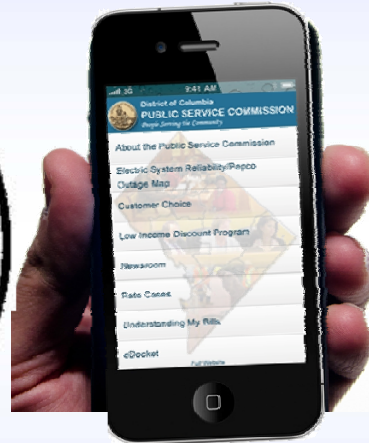


Public Service Commission of the District of Columbia



**Safe, Reliable, & Quality
Electric, Natural Gas & Local
Telecommunications Services**

Annual Report 2012

2012 Commissioners of the Public Service Commission of the District of Columbia



**Commissioner
Lori Murphy Lee
March 2009-
October 2012**



**Chairman
Betty Ann Kane
March 2007-**



**Commissioner
Joanne Doddy Fort
October 2012-**



PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H Street, N.W., 2nd Floor, West Tower
Washington, D.C. 20005
202-626-5100
www.dcpssc.org

September 2013

The Honorable Vincent Gray
Mayor, District of Columbia
Executive Office of the Mayor
1350 Pennsylvania Avenue, N.W.
Suite 316
Washington, D.C. 20004

Dear Mayor Gray:

In accordance with D.C. Code Section 34-1119 (2001 Ed.), we have the honor of submitting the 2012 Annual Report of the Public Service Commission of the District of Columbia (PSC). Except where otherwise noted, this Annual Report covers the calendar year period from January 1, 2012 through December 31, 2012.

The 2012 Annual Report provides a detailed review of the PSC's accomplishments in 2012. Most importantly, it provides an account to District ratepayers of how we worked to protect consumers by regulating electric, natural gas, and local telecommunications companies to ensure safe and reliable utility services at reasonable rates.

As the energy and telecommunications industries undergo major transformations, the PSC will continue to be at the forefront of the relevant issues, working to serve the public interest.

Respectfully submitted,

Betty Ann Kane
Chairman

Joanne Doddy Fort
Commissioner

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PSC... People Serving the Community!

Public Service Commission of the District of Columbia 2012 Annual Report

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Remarks from Chairman Kane



The year 2012 has proven to be very productive and successful for the Public Services Commission of the District of Columbia. In fact, the Commission has met or exceeded all of its performance measures for the year. Our accomplishments include:

- The Commission approved the installation of smart meters throughout the District and the direct load control program allowing District consumers to make informed decisions about their energy usage and reducing their energy bills.
- Following the two major storm-related outages, the Commission investigated and held a public hearing on Pepco's storm performance which resulted in revising the quality of service standards requiring Pepco to file a Major Storm Restoration Plan.
- The Commission saved District consumers \$80,834.77 in disputed charges through the consumer complaint investigation and mediation process.
- The Commission successfully launched the mobile website app "PSC on the Go" fulfilling Mayor Vincent Gray's key goal of connecting District residents and businesses with the District government through social networking sites. The creation of this "app" also furthers the PSC's mission of educating utility consumers and informing the public about PSC operations.
- The Mayor's Power Line Undergrounding Taskforce released its findings and recommendation on how to reduce future storm-related power outages, including the undergrounding of power lines which was based upon the Commission's undergrounding studies.
- In anticipation of the agency's Centennial Anniversary, all Commission annual reports and orders since 1913 were placed on the website and biographies were developed for all 68 past and current Commissioners and Chairpersons.
- The Commission signed a Diversity Supplier Memorandum of Understanding (MOU) with Verizon, Washington Gas Light, and Pepco to ensure that women, minority, and disabled veterans, as well as not-for-profit entities, have fair opportunities to participate in and compete for contracts and subcontracts with public utilities.
- In 2012, the Commission continued to promote retail choice in the District. The number of electric retail suppliers accepting new residential customers increased from 5 to 8, contributing to an increase in the percentage of residential customers who have chosen a supplier from 8% to 13%. Meanwhile, electric retail choice among commercial customers has remained relatively steady over the past year, with about 35% of commercial customers choosing among at least 21 electric suppliers. Information on licensed suppliers, their rates, and fuel mixes, including wind-sourced products, is available on our website.
- The Commission participated in 121 community outreach events, 39 of which targeted the Spanish-speaking community.

This list only provides a glimpse into the daily work of the Commission. The 2012 Annual Report presents a broader view of the important work conducted by the Commission.

None of this would be possible without dedicated and talented Commission staff. Thank you for your service to the Commission and the District of Columbia. Let us continue to work together, as a team, fulfilling our mission of ensuring that electric, natural gas, and telecommunications companies provide safe, reliable, and quality services at reasonable rates for District of Columbia residential, business, and government customers.

Betty Ann Kane
Chairman



The PSC held a hearing to announce its decision in the Pepco rate case in Formal Case No. 1087.



Chairman Betty Ann Kane spoke to Mayor Gray and fellow members of the Mayor's Undergrounding Power Lines Task Force.



The PSC publicly launched the "PSC on the Go" Mobile App that was developed by PSC staff with website host contractor, DataNet.



Chairman Betty Ann Kane and Commissioner Lori Murphy Lee at the signing of a Diversity Supplier Memorandum of Understanding (MOU) with Pepco, Verizon, and WGL.



PSC...People Serving the Community

MISSION STATEMENT

The mission of the Public Service Commission of the District of Columbia is to serve the public interest by ensuring that financially healthy electric, natural gas, and telecommunications companies provide safe, reliable, and quality services at reasonable rates for District of Columbia residential, business, and government customers.

The PSC carries out its mission by achieving the following goals:

- Motivating customer- and results-oriented employees;
- Protecting consumers by ensuring safe, reliable, and quality utility services;
- Regulating monopoly utility services to ensure their rates are just and reasonable;
- Fostering fair and open competition among utility service providers;
- Conserving natural resources and preserving environmental quality;
- Resolving disputes among consumers and utility service providers; and
- Educating utility consumers and informing the public.

SUMMARY OF 2012 ACCOMPLISHMENTS

The purpose of the 2012 Annual Report is to convey to the general public and our stakeholders: (1) Who we are; (2) What we have accomplished, both administratively and in our formal case proceedings; (3) How well we have performed in terms of both the quality and timeliness of our decisions (Key Results); and (4) How our decisions have impacted the District (Key Outcomes). The 2012 Annual Report is focused on achievements with respect to all seven goals outlined in the PSC's Mission Statement. In so doing, we recognize that the success of the PSC depends upon our most important asset, our motivated customer- and results-oriented staff. A special thanks goes to the many employees who helped prepare the 2012 Annual Report. We are truly proud of the PSC staff.



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Summary of 2012 Formal Case Accomplishments

Electricity

Ensured Safe, Reliable, & Quality Service

FC Nos. 766-ACR-12/1026 – The PSC Approved Pepco’s 2012 Annual Consolidated Report (ACR).

FC No. 766 – The PSC Reviewed Pepco’s Petition for Approval of its Criteria for Selective Undergrounding.

FC No. 982 – The PSC Finalized its Investigation of Pepco’s Restoration Efforts After Hurricane Irene.

FC Nos. 982/1100 – The PSC Investigated and Held a Public Hearing Regarding Pepco’s Restoration Efforts After Two 2012 Major Storm –Related Outages in June and July 2012.

FC No. 982 – The PSC Continued its Inquiry into the Feasibility of Establishing Storm Restoration Benchmarks.

FC No. 982 – The PSC Amended the Electric Quality of Service Standards to Require Pepco to File a Major Service Outage Restoration Plan.

FC No. 1056 –The PSC Initiated Studies on Health, Safety, and Privacy Issues Related to Pepco’s Smart Meters and the Feasibility of an Opt Out Provision, and Oversaw the Completion of the Deployment of Smart Meters.

FC No. 1073 – The PSC Oversaw Pepco’s Completion of Its Construction of Two 230kV Underground Transmission Lines.

