



**Public Service Commission of the
District of Columbia**

**Angel M. Cartagena, Jr.
Chairman**

February 1, 2001

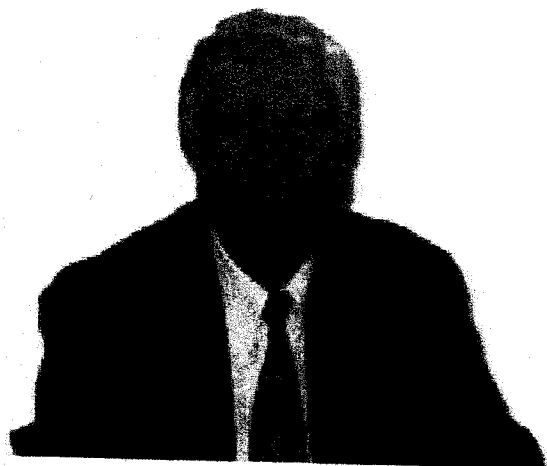


THE COMMISSION

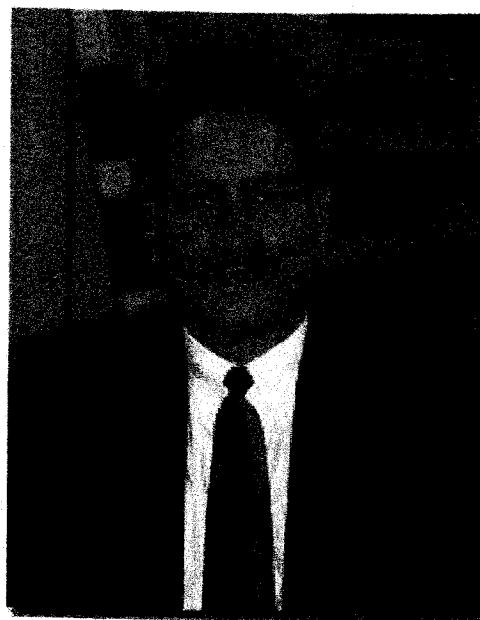
The Public Service Commission of the District of Columbia (Commission) was established by Congress in 1913 as an independent District Government agency to regulate the electric, gas, and telephone companies in the District.

PUBLIC SERVICE COMMISSION

COMMISSIONERS



Edward M. Meyers
Commissioner



Angel M. Cartagena, Jr.
Chairman



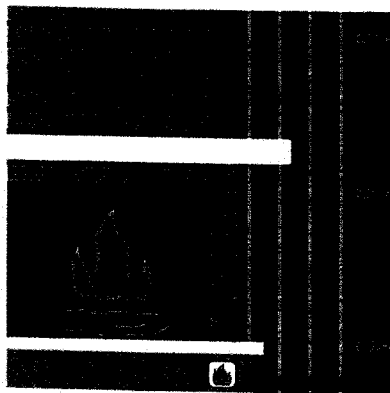
Agnes M. Alexander
Commissioner



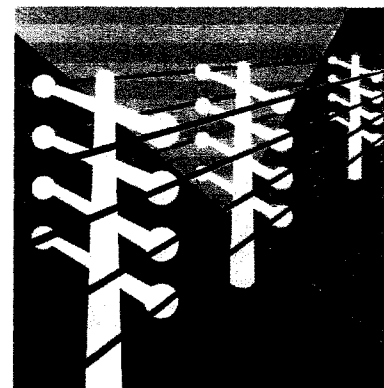
MISSION STATEMENT

- For District of Columbia utility consumers, we promote the availability, reliability, affordability, and quality of energy and telecommunications services. We also promote the provision of utility services that are safe, universally available, and foster economic development.
- We do this by:
 - Fostering fair and open competition among service providers,
 - Empowering consumers,
 - Protecting consumers,
 - Resolving disputes among consumers and service providers, and
 - Enabling customer- and results-oriented employees.

