes no local funds, \$18,247,775 in Special Purpose Revenues (O-Type Funds), \$581,000 in federal grants for pipeline safety and damage inspections, and \$14,000 in private donations. Special Purpose Revenues remain the funding source for 97% of the Commission's budget. According to DC Code, this revenue comes from assessments levied on Pepco, Washington Gas, Verizon, and all competitive electric, natural gas, and telecommunications service providers licensed by the Commission.

Some years, the agency may close the fiscal year with a fund balance, which for last year (FY 2021) is \$527,834.54. We intend to return up to that amount to our regulated entities through the assessment process. We accomplish this by deducting the amount to be returned from the overall assessment for the following year so that the fund balance

amount reduces the total amount to be assessed. We intend to follow that approach during the assessment process for 2022, which takes place over the summer before the end of the Fiscal Year.

The Commission currently has 12 Full-Time Equivalent positions vacant. We are working diligently to fill these vacancies. In fact, we have filled six vacancies in the last two months. However, as you know, our staff consists almost entirely of professionals: attorneys, engineers, financial analysts, economists, and accountants. Many of these are hard-to-fill positions. We compete for these talented utility specialists with other public service commissions, the federal government, and, of course, the regulated entities themselves. We use all the recruiting tools available to us, including LinkedIn and other social media, private recruiters, and the resources of national and regional utility regulatory associations, such as NARUC and MACRUC.

II. Commission Plans for FY 2022 and 2023

We intend to make good use of the funds provided to us in the 'Mayor's proposed budget. As we described to you at our Oversight Hearing last month, we are guided by two overarching principles. Council mandates have informed those principles, including, most importantly, the Clean Energy DC Omnibus Amendment Act (CEA).

The first of these principles concerns our efforts to reduce Greenhouse Gas (GHG) and other harmful emissions. The second involves efforts to modernize the electric and gas distribution grids. These two principles overlap and are interrelated. We cannot expand the use of renewables if the grid is not equipped to adapt to multiple Distributed Energy Resources (DERs), including solar energy facilities. While we foster the expansion of DERs across the District, we must also ensure that the grid maintains a superior level of reliability and resiliency while also considering affordability.

For the rest of FY 2022 and for FY 2023, we will continue our aggressive efforts to further those principles. I gave you a review of some of our cases at the Oversight Hearing. I want to take the opportunity to update you on some of our efforts.

- Interconnection for Solar Facilities. We have decided to postpone our previously announced legislative-style hearing on interconnection in view of the petition and complaint filed recently by the Office of the Attorney General and the Office of the People's Counsel. Once we evaluate the Petition and Complaint, we'll determine what further steps to take. In 2021 alone, we certified 2077 new RPS solar facilities within DC, including 82 new Community Renewable Energy Facilities (CREFs). This represents total RPS-certified solar capacity of 192 MW, exceeding the "Solar Carve-out" estimated goal for the first time. PSC staff continue to

certify solar facility projects, which have grown by 430 projects in DC in the first two months of CY22.

- Pepco's Power Purchase Agreement (PPA). In the FC1017 Power Purchase Agreement (PPA) Order, the Commission approved a Pepco pilot program to procure renewable energy through a long-term PPA for electricity for a target quantity of five (5) percent of the Standard Offer Service ("SOS") load. We have directed Pepco to pursue a 15-20-year contract with a credit-worthy developer for a new large-scale solar or wind farm project within the PJM region. Even as the energy industry grapples with supply chain bottlenecks and other disruptions, the initiative continues. Our staff and our independent evaluator are closely monitoring Pepco's progress. Further, as stated in our Order, the Commission will consider opportunities for further expansion of this program. Pepco also includes an expansion of the program in its Climate Solutions Plan.
- PowerPath DC. The Governance Board we established on FC 1130 is reviewing a Community Heat Pump RFP, and we hope to be able to act on their recommendations shortly. We also expect to act on three additional projects in FY22 and FY23.
- Distributed Energy Resources Expansion. The Commission has open dockets on microgrids and energy storage (FC1163 and FC1166). We expect these initiatives to bear fruit well into FY23 and beyond, bolstering DER expansion – which now represents over 17% of the total electric system load or 353 MW of DER in the District.
- Energy Efficiency Programs. The Commission ensures that WGL and Pepco live up to their merger commitments. Both WGL and Pepco committed to energy efficiency programs for low and middle-income customers, an investment of over \$15 million funded by shareholders. In addition, Pepco committed to \$5 million of energy efficiency programs for small commercial customers in rebates and loans. Together with our other initiatives, these programs will help the District reach its goal of a 50% reduction in energy usage by 2032.
- Clean Energy Summit. Last September, we held a very successful Clean Energy Summit at the Commission. We hope to reconvene a Clean Energy Summit II to discuss progress since last year's event. This will likely take place in late October/early November.

- Supplier Diversity Hearing. We are also planning a hearing to review the utility commitments to diversity found in their respective Memoranda of Understanding. Our mutual commitment to racial equity in the District will be the focus of this hearing.

These are only a few of the initiatives we are planning for FY 2022 and FY 2023. I hope you agree that the approval of the Mayor's budget for the Commission will help us to carry out our intentions.

Thank you for your consideration. I am happy to answer any questions.