FC No. 1083 – The PSC Selected Consultants Who Began Studies to Address Smart Grid Policy Issues.

FC No. 1095 – The PSC Approved Pepco’s Plans to Upgrade Two Underground Transmission Circuits.

Regulated Monopoly Services

FC No. 712 – The PSC is Considering Pepco’s Petition to Amend the PSC’s Rules to Allow for Additional Advanced Metering Infrastructure (AMI) Functionality.

FC Nos. 813 and 945 – The PSC Approved a Reduction in the Low-Income Residential Aid Discount (RAD) Surcharge Paid by Non-RAD Customers.

FC No. 1076 – The PSC Selected Siemens, Boston Pacific, and Liberty Consulting Group to Conduct System Reliability and Management Audits of Pepco.

FC No. 1087 – The PSC Rendered its Decision in the Pepco Rate Case.

FC No. 1099 – The PSC Approved Pepco’s Application for a Certificate of Authority to Issue and Sell Debt Securities.

Summary of 2012 Formal Case Accomplishments

Fostered Competition

FC No. 1017 – The PSC Approved Lower Standard Offer Service (SOS) Rates for Electric Customers.

FC No. 1085 – The PSC Approved the Establishment of a Purchase of Receivables (POR) Program for District of Columbia retail suppliers.

FC No. 1098 - The PSC Opened an Investigation into Retail Electricity Suppliers' Access to Their Customers' Smart Meter Data and Held a Technical Conference.

Conserved Natural Resources & Preserved Environmental Quality

FC No. 1050 – The PSC Approved Pepco's Revised 2011 Annual Interconnection Report and its 2012 Annual Interconnection Report.

FC No. 1086 – The PSC Held a Legislative-Style Hearing on the Status of Pepco's Direct Load Control (EnergyWise Rewards) Program.

FC No. 1096 – The PSC Opened An Investigation into the Regulatory Treatment of Providers of Electric Vehicle Charging Stations and Related Services.

Resolved Disputes

FC No. 1092 – The PSC Continued its Investigation of the Consumer Practices of Horizon Power & Light.

FC No. 1094 – The PSC Reviewed Michael Petras' Request for an Investigation of Glacial Energy DC and Closed the Case.

FC No. 1097 – The PSC Dismissed Liberty Power Corporation's Complaint Against Pepco and Closed the Case.

Educated Consumers & Informed the Public

FC No. 1056 – The PSC Approved Pepco's and the AMI Task Force's Customer Education Plan Campaign II.

FC No. 1086 – The PSC Approved Pepco's Customer Education Plan for the Residential Air Conditioner Direct Load Control (EnergyWise Rewards) Program.

Natural Gas

Ensured Safe, Reliable, & Quality Service

FC No. 977 – The PSC Amended the Natural Gas Quality of Service Rules.

FC No. 977 – The PSC Considered WGL's Request for A Waiver of Section 3702.2 of the Natural Gas Quality of Service Standards.

Summary of 2012 Formal Case Accomplishments

FC No. 1027 – The PSC Approved WGL’s 2011 Annual Surcharge Filing.

FC No. 1089 – The PSC Finalized Revised Natural Gas Pipeline Safety Rules.

Natural Gas

Regulated Monopoly Services

FC Nos. 1091/1093 – The PSC Litigated a WGL Rate Case.

GT 01-1 – The PSC Granted WGL a One-Year Extension of Its Pilot Financial Hedging Program.

GT 11-1 – The PSC Approved WGL’s Proposed Tariff Revision Regarding the Extension of Mains.

Telecommunications

Ensured Safe, Reliable, & Quality Service

FC No. 712 – The PSC Clarified the Reporting Requirements for Mergers, Acquisitions, Transfers of Control, and Abandonment of Service by Certificated Competitive Local Exchange Carriers.

FC No. 990 – The PSC Closed its Investigation of Verizon’s Service Quality.

FC No. 990 – The PSC Amended the Definition of Service Outage and Clarified Certain Reporting Requirements.

FC No. 1090 – The PSC Continued its Investigation into the Reliability of Verizon’s D.C. Telecommunications Infrastructure.

Regulated Monopoly Services

FC No. 988 – The PSC Implemented the FCC’s Lifeline Reform Act by Revising the Application Form and Flyers for the D.C. Lifeline Program.

FC No. 988 – The PSC Approved the FY2012 and FY2013 Recertification Processes For Verizon’s Low-Income Discount Lifeline Services.

FC No. 988 - The PSC Approved the 2012 D.C. Universal Service Trust Fund (DCUSTF) Surcharge.

FC No. 988 – The PSC Approved the 2013 D.C. Universal Service Trust Fund (DCUSTF) Budget.

FC No. 988 – The PSC Amended the Eligibility Criteria for Lifeline Service to be Consistent with the Eligibility Criteria for the Electric and Gas RAD and RES Low-Income Discount Programs Respectively.

TT 12-1 – The PSC Approved Verizon’s Request to Revise Its Construction Charges.

Summary of 2012 Formal Case Accomplishments

Fostered Competition

FC No. 988 – The PSC Waived the Annual Contribution to the D.C. Universal Service Trust Fund (DCUSTF) if it is Less Than or Equal to \$12.

FC No. 712 – The PSC Eliminated the Requirement that Competitive Local Exchange Carriers (CLECs), in their First Year of Operations in the District, pay a \$25,000 Assessment Fee for the PSC’s and OPC’s Operating Budgets.

Educated Consumers & Informed the Public

FC No. 988 – The PSC Approved the 2012 Customer Education Plan for the Utility Discount Programs and DDOE’s Administrative Budget for Processing Applications.

FC 988 – The PSC Approved Amendments to the FY2013 Consumer Education Plan (CEP) submitted by the UDPE Working Group on June 25, 2012.

Multi-Utility

Ensured Safe, Reliable, and Quality Services

FC No. 712 – The PSC Established Procedures for Applying Civil Forfeiture and Penalty Provisions.

Regulated Monopoly Services

FC No. 1009 – The PSC Approved WGL’s Proposed Independent Accountant to Conduct a Limited Engagement Review.

Federal Proceedings

PSC Participated in FERC Proceedings

The D.C. PSC Obtained \$83,314.29 in settlement funds to Enhance D.C. Consumer Advocacy in the PJM Market.

The D.C.PSC Opposed PJM Proposed Amendments to its Open Access Transmission Tariff Based on Cost Allocation Principles.

PSC Participated in FCC Proceedings

The D.C. PSC Objected to the Imposition of a New FCC Access Recovery Charge (ARC) on District of Columbia Customers.

The D.C. PSC Complied with the FCC’s Lifeline Reform Order.

The D.C. PSC Filed Comments in an FCC Proceeding Regarding the federal Universal Service Fund Contribution Factor.

The D.C. PSC Filed an Application for Renewal of its Telecommunications Relay Service (TRS) Certification.



Betty Ann Kane
Chairman

Betty Ann Kane began her tenure as a Commissioner in March 2007. She became Chairman effective March 3, 2009. In 2010, she was confirmed for a second term, to end on June 30, 2014.

Betty Ann Kane is an experienced public official combining over 30 years of service to the District of Columbia Government in elected and appointed positions with extensive private sector experience in regulatory, administrative and public policy matters. Before joining the PSC, Chairman Kane served as a Trustee and as Executive Director of the District of Columbia Retirement Board. She served four years as an At-Large member of the DC Board of Education, and was elected to three terms as an At-Large member of the City Council. Her service on the Council included chairing the Public Services and Cable Television Committee, with legislative, budgetary and oversight responsibility for the Public Service Commission, the Office of Peoples Counsel, and the Office of Cable Television.

Chairman Kane is a member of the National Association of Regulatory Utility Commissioners (NARUC) Board of Directors. Appointed by the Federal Communications Commission (FCC), she serves as the Chairman of the North American Numbering Council, and was elected to be Chairman of the Board of the National Regulatory Research Institute (NRRI), the research arm of NARUC. Additionally, she is a past President of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC), a member of the Telecommunications Committee of NARUC, and was appointed by the FCC to the Joint Conference on Advanced Telecommunication Service. Chairman Kane also has been appointed to the Virtual Working Group on Education, Training and Best Practices for The International Confederation of Energy Regulators (ICER).