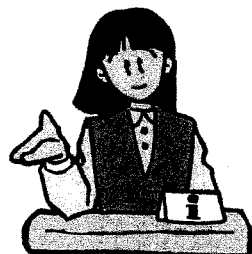
Our Job at the Commission



Gas



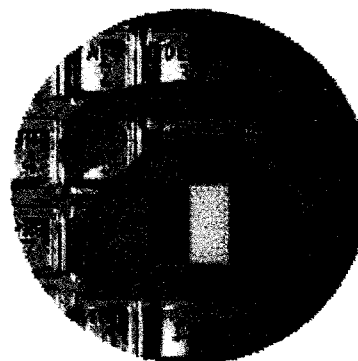
Electricity



Customer Service



**Pay
Telephones**



Telecommunications

Causes for Increase in Residential Heating Bills



- Increase in the cost of Natural Gas
- Current winter season has been colder than the past few winter seasons
- Charges assessed for Public Space occupancy

Costs for Residential Heating Customers (2000-2001)



Average Winter Bill 2000-2001	\$1085.00
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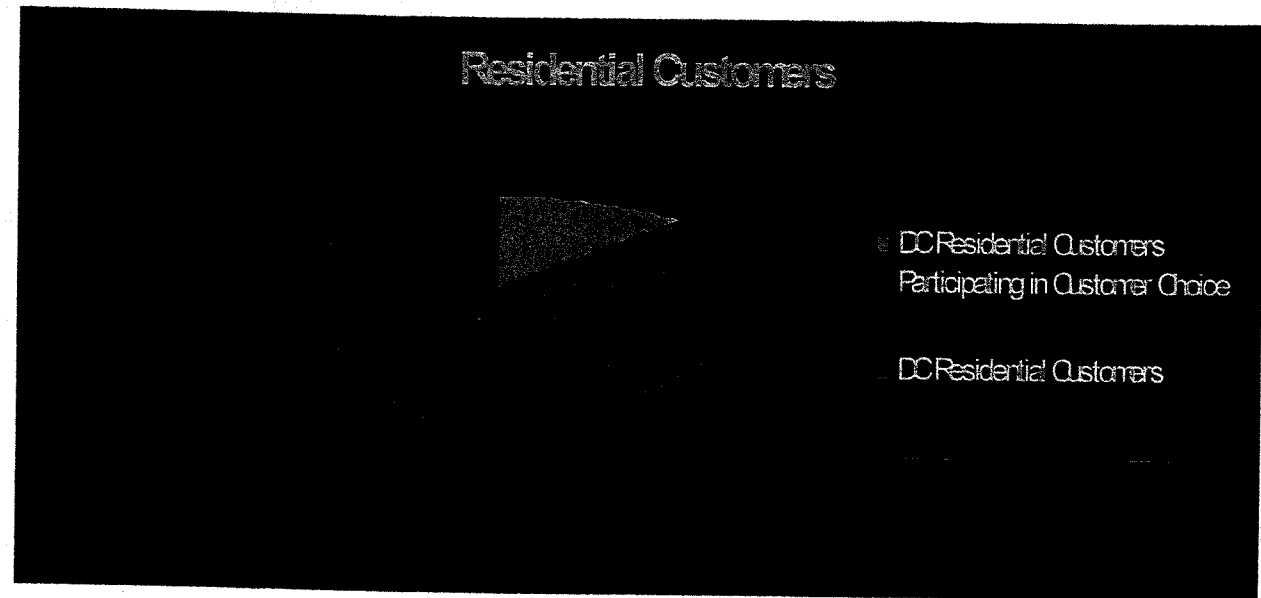
Average Winter Bill 1999-2000	\$672.00
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One Time Credit for Average Heating Customer in February 2001	\$49.00
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CUSTOMER CHOICE PROGRAM PARTICIPATION AND MARKET SHARES AS OF JANUARY, 2001



13% of the
District's
Residential
Customers are
participating
in the program



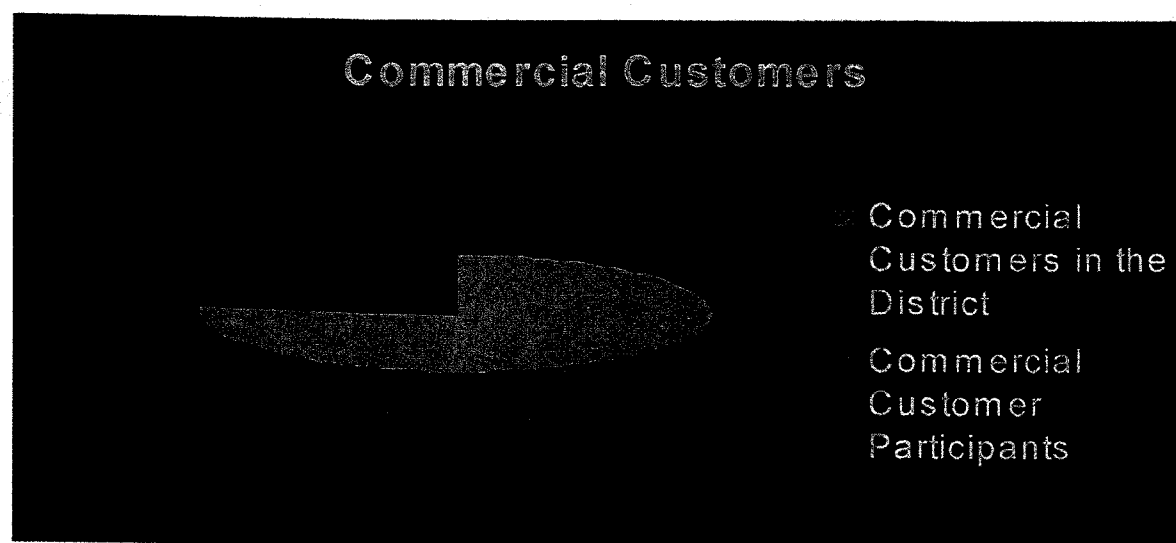
129,875 Residential Customers in the District