She is a graduate of Middlebury College in Vermont and she also has a Masters Degree in English from Yale University, as well as specialized academic study in Telecommunications Regulations at the Annenberg School and Investing and Finance at the Wharton School, University of Pennsylvania.

**Office of the Chairman
Betty Ann Kane**



Chairman Kane (center) and her Staff.
(L to R) Executive Assistant Wendy Newkirk and Policy Advisor Cary Hinton



Chairman Kane and Commissioner Lori Murphy Lee testifying before the D.C. Council at the PSC's Oversight Hearing.



Chairman Kane and PSC staff Dr. Joseph Nwude meet with a visiting delegation from Ghana. The PSC often hosts international delegations from around the world.



Chairman Kane and Commissioner Lee listen to citizens' concerns at a community hearing for the Pepco rate case in Formal Case No. 1087. The PSC held community hearings in all eight wards of the District.

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Lori Murphy Lee
Commissioner

Lori Murphy Lee joined the District of Columbia Public Service Commission in March of 2009 and served until October, 2012. Commissioner Lee was a member of the Board of Directors and Chair of the Subcommittee on Education and Research for the National Association of Regulatory Utility Commissioners (NARUC). She was also a member of both the Electricity Committee and the Subcommittee on Utility Marketplace Access for NARUC. She served as Treasurer for the Organization of PJM States, Inc. (OPSI) and she was on the Board of the National Regulatory Research Institute (NRRI), as well as the Advisory Board of the New Mexico State Center for Public Utilities. Ms. Lee was also a member of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC).

Commissioner Lee is an attorney who has over 15 years of legal experience in the federal government and private sectors. She practiced law at the United States Department of Justice, Executive Office for Immigration Review for 12 years. Concurrent with her professional responsibilities, she was an active member in her union, the American Federation of Government Employees (AFGE), and served as both acting president and vice president. As an associate in private practice, Lori Murphy Lee represented clients in the areas of government procurement, employment law, and white collar crime, including litigation and extensive negotiation.

Commissioner Lee received a Bachelor of Arts from Duke University and a Juris Doctor from George Washington University Law School. She is a 5th generation Washingtonian and resides in the Colonial Village neighborhood with her husband and daughter.

Office of Commissioner Lori Murphy Lee



Commissioner Lee (center) and her Staff.
(L to R) Executive Assistant Mable Spears and
Legal Advisor Angela Lee



Commissioner Lee meeting with a
Chinese delegation.



Commissioner Lee speaking at the spring
Community Broadband summit in Ward 8.



Chairman Kane and Commissioner Lee with PSC staff at the signing of the
Diversity Supplier MOU with Pepco, Verizon, and WGL.

**A Pictorial Tribute to Commissioner Lori Murphy Lee
Thank You for Your Service to the Commission
and the District of Columbia.**



PSC hosting a welcome reception for Commissioner Lori Murphy Lee and special guest, Councilmember Muriel Bowser, in 2007.



Commissioner Lee and Chairman Kane presiding over a community hearing in a WGL rate case in F.C. No. 1093.



Commissioner Lee and PSC staff attending Camp NARUC in East Lansing, Michigan.



Commissioner Lee volunteering at Joint Utility Discount Day (JUDD).



Commissioner Lee being interviewed by the Office of Cable Television for a new PSC video.



Commissioner Lee speaking at a NARUC Conference.



Commissioner Lee & Chairman Kane with PSC staff at an outreach event.



PSC Commissioners attending a NARUC summer meeting.



Commissioners attending NARUC's "Anybody Can Serve" Press Conference.



The PSC hosting Commissioners from the Federal Energy Regulatory Commission (FERC).



Joanne Doddy Fort
Commissioner

Joanne Doddy Fort was nominated by Mayor Vincent Gray and confirmed as a PSC Commissioner by the D.C. Council effective October 3, 2012 for a term ending June 30, 2016.

Joanne Doddy Fort is an experienced attorney who has practiced law in the District of Columbia for more than three decades and has served as a corporate officer in the private sector. Commissioner Fort has an extensive background in the fields of utility regulation, administrative law and ethics. Before joining the PSC, Commissioner Fort served as Vice President and General Counsel of Urban Service Systems Corporation, a waste management and transportation company. Prior to joining the company, she was a partner in three local law firms where, among other matters, she litigated cases before the PSC -- first on behalf of the Staff of the PSC and later on behalf of the Office of the People's Counsel. The D.C. Court of Appeals appointed Commissioner Fort to the Board on Professional Responsibility, the Commission on Admissions and the Access to Justice Commission. Mayor Barry appointed her to a term on the Real Estate Commission for the District of Columbia.

Commissioner Fort is a member of the National Association of Regulatory Utility Commissioners where she serves on the Committee on Critical Infrastructure and Committee on Electricity. She is a member of the Mid-Atlantic Conference of Regulatory Commissioners and she represents the DC PSC on the Board of Directors of the Organization of PJM States, Inc. (OPSI).

Raised in the District of Columbia, Commissioner Fort has a Bachelor of Arts Degree in Political Science from Bryn Mawr College and a Juris Doctor degree from the University of Pennsylvania Law School. She has taught and lectured on professional responsibility at Howard University School of Law and the College of Law at American University. Commissioner Fort has served on a variety of nonprofit boards. She is a member of the District of Columbia Bar.

Office of Commissioner Joanne Doddy Fort



Commissioner Fort (center) and her Staff.
(L to R) Executive Assistant Mable Spears and
Legal Advisor Angela Lee



Commissioner Fort is welcomed by
PSC staff to the Commission.



Commissioner Fort and Chairman Kane preparing
for a community hearing to receive comments from
the public in the Formal Case No. 1093 WGL rate
case.



Chairman Kane and Commissioner Fort presiding over the service outage public hearing.

Organization of the Annual Report

The 2012 Annual Report is designed to be mission-oriented and performance-based. Accordingly, the Annual Report is divided into four major sections as follows:

- **Organizational Structure and Administrative Accomplishments**
- **Formal Case Accomplishments**, which contains a description of what the PSC accomplished in its formal case and federal proceedings in 2012.

This section is organized by industry as follows:

- Electric,
- Natural Gas,
- Telecommunications, and
- Multi-utility.

Each industry is sub-divided by the PSC's goals that are taken directly from the mission statement, as appropriate. Those goals are to:

- Ensure Safe, Reliable, and Quality Utility Services;
- Regulate Monopoly Services;
- Foster Competition;
- Conserve Natural Resources and Preserve Environmental Quality;
- Resolve Disputes; and
- Educate Consumers and Inform the Public.

A new section has been added that summarizes some of the monitoring and compliance responsibilities of the PSC in the four industry areas referenced above.

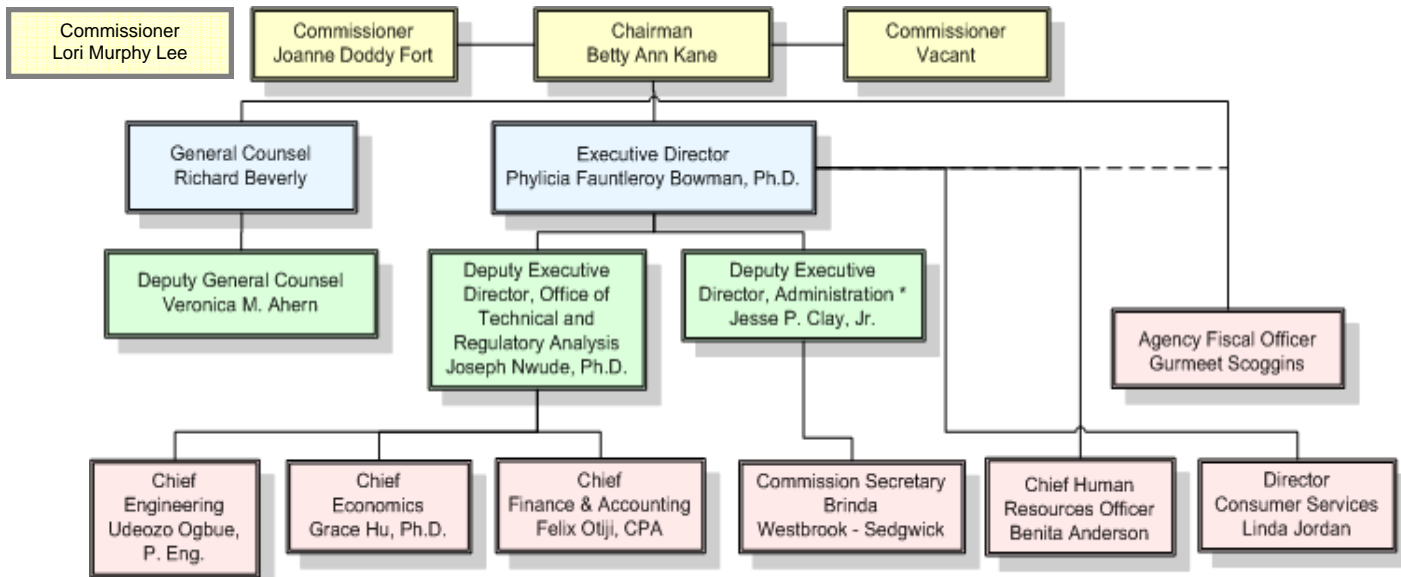
- **Key Results Performance Measures** that graphically convey how well the PSC has performed through 2012. Indicators of performance include compliance and monitoring, timeliness measures, PSC program performance ratings, and volume (output) measures.
- **Key Outcome Performance Measures** that highlight the many ways that the PSC's orders and directives have impacted and contributed to economic development in the District of Columbia.

Organizational Structure of the Public Service Commission

The PSC Chairman and Commissioners are appointed to four-year terms by the Mayor, with the advice and consent of the D.C. Council. The year 2012 began with Chairman Betty Ann Kane and Commissioner Lori Murphy Lee. In October 2012, Commissioner Lee left and Commissioner Joanne Doddy Fort became a Commissioner. The third Commissioner position remained vacant the entire year.

The 2012 organizational structure is depicted below. The PSC had 72.6 full time equivalent (FTE) positions. The PSC shares the Agency Fiscal Officer (AFO) with the Office of the People’s Counsel (OPC). The PSC funds 60% of the AFO’s position.

2012 Organizational Structure



*Staff includes the Chief Information Technology Officer

Office of the General Counsel (OGC)



General Counsel, Richard Beverly (seated second to left) and his Legal Staff.

Seated (L to R): Lara Walt, Richard Beverly, Ronnie Ahern

Standing (L to R): Tiffany Frazier, Chris Lipscombe, James Brown, Ken Hughes, Sanford Speight, Naza Shelley, Craig Berry, Rick Herskovitz, Noel Antonio, Kimberly Lincoln-Stewart

The **Office of the General Counsel (OGC)** advises the Commissioners on all aspects of actions and proceedings resulting from the PSC's enabling statute and other legislation. OGC is responsible for all legal issues involving the day-to-day operations of the PSC, as well as a broad spectrum of issues that relate to the Commissioners' regulatory responsibilities. The staff attorneys prepare orders and legal advisory memoranda, and assist the Commissioners in conducting all proceedings. Finally, staff counsel serve as hearing officers in formal consumer and pay telephone complaint hearings. OGC also tracks legislation at the D.C. Council and prepares comments on draft legislation that may impact the PSC and its jurisdictional authority.

2012 OGC Administrative Accomplishments

The Office of the General Counsel prepared 437 orders, 27 rulemakings, 43 deficiency letters, six advisory memoranda, nine public notices, three PSC Notice of Agency Fund Requirements (NOAFRS) and 18 NOAFRS for the Office of the People's Counsel (OPC). OGC also provided support to the Commissioners in two legislative hearings, two evidentiary rate case hearings, and 11 community hearings. Attorneys participated in over 40 working group meetings, oversaw 14 pre-hearing conferences in consumer formal complaint cases, provided staffing to the Commissioners for 31 open meetings, filed pleadings in eight cases at the FERC and 13 cases at the FCC, and provided support for the Chairman's participation in the Mayor's Undergrounding Power Lines Task Force.

Competitive Local Exchange Carriers (CLECs) that want to lease portions of Verizon's network to provide retail telephone service in the District enter into interconnection agreements with Verizon that are called Telecommunications Interconnection Agreements or TIAs. Each agreement specifies the terms, conditions, and prices that the carriers agree to pay each other. The PSC has 90 days to approve each TIA. In 2012, the PSC approved 9 TIAs, bringing the total approved as of the end of the year to 361. All PSC TIA orders were issued on a timely basis.

OGC advises the Commission on all legal issues, proceedings, and regulatory responsibilities. OGC attorneys draft orders and serve as hearing officers in formal consumer complaints cases.



Legal and technical staff advisers to the Commissioners conferring during a formal case hearing.



Attorney Kim Lincoln-Stewart assisting Commissioner Lee during the Diversity Supplier MOU signing.



Attorney Chris Lipscombe traveled as a NARUC delegate to Benin to lecture on best practices in utility regulation in the District of Columbia.

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Office of the Executive Director (OED)



Executive Director, Dr. Phylicia Fauntleroy Bowman (center) with OED staff.
Executive Assistant Aminta Daves, Dr. Phylicia Fauntleroy Bowman,
and Summer Intern, Issaya Whitesides

The Office of the Executive Director (OED) is comprised of the Executive Director (ED) and her Executive Assistant, who is bilingual in English and Spanish. The ED plans, directs, coordinates, and manages the internal affairs of the PSC on a day-to-day basis under the broad direction of the Chairman. The ED oversees the technical and administrative offices of the PSC and serves as the performance officer for the PSC. The ED is also responsible for all strategic planning initiatives and the management of the program-side of the agency's budget and financial responsibilities.

2012 OED Administrative Accomplishments

Outreach: Oversaw the preparation of the 2011 Annual Report and participated in 40 outreach events, particularly targeting the Spanish-speaking community.

Budget: Prepared responses to questions and testimony for the D.C. Council's oversight and proposed FY 2013 budget hearings. Created a new finance committee and worked with its members that included the Agency Fiscal Officer and the Deputy Executive Director for Administrative Matters in keeping the Chairman and Commissioners informed on budget and financial matters through monthly spending reports and briefings. Oversaw the assessments of the PSC's and OPC's FY 2012 operating budgets on the 3 utility companies and all competitive telecommunications providers and energy suppliers that operated in the District as of the end of 2011.

Strategic Planning: Monitored the PSC's accomplishments in the agency's FY 2012 Performance Plan and drafted the FY 2013 Performance Plan.

Formal Case Matters: Maintained the PSC's formal case tracking reports. Formed a new group of staff from the offices of the Chairman and Commissioner, general counsel, and technical staff who met weekly to monitor timely processing of formal case matters.

ARRA-funded Electricity Capacity Grant: Prepared quarterly reports to the U.S. Department of Energy covering the accomplishments of the PSC and the 5 employees funded by the grant.

Centennial Anniversary Symposium: Conducted research in preparation for a symposium to be held in March 2013 for the PSC's Centennial Anniversary. Specifically, reviewed all rate case orders back to 1913 and prepared tables summarizing rate case performance such as revenue requirement, rate base, rate of return and return on equity requests and approvals. Also compiled electric, gas, and telephone rate designs by formal case back to 1913. Engaged a summer intern who compiled data back to 1913 on the number of formal cases and orders by industry and prepared tables and graphs.

Staff Education and Development: Conducted quarterly case tracking meetings for new employees and non-legal and technical staff so they were informed on the status and content of major proceedings.

The Executive Director is responsible for strategic planning, program budgeting, and financial management as well as serving as the performance officer for the PSC.