16,997 Residential Customer Participants

CUSTOMER CHOICE PROGRAM PARTICIPATION AND MARKET SHARES AS OF JANUARY, 2001



31% of DC's
Commercial
Customers are
participating
in the program



13,584 Commercial Customers in the District

4,259 Commercial Customers participating in the
program

LOCAL TELECOMMUNICATIONS SERVICES COMPETITION

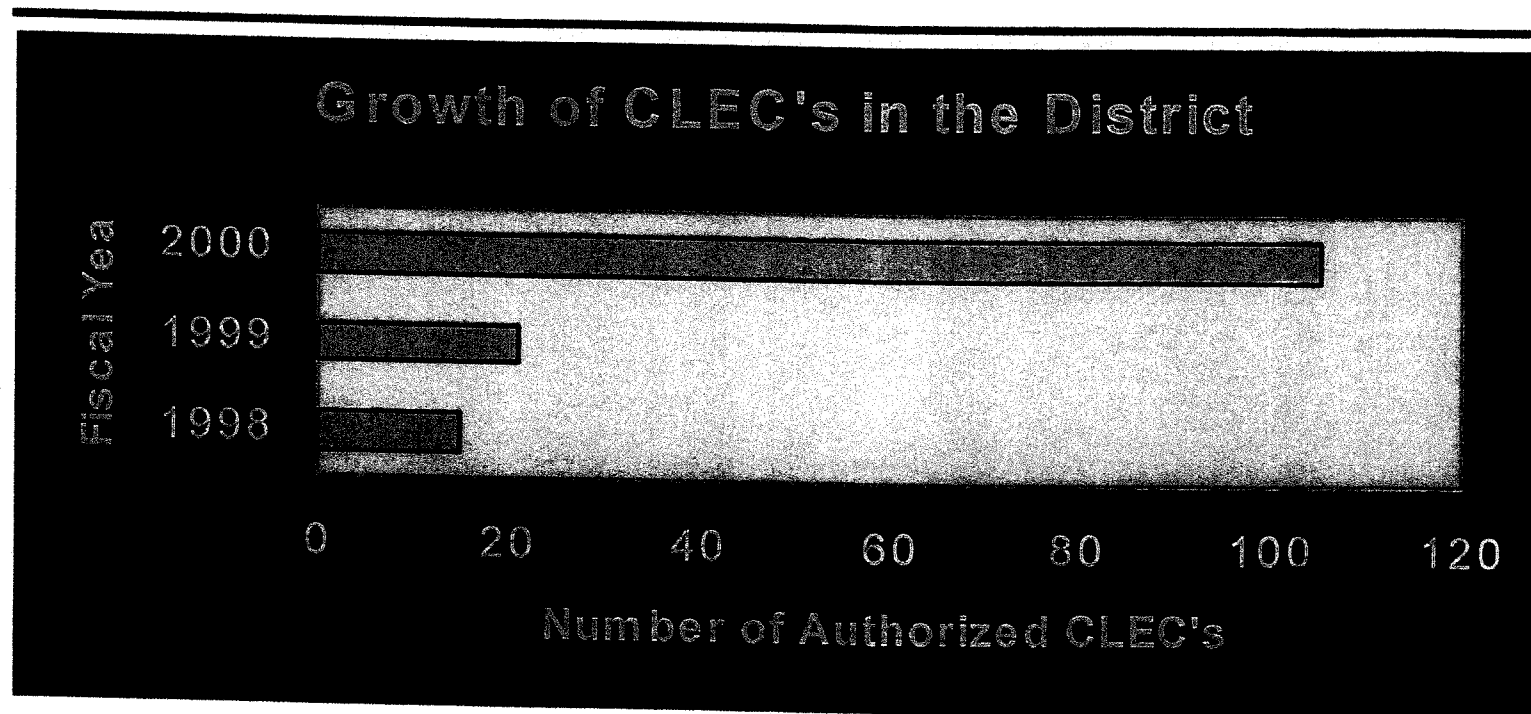


In 1985, the D.C. Public Service Commission became one of the first state commissions in the nation to facilitate competition between Centrex and PBXs.

Centrex accounted for over 40% of C&P's (now Verizon's) lines.