Dr. Bowman meets on a weekly basis with Office Directors & Deputy General Counsel.
Seated (L to R): Aminta Daves, Dr. Bowman, Veronica (Ronnie) Ahern (OGC)
Standing (L to R) Gurmeet Scoggins (AFO), Benita Anderson (OHR), Linda Jordan (OCS),
Dr. Jesse P. Clay, Jr. (ODEDAM), Dr. Joseph Nwude (OTRA), and Brinda Westbrook (OCMS)



Dr. Bowman met weekly with the summer interns.



The Group of Five meets weekly to discuss Commission matters. The group consists of (seated, L to R), Angela Lee, Dr. Bowman, Ronnie Ahern, (standing L to R) Cary Hinton and Dr. Joseph Nwude.



Stage 4 Cancer Survivors, Timour Skrynnikov & Dr. Bowman



Aminta Daves at a community outreach event.



Dr. Bowman held quarterly case tracking meetings with non-legal & non-technical staff.

MOTIVATED CUSTOMER | & RESULTS ORIENTED STAFF

Office of Technical and Regulatory Analysis (OTRA)



Deputy Executive Director, Dr. Joseph Nwude (seated, second from right) and his Technical Staff. Seated (L to R): Felix Otiji, Udeozo Ogbue, Dr. Joseph Nwude, and Dr. Grace Hu. Standing (L to R): Timour Skrynnikov, Dr. Roger Fujihara, Manmohan Singh, Rodney Wilson, John Howley, Brian Doherty, Donald Jackson. (Not Pictured: Virgil Young, Dr. Edward Ongweso)

The Deputy Executive Director for Regulatory Matters heads the **Office of Technical and Regulatory Analysis (OTRA)**, which advises the Commissioners on accounting, economics, engineering, and financial issues in formal cases that are before the PSC. In addition, OTRA staff monitor electric, natural gas, and local telecommunications markets at the retail and wholesale levels. This includes keeping abreast of energy and telecommunications activities at the Federal Energy Regulatory Commission (FERC) and the Federal Communications Commission (FCC). The Office also conducts compliance reviews and audits, and manages formal cases and investigations. Staff conducts annual surveys to gauge the status of local competition in the District. Finally, OTRA staff administers the federally funded Natural Gas Pipeline Safety Program, and educates Commissioners, staff, and the public, directly and through the website and outreach activities, on current and emerging issues.



Chairman Kane (left) and OTRA staff member Dr. Edward Ongweso

2012 OTRA Administrative Accomplishments

In 2012, OTRA circulated approximately 600 advisory memoranda and e-mails. The staff in the Natural Gas Pipeline Safety program conducted 180 natural gas pipeline safety inspection days and inspected 670 excavation sites. OTRA staff collaborated with technical and legal consultants and OGC on issues in both the natural gas and electric rate cases and with OGC on new rules and penalties for violations of natural gas pipeline safety rules. Further, OTRA staff witnessed 14 natural gas meter tests and reviewed 1,580 RPS applications and 15 Verizon discretionary and competitive service pricing filings.

OTRA analyzes formal case filings, conducts audits, and inspects utility infrastructure to ensure public safety and compliance with the PSC rules and regulations.



Dr. Grace Hu serving as a technical advisor in an evidentiary hearing.



Dr. Joseph Nwude speaking to a visiting Japanese delegation.



Chief Engineer Udeozo Ogbue preparing for a natural gas pipeline safety inspection.



James Modozie conducting a One-Call inspection.

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Office of Human Resources (OHR)



Chief Human Resources Officer, Benita Anderson (standing) and her Staff.
(L to R) Sophia Pryce, Benita Anderson, and Natalie Taylor

The Office of Human Resources (OHR) provides human resources services to the PSC so that it can attract, develop, retain, and motivate a qualified and diverse workforce. OHR facilitates employee training and development to increase productivity, enhance workforce skills, and improve morale and performance.

2012 OHR Administrative Accomplishments

Employee Appreciation: Celebrated employee achievements through the Employee Appreciation Day Awards Ceremony, held on June 5, 2012, administered the SmartBenefits Program that provides a subsidy to encourage employees to take public transportation, and arranged the holiday party.

Staffing: Recruited candidates and filled 8 vacancies. Continued to work on reducing the Commission's vacancy rate. Participated in 9 job specification meetings for the D.C. Department of Human Resources' Classification and Compensation Reform Project, whose purpose is to revise all position descriptions throughout the District Government.

Centennial: Compiled a list of over 200 former employees with their contact information so that they can be invited to the 2013 Centennial Anniversary symposium. Also compiled a list of approximately 1,000 former employees from 1913 - 1965.

Summer Interns: The Commission hosted four summer interns: a NARUC energy intern, a Summer Youth Employment Program intern, a Centennial intern, and an intern from the DCHR-sponsored District Leadership Program. OHR arranged career development training, field trips, and other projects so the interns could sharpen their existing skills and learn new skills. At a Commission-wide meeting at the end of their tenure, the interns conducted PowerPoint presentations that summarized their learning experiences.

Training: Arranged the following employee training: (1) several one-on-one and group retirement training sessions with ING Financial Partners, the District Government's 401(a) retirement contractor; (2) a Fair Labor Standards Act seminar; and (3) an employee wellness program and wellness sessions/seminars, such as a nutrition seminar, CPR training, stretching exercises, a Tai Chi demonstration, and a Stress and Life Balance seminar. Arranged and tracked employee and MSS training through the District Government's Learning Management System, and kept employees informed of industry training opportunities. Ensured all PSC employees completed required Ethics training.

Enhanced HR skills and knowledge by attending: (1) an HR Summit; (2) the Society for Human Resources Management Annual Conference; (3) Family and Medical Leave Act training; (4) USDA

Graduate School HR training; (5) speed Spanish; (6) a telecommuting workshop; (7) a course entitled Administrative Assistant Fundamentals through the Community College of the District of Columbia; (8) a webinar on compliance with the Americans with Disabilities Act (ADA) in challenging economic times; (9) Payroll Supervisors/Quality Assurance Liaison Time and Attendance training, and (10) NARUC's Practical Regulatory Training for the Electric Industry or Natural Gas Local Distribution Conference in Albuquerque, New Mexico. Also attended Emergency Preparedness and Homeland Security training and a Public Safety Technology Summit.

Compensation and Leave: Worked with Classification and Compensation of DCHR to determine the appropriate pay schedules to implement increases for union employees and worked with DCHR to resolve multiple personnel, payroll, and leave issues for PSC employees. Tracked and processed restored leave requests. Completed quarterly leave balance reports for PSC employees and leave used reports for office directors.

Policies/Procedures: Drafted telework and tuition reimbursement policies.

Performance Management: Implemented the FY13 Individual Performance and Individual Development Plans and FY12 performance evaluations.

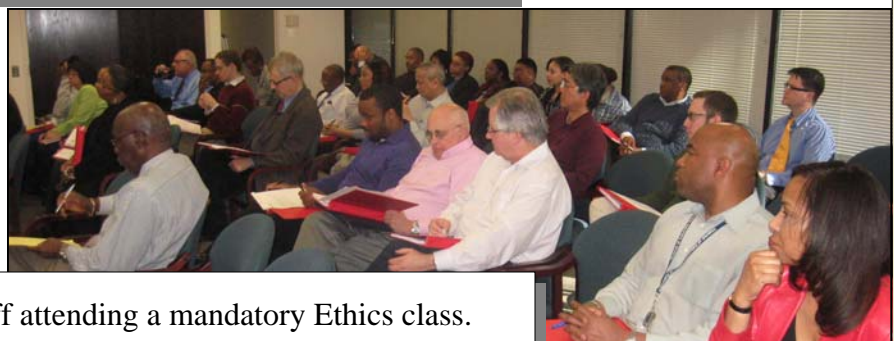
Each year, OHR coordinates the Employee Appreciation Ceremony to recognize new staff and the contributions of PSC staff. OHR also coordinates wellness workshops and ethics training.



PSC staff being recognized at Employee Appreciation Day.



PSC staff participating in a Wellness Workshop for reducing stress.



PSC staff attending a mandatory Ethics class.

Office of Consumer Services (OCS)



Director of Consumer Services, Linda Jordan (seated far left), and her Staff
 Seated (L to R): Linda Jordan, Patricia Walker, Kellie Armstead, and Maurice Smith.
 Standing (L to R): Kenneth Ford, Aaron Aylor, Margaret Moskowitz, LaWanda Hale,
 Karen Nurse, and Damon Patterson.

The **Office of Consumer Services (OCS)** serves as the public relations arm for the PSC and it is responsible for the day-to-day activities of three programs:

1. Mediating consumer complaints regarding utility providers and responding to inquiries;
2. Managing and implementing the PSC's community outreach program to help consumers make informed choices in a competitive era; and
3. Managing the outdoor payphone program by processing registration applications to install new pay phones, mediating complaints regarding existing payphones, and inspecting all outdoor payphones in the District.

OCS also keeps the Commissioners and staff informed of local and national consumer-related trends, and provides the PSC with information on how well local providers serve their customers. OCS conducts customer satisfaction surveys to obtain feedback on its handling of consumer complaints and inquiries and in developing its presentations to community groups.

2012 OCS Administrative Accomplishments

Mediated Complaints and Responded to Inquiries

- Investigated and resolved 1,323 complaints and 193 inquiries from consumers, including 23 complaints and inquiries from Spanish-speaking consumers;
- Conducted 41 informal consumer complaint hearings;
- Docketed 20 consumer complaints for formal hearings;
- Scheduled and witnessed 14 natural gas and 33 electric refereed meter tests;
- Conducted seven master-metered apartment inspections;
- Conducted nine consumer complaint site visits;
- Saved District consumers \$80,834.77 in disputed charges through the investigation and mediation process; and
- Prepared four quarterly and one annual consumer complaints and inquiries reports. The results were used as a feedback tool with the utility companies at scheduled quarterly meetings.

Administered the Outdoor Payphone Program

- Continued to regulate 11 Pay Telephone Service Providers (PSPs);
- Collected \$3,600 in certification and registration fees;
- Renewed the registration of 62 existing pay telephones;
- Conducted 707 compliance inspections of pay telephone sites in all 8 wards of the District; (The number reflects multiple inspections at each payphone site);
- Conducted 25 Authorized Payment Location (APL) inspections;
- Issued a comprehensive report on the status of pay telephones and PSP's compliance with the PSC's payphone rules;
- Responded to five pay telephone complaints and inquiries; and
- Replied to 25 calls received on the Pay Telephone hotline number.

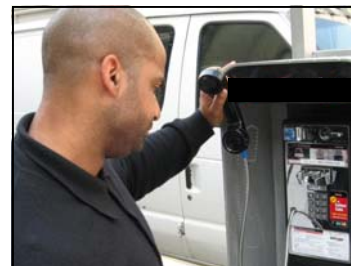
Educated Consumers & Informed the Public

- Scheduled and attended 121 outreach events at civic association meetings, neighborhood festivals, and other community functions;
- Wrote and designed seven fact sheets, and updated one brochure to post on the website and distribution to consumers and the public;
- Prepared 15 press releases, responded to 46 media requests/inquiries, and attended several utility press conferences;
- Revised media procedures in order to streamline the process of requesting, approving, and distributing press releases;
- Participated in three government official briefings by Pepco during severe storms to obtain updates about power outages and safety information to be distributed to staff and consumers;
- Implemented GovDelivery, a distribution platform which helps manage subscriptions and distribute of press releases to close to 500 subscribers;
- Prepared presentations in FC No. 1093, FC No. 1087, and "Understanding Your Bill" for outreach events and posted the presentations to the website;
- Coordinated and archived photographs and video of PSC activities and events;
- Reorganized and updated the consumer services section of the website by creating an "Understanding Your Bill" webpage as a central location for information about utility bills and viewing sample utility bills; procured 15,000 recyclable bags and 5,000 magnets as promotional items and a glass display case to showcase gifts received from international delegations; and
- Managed and assisted with writing and producing a new PSC video.

OCS mediates consumer complaints, conducts inspections, arranges and attends meter tests, and prepares brochures and fact sheets to ensure consumers are billed accurately and understand their utility bills and rights.



Margaret Moskowitz (center) mediating an informal consumer complaint.



Damon Patterson conducting a pay telephone inspection.

OCS conducts presentations and hosts information tables at community meetings and festivals to educate consumers about their utility bills, utility discount programs, energy efficiency measures and renewable energy programs, and how to choose their energy supplier or telephone service provider.



Pat Walker speaking to consumers at MANNADC First-Time Home Buyers Club.



Margaret Moskowitz distributing PSC recyclable bags and PSC brochures at Seaton Elementary School.



Every year, PSC staff collect food donations for Food-2-Feed.



Aminta Daves and Patricia Walker at a bilingual training and outreach event.



PSC staff attending a Pepco news conference.



Pat Walker distributing PSC recyclable bags filled with turkeys and other food and PSC brochures at People's Congregational Church's holiday food distribution program.

MOTIVATED CUSTOMER | & RESULTS | ORIENTED STAFF

Office of the Deputy Executive Director for Administrative Matters (ODEDAM)



Deputy Executive Director, Jesse P. Clay, Jr. (center) and his staff.
(L to R): Darnice Wright, Administrative Support Specialist;
Dr. Jesse P. Clay, Jr.; and Chief Information Technology Officer Paul Martinez.

The **Office of the Deputy Executive Director for Administrative Services (ODEDAM)** is responsible for overseeing a variety of management and administrative areas, including information technology, contracts and procurement, facility management, vehicle administration, telephone administration, and other PSC administrative programs and projects. The Director of the Office of the Commission Secretary also reports to the Deputy Executive Director for Administrative Matters.

As an independent agency, the PSC has its own procurement and contracting authority and, hence, rules and regulations. ODEDAM is responsible for purchasing goods and services for the PSC. ODEDAM develops the purchasing /contracting methods that will ensure the best value, competition, and price, while meeting the PSC's requirements.

2012 ODEDAM Administrative Accomplishments

In 2012, ODEDAM accomplished the following:

- Maintained the centralized contract filing system;
- Maintained the vendor database;
- Advertised and solicited procurement opportunities, including the implementation office related security measures;
- Maintained the Contracts and Procurement webpage on the PSC website;
- Procured goods and services from Certified Business Enterprises (CBE). The PSC exceeded its goal.
- Solicited and procured security monitors;
- Installed digital signage monitors for the hallways;
- Managed the process to purchase additional audio visual equipment in the PSC's hearing room
- Oversaw the purchase of new servers;
- Procured new state of the art copiers;
- Executed twenty-two contracts and one hundred and two procurements;
- Installed WI-FI in the hearing room and conference rooms; and

- Engaged a space planner to determine the optimal amount of space required by the PSC in anticipation of the expiration of the Commission's lease in 2013.

Other Administrative Accomplishments

- Managed vehicle administration program and leased two new vehicles;
- Handled facility related issues;
- Implemented the One Fund Program;
- Managed telephone administration;
- Managed the Imprest Fund;
- Oversaw the PSC's compliance with the Mayor's Customer Service Standards;
- Implemented eProcurement and eInvoice Systems;
- Managed administrative concerns in conjunction with the Agency Fiscal Officer; and
- Advertised and procured internal eTravel system.



Paul Martinez, Chief Information Technology Officer, working on the PSC's computer network.

Office of the Commission Secretary (OCMS)



Commission Secretary, Brinda Westbrook (center), and her Staff
Front (L to R): Stacey Durham, Mavis Oudkerk, Brinda Westbrook, Hazel Doe, and Carmen Davis. Back (L to R): Marvin Briggs, Christopher Starks, and Alphonzo Harris.