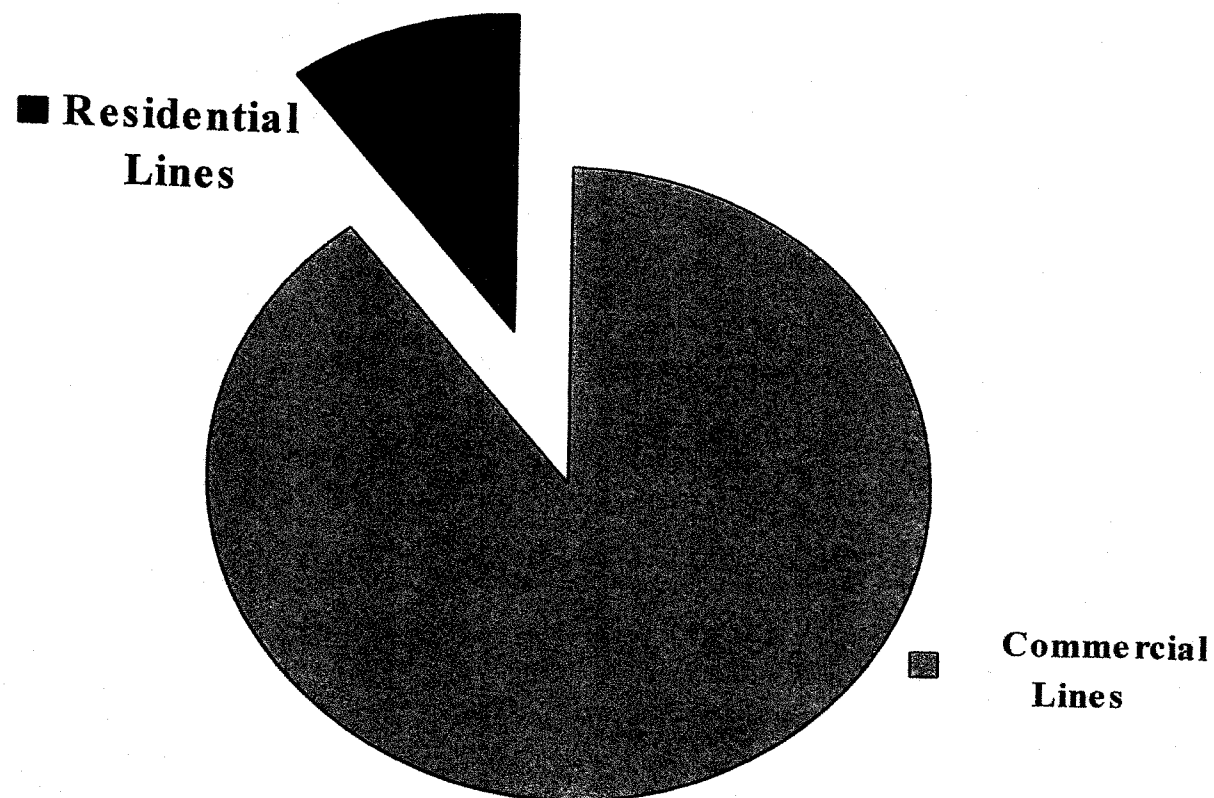
Ratepayers, particularly residential and small businesses, would have been penalized if C&P had lost most of its Centrex business.

TELECOMMUNICATIONS

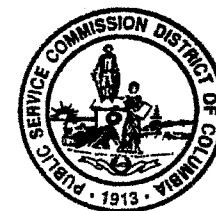


- As of the end of 1999, at least 21 CLECs were providing service in the District.
 - 8 of the CLECs were resellers only
 - 2 of the CLECs were facilities-based only
 - 4 of the CLECs were both resellers and facilities-based

CLECS' SHARE OF SUBSCRIBER LINES



WHAT IS DSL?



DIGITAL SUBSCRIBER LINE (DSL) SERVICE IN THE DISTRICT OF COLUMBIA

- DSL is an advanced telecommunications service that provides broadband capability over existing copper telephone lines.
- DSL service, using a high speed modem, allows both voice and data to travel simultaneously over the same line so you can use the phone while surfing the internet without interruption
- DSL service is available to many District residents for about \$50/month (price does not include cost of high speed modem)
- DSL is an “always on” service

CABLE MODEM TECHNOLOGY



- The same cable system that brings us cable TV programming can also be used to provide high speed internet access
- Cable modems are typically external devices that allow your computer to connect to the cable network using a coaxial cable and an ethernet card.
- Cable modem service provides downloads speeds of approximately 1million bits per second. (about 20 times faster than a 56k modem dial up connection)
- Cable modem service is offered through a partnership between you local cable company and a dedicated cable ISP.
- Cable modem service is typically ranges between \$30 and \$50 per month

Pay Telephone Regulations



The Commission released new rules on January 29, 2001 and they will take effect upon publication in the *D.C. Register*.

The new rules will help the Commission serve the community by:

- Requiring payphone providers to register every two years;
- Prohibiting payphones from being installed in alleys, vacant lots, or in front of abandoned buildings without ANC support; and
- Requiring that the Commission give “great weight” to evidence presented by law enforcement officers and local ANC officials.