The Office of the Commission Secretary (OCMS) maintains the official files and records of the PSC and manages the content and updates to the PSC’s website, including e-Docket, the electronic filing system. OCMS maintains the official documents, files, and records, by ensuring the safety and integrity of the records and provides appropriate access to records and files. In addition, OCMS assists the PSC with the conduct of evidentiary, community, and public interest hearings and open meetings.

2012 OCMS Accomplishments

In 2012, the PSC scheduled four community hearings for FC No. 1093, 13 days of evidentiary hearings for FC No. 1087 and FC No. 1093, one legislative style hearing for FC No. 1086, and 23 open meetings. OCMS also maintained e-Docket, distributed testimony and exhibits to the Commissioners and its staff, prepared witness lists, and provided daily updated documents to the Commissioners, staff, and parties throughout the evidentiary hearings.

OCMS staff opened 681 new cases, of which 258 cases were for the Renewable Energy Portfolio Standard Program (RPS) and seven new formal cases in 2012. The office processed 3,904 documents, of which 560 pleadings were RPS documents, filed with the PSC by applicants, respondents, intervenors, and interested persons. Due to the enactment of the Distributed Generation Emergency Amendment Act of 2011, dated August 1, 2011, the number of RPS applications filed with the PSC in 2012 was reduced significantly. In addition, OCMS staff served and distributed 367 PSC orders to utility companies, parties, and the public.

OCMS continued to provide coverage for the PSC’s reception area and telephone support for PSC offices including support for telephone calls placed to the PSC’s primary telephone numbers and face-to-face service to visitors to agency offices.

OCMS staff also continued its partnership with DataNet Systems to host the agency’s website. The arrangement requires OCMS staff to serve as the primary web administrator and to determine and develop website content in addition to identifying data and content problems. DataNet performs the web hosting and maintenance duties for the PSC website and the eDocket Database system.

PSC Website

Tracking data show the PSC homepage received 49,950 visits and 135,602 hits between January 1, 2012 and December 31, 2012. Likewise, data reflect 49,436 visits and 1,148,377 hits to eDocket. The other content groups received 78,210 visits and 1,445,780 hits.

The Hot Topics section of the homepage was revised to highlight electric reliability. In this section, and among other things, information can be found regarding Pepco’s Annual Consolidated Reports (ACR), the electric quality of service standards (EQSS), major service outage restoration standards and major service outage reports, the feasibility of burying electric lines, independent inspections of Pepco’s underground system, smart meters, and Pepco’s EnergyWise Rewards Program.

OCMS launched the PSC’s web-based mobile app, “PSC on the Go,” on November 28, 2012. “PSC on the Go” makes information more readily accessible to stakeholders and District businesses and residents and makes the PSC a more open and transparent agency. The “app” fulfills Mayor Vincent Gray’s key goal of connecting District residents and businesses with the District government through social networking sites. The creation of this “app” also furthers the PSC’s mission of educating utility consumers and informing the public about PSC operations.

The free “app” is available via the PSC website from smartphone and tablets at <http://dcpsc.org/mobile>, in the Apple “apps” store, and for Android users on Google Play. The app provides direct access to information about the operations of the PSC, customer choice of utilities, low-income discount programs and Pepco’s outage maps.

Other Activities

OCMS staff also continued to play a key role in the agency’s performance in meeting the Mayor’s Customer Service Standards goals for telephones, e-mails, and U.S. mail correspondence, and visitors to the PSC. OCMS staff tracked activities associated with each standard. Between January 1, 2012 and December 31, 2012, staff answered and directed 1,079 telephone calls, processed and responded to 198 ‘Contact Us’ requests, and received 114 written correspondences through the U.S. Postal Service.

In addition, OCMS staff successfully performed support services for the PSC, including serving as the key operator for copier and audio-visual equipment, scheduling courier services, hiring transcription service providers, and participating in PSC-sponsored meetings and hearings.



OCMS staff Alphonzo Harris and Marvin Briggs worked with Saravanan Gunasekaran from DataNet (PSC website contractor) to develop and launch the “PSC on the Go” Mobile App.



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Office of the Agency Fiscal Officer (OAFO)



Agency Fiscal Officer (AFO) Gurmeet Scoggins (right)
and Vanetta Wells, Budget Analyst

The **Office of the Agency Fiscal Officer (OAFO)** for the PSC is responsible for the execution of the PSC's annual operating budget and the tracking of expenditures in conformance with the budget. AFO staff are employees of the Office of the Chief Financial Officer (OCFO), under the direction of the D.C. CFO, Dr. Natwar Gandhi and are assigned to the Commission by the OCFO, but are paid out of the PSC budget. The PSC's AFO is tasked with the responsibility of ensuring that the PSC's budgeting and financial operations are managed in compliance with OCFO guidelines. The D.C. Government's fiscal year begins on October 1. For FY2012, the PSC had total expenditures of \$9.8 million.

The OAFO manages all fund receipts and disbursements for each revenue type and for the PSC's formal cases. OAFO additionally is responsible for accounting operations for the PSC and the financial reporting of all funds to the PSC's Chairman, Executive Director, and to the Associate CFO of the Economic Development and Regulation Cluster of the OCFO. The AFO also supports the PSC Chairman during budget hearings before the D.C. Council Committee on Public Services and Consumer Affairs.

The PSC's budget is comprised of two primary revenue types: *Operating Funds (or Special Purpose Revenue)* and *Grant Funds*. As an independent D.C. Government agency, the PSC's operating budget is not funded by taxpayers but rather by assessments levied on regulated companies based on their share of revenue derived in the DC marketplace. The PSC's expenditures for Special Purpose Revenue were \$9.6 million in FY 2010, \$9.2 million in FY 2011, and \$9.2 million in FY 2012. Grant funds are obtained through the Federal Government. Total grant-funded expenditures were \$220,413 in FY 2010, \$509,051 in FY 2011, and \$561,866 in FY 2012. In addition, the agency expended \$69,569 in FY 2010, \$50,431 in FY 2011, and \$12,983 in FY 2012 in intra-District funds. The agency incurred an expenditure of \$9,840 in private donations in FY 2012.

Table 1.0 – Budget Summary

Comptroller Source Group	FY 2010 Actual Exp.	FY 2011 Actual Exp.	FY 2012 Budget	FY 2012 Actual Exp.	FY 2012 Budget/Actual Change	(%) Change	FY 2013 Proposed Budget
0011-REGULAR PAY - CONT FULL TIME	4,927	4,861	5,309	4,997	312	6%	5,442
0012-REGULAR PAY - OTHER	1,008	1,203	1,229	1,079	150	12%	1,263
0013-ADDITIONAL GROSS PAY	25	29	0	48	-48	0%	0
0014-FRINGE BENEFITS - CURR PERSONNEL	1,079	1,104	1,301	1,152	149	11%	1,349
Subtotal Personnel Services (PS):	7,039	7,197	7,839	7,276	563	7%	8,054
0020-SUPPLIES AND MATERIALS	43	31	40	45	-5	-13%	44
0030-ENERGY, COMM. AND BLDG RENTALS	2	2	2	2	0	0%	2
0031-TELEPHONE, TELEGRAPH, TELEGRAM, ETC	76	74	80	83	-3	-4%	76
0032-RENTALS - LAND AND STRUCTURES	1,517	1,607	1,671	1,416	255	15%	1,693
0033-JANITORIAL SERVICES	0	0	2	0	0	0%	0
0035-OCCUPANCY FIXED COSTS	9	0	8	8	0	0%	6
0040-OTHER SERVICES AND CHARGES	383	388	347	477	-130	-37%	508
0041-CONTRACTUAL SERVICES - OTHER	601	350	204	267	-63	-31%	257
0050-SUBSIDIES AND TRANSFERS							
0070-EQUIPMENT & EQUIPMENT RENTAL	181	148	182	248	-66	-36%	182
Subtotal Non-Personnel Services (NPS):	2,812	2,601	2,537	2,546	-9	0%	2,769
TOTAL-GROSS FUNDS	9,851	9,799	10,376	9,822	554	5%	10,823

Table 2.0 – Funds by Revenue Type

GROSS FUNDS	FY 2010 Actual FTEs	FY 2011 Actual FTEs	FY 2012 Budgeted FTEs	FY 2012 Actual FTEs	FY 2012 Budget/Actual Change	(%) Change	FY 2013 Proposed Budgeted FTEs
Special Purpose Revenue	64.8	66.3	67.1	66.3	0.8	67.1	68.0
Federal Grant Funds	1.1	4.2	5.5	4.2	1.3	5.5	4.6
Gross Funds	65.9	70.5	72.6	70.5	2.1	72.6	72.6

MOTIVATED CUSTOMER & RESULTS ORIENTED STAFF

Formal Case Accomplishments

Electricity

Ensured Safe, Reliable, & Quality Utility Services

FC Nos. 766-ACR-12/1026 – The PSC Approved Pepco’s 2012 Annual Consolidated Report (ACR). Pepco’s ACR contains a comprehensive review of Pepco’s reliability performance. It includes a Comprehensive Plan, a Productivity Improvement Plan, and a Manhole Events Report. Each year, the PSC reviews the ACR to determine any deficiencies and to identify areas where Pepco can improve its provision of safe and reliable electric service.