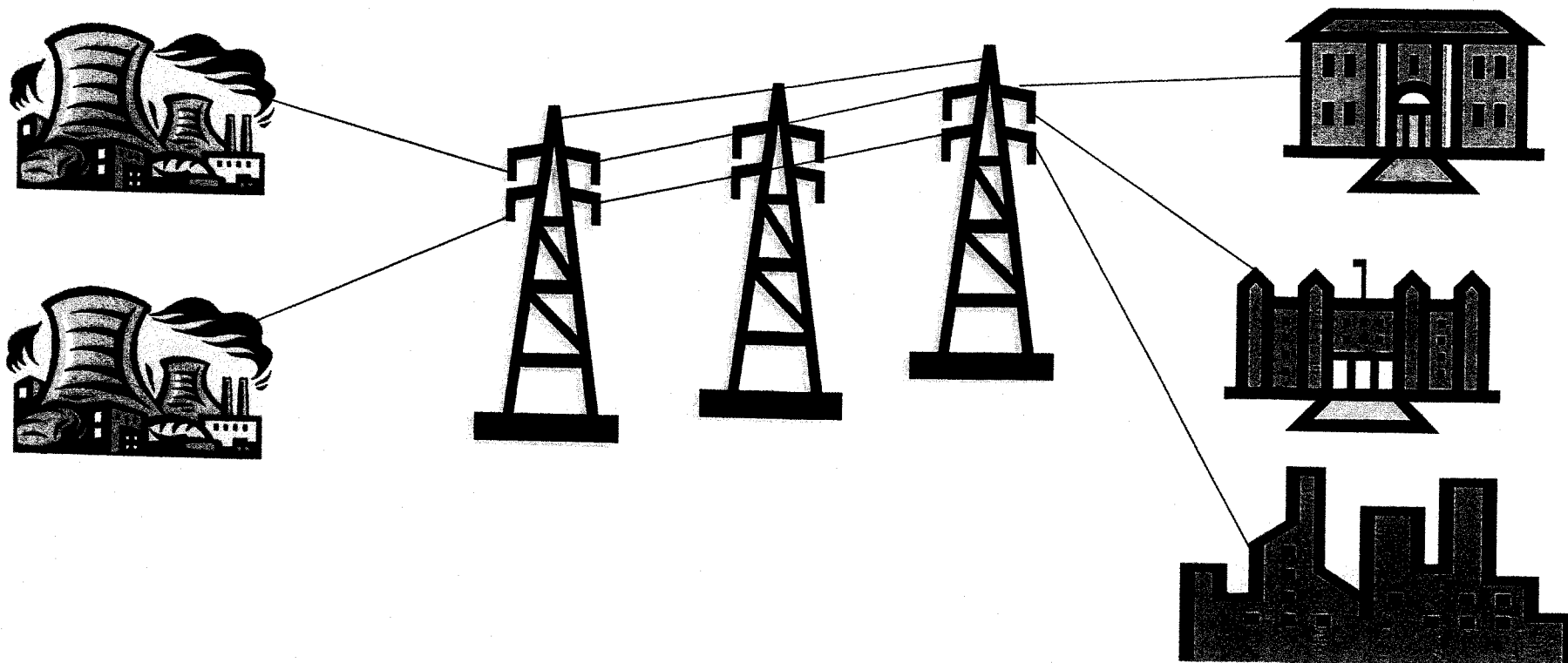
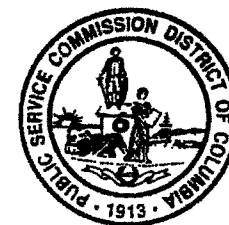
Electrical Restructuring Highlights



Following are requirements of the Commission's September 2000 Order which restructured the electric retail industry in the District.

- Required third party verification for telephone contracts.
- Provided flexibility to residential customers in switching suppliers.
- Specified the limits for customer deposits for residential and small commercial customers.
- Specified the standards for suppliers' advertisements and solicitations.
- Established standards for market participants to handle customer inquiries and complaints.
- Required the electricity suppliers to meet reliability standards.
- Required electricity suppliers to meet financial integrity requirements.

ELECTRICAL TRANSMISSION



California Energy Supply Has Not Kept Up With Demand



- Demand up to 25%
- Capacity has not increased
- Extreme weather conditions
- Greater demand in adjacent states
- Low rainfall reduced hydropower



California Relies Heavily on Gas & Hydropower



	<u>California</u>	<u>PJM</u>
Gas	39%	15%
Hydro	<u>24%</u>	<u>5%</u>
	63%	20%
Coal & Nuclear	14%	54%

California's Deregulation Rules Were Flawed



- Stable, fixed price contracts prohibited
- Spot market purchases required
- Reserve requirements low with no teeth

It's Unlikely These Problems Will Happen Here



Supply and Demand is balanced

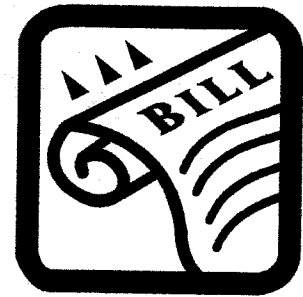
- Reserves have kept up with demand because:
 - 1 Higher planned reserves
 - 2 Significant financial penalties
- Significantly greater capacity additions planned

Electricity Bill Features



Some of the items that must be featured on your electricity bill are:

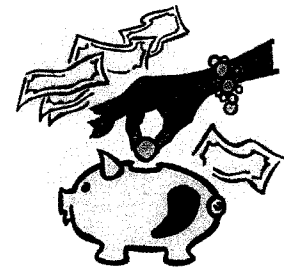
- Customer's name and account number
- Applicable rate schedule and bill step computations
- Collection messages
- Taxes and surcharges
- Payment due date
- Date of bill and the period covered by bill
- Emergency number for the electric company
- Contact information for the Public Service Commission and the Office of the People's Counsel



Electrical Rate Reductions



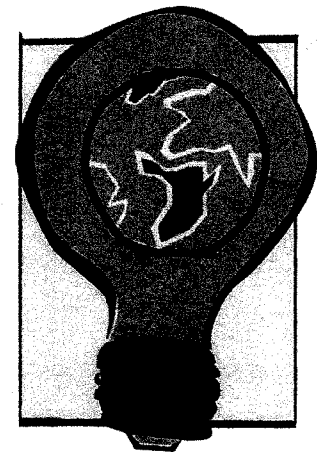
- PEPCO has closed its sale of the power plants and generation assets as of January 8, 2001.
- As part of the divestiture, the Commission also approved a 7.0% rate reduction for residential customers and a 6.5% rate reduction for commercial customers.
- On February 8, 2001, consumers will be offered a Phase III rate reduction which consists of 3.5% rate reduction for residential customers and 1.5% for commercial customers.



Future Developments in the Electrical Industry



- Future orders will address the following issues:
 - Monitoring market power
 - Customer aggregation
 - How to compare rates among various suppliers
 - Fuel mix disclosure
 - Code of conduct
 - Net metering
 - Distributive Generation
 - And many more...



INVESTIGATION INTO MANHOLE INCIDENTS



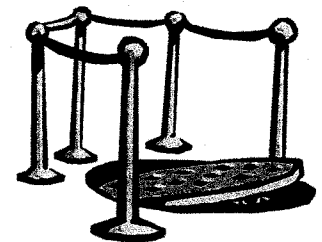
- Over 57,000 manholes and covers are currently in the District of Columbia.
- In compliance with the Commission's requirements, PEPCO has reported 44 manhole incidents between February, 2000 and January 30, 2001.
- PEPCO is inspecting 10,000 manholes a year; 10,516 inspections have been as of December 31, 2000.



MANHOLE INCIDENTS STATUS



- The Commission has directed the installation of slotted manhole covers . As of December 31, 2000, 1,800 slotted covers have been installed.
- PEPCO is carrying out an assessment of its underground facilities, starting in Georgetown, with the help of a consultant.
- The Commission is hiring a consultant to monitor PEPCO's manhole inspections and review PEPCO's underground facilities assessment. These consultants have already begun their assessment



**PUBLIC SERVICE
COMMISSION OF THE
DISTRICT OF COLUMBIA**



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Thank you!