After requesting and receiving approval for an extension of time, Pepco filed its 2012 ACR on March 15, 2012. OPC filed its comments on April 30, 2012, and the PSC’s technical staff filed its Staff Report on June 13, 2012. On July 10, 2012, the PSC released a Public Notice, requesting comments on the Staff Report. OPC and Pepco filed comments on August 9, 2012.

On November 29, 2012, the PSC issued **Order 16975**, approving the ACR, while directing Pepco to include additional information in future ACRs. In addition, on April 30, 2012, in **Order 16766**, the PSC closed FC No. 1026, in which studies of the feasibility of undergrounding overhead lines were conducted. Moreover, on June 21, 2012, in **Order 16813**, the PSC transferred the studies in FC No. 1026 to FC No. 766 so they could be a part of the record of the comprehensive review of the reliability of Pepco’s electrical system.

In response to the outages, Mayor Vincent Gray formed a task force to provide advice on actions that may be taken to reduce future storm-related power outages, including the undergrounding of power lines. The taskforce released its finding and recommendations on May 15, 2013.

FC No. 766 – The PSC Reviewed Pepco’s Petition for Approval of its Criteria for Selective Undergrounding. On March 9, 2012, Pepco filed a petition requesting approval of its proposed method and criteria for selecting underground projects in the District. On March 19, 2012, OPC filed its comments. In **Order 16763**, issued on April 27, 2012, the PSC denied the petition on the grounds Pepco had not adequately specified the method and criteria to be approved

and that the issue of the prudence of the costly undergrounding option would need to be addressed in an appropriate proceeding in which the Company will be required to demonstrate such prudence with objective and quantifiable evidence. The PSC also expressed concern with several key steps in Pepco’s proposal.

FC No. 982 – The PSC Finalized its Investigation of Pepco’s Restoration Efforts After Hurricane Irene. In accordance with the PSC’s Electric Quality of Service Standards (EQSS), Pepco timely filed its Major Service Outage (MSO) report on September 22, 2011 concerning Hurricane Irene. That storm hit the District on Saturday and Sunday, August 27-28, 2011 and caused 76,966 D.C. customers to lose power over the two days. In **Order 16704**, issued on February 16, 2012, the

PSC accepted Pepco’s MSO Report as being in compliance with the EQSS rules, and required the Company to provide descriptions of (1) how it proposes to resolve reported defects in its Outage Management System, (2) access issues regarding vegetation management on private and public lands, and (3) measures Pepco has or will put in place to minimize responding to storm-related reports of downed wires when they are not on Pepco’s property.

FC Nos. 982/1100 – The PSC Investigated and Held a Public Hearing Regarding Pepco’s Restoration Efforts After Two 2012 Major Storm-Related Outages in June & July 2012.

The PSC investigated two major service outages (MSO) that occurred in June 2012. The first hit D.C. and Maryland on Friday, June 22, 2012 and at its peak, 19,561 D.C. customers lost power. Pepco restored service to 95% of its D.C. customers within 25 hours. The second MSO, called a Derecho storm, impacted the District and Maryland on Friday, June 29, 2012 and 75,896 DC customers lost power. Pepco restored service to 99% of its D.C. customers by Wednesday, July 4 and the last D.C. customer on Saturday, July 7.

On June 25, 2012, OPC filed a petition for an investigation of the first MSO in FC 1100. However, in **Order 16922**, issued on September 2012, the PSC ruled that it would combine the investigation of that storm with the second storm, so FC 1100 was closed. Meanwhile, Pepco filed MSO reports for both storms on a timely basis, on July 16 and July 30 respectively.

On July 31, 2012, the PSC issued a Public Notice requesting comments on both reports. OPC filed comments on August 30, 2012 and Pepco filed reply comments on September 14, 2012. Many citizen letters were received. The D.C. Council held a hearing and on October 10, 2012, Councilmember Yvette Alexander submitted the record of the Council’s hearing for docketing in the formal case. Moreover, the PSC held its own public hearing on October 12, 2012. The PSC is using the results of the hearings and investigation in developing service restoration benchmarks as described further below.

There were two other storms in 2012 – one occurring on September 8 and the other occurring after Hurricane Sandy in October 2012. However neither was ultimately categorized as a MSO because fewer than 10,000 D.C. customers lost power.



Commissioners conducting a hearing on service outages.

Formal Case Accomplishments

Electricity

Ensured Safe, Reliable, & Quality Utility Services

FC No. 982 – The PSC Continued its Inquiry into the Feasibility of Establishing Storm Restoration Benchmarks. On April 27, 2012, the PSC published a **Notice of Inquiry (NOI)** in the *D.C. Register* that continued its inquiry into whether to establish rules governing restoration of electric utility service after a major service outage (MSO). The issues discussed in the order were (1) what should be the appropriate restoration starting point; (2) should there be benchmarks established; and (3) should there be call center performance standards. Further PSC action will be taken in 2013.

The NOI was a follow-up to the PSC's March 18, 2011 **Order 16262**. In that Order, the PSC first posed a number of questions regarding whether restoration benchmarks should establish a specified period of time for service restoration, the percentage of customers that would have to be restored within that time frame, and whether the current definition of a Major Service Outage was appropriate. After reviewing the comments filed in response to **Order 16262**, the PSC had added more questions focused on issues at the neighborhood level in **Order 16426**, issued July 7, 2011.

FC No. 982 – The PSC Amended the Electric Quality of Service Standards to Require Pepco to File a Major Storm Restoration Plan. **Order 16262** also asked whether the PSC should require Pepco to submit a Major Storm Restoration Plan and what its content should be. On April 27, 2012, the PSC published a Notice of Proposed Rulemaking in the *D.C. Register* to amend the Electric Quality of Service Standards

to require Pepco to file a Major Storm Restoration Plan. After reviewing the comments, the PSC adopted the rule change in **Order 16839** issued on July 17, 2012. After responding to several questions the PSC posed in the Order, Pepco filed its Plan on November 6, 2012. The PSC issued a Notice requesting comments on the Plan and OPC filed its comments in December 2012. Pepco's response is due in January 2013.

FC No. 1056 –The PSC Initiated Studies on Health, Safety, and Privacy Issues Related to Pepco's Smart Meters and the Feasibility of an Opt Out Provision. In **Order 16708**, issued February 16, 2012, the PSC denied OPC's December 7, 2011 request for a formal investigation to determine whether it was reasonable for Pepco to offer an opt-out provision for its Advanced Metering Infrastructure (AMI) program. The PSC explained that once it determined that Pepco had sufficient federal stimulus funding, the Company had statutory authority to implement AMI for all consumers. Thus, the PSC had no authority to permit some consumers to opt-out of the AMI program and the D.C. Council would have to authorize the PSC to investigate the feasibility of an opt-out provision since the current legislation did not provide the PSC with that authority.

April 13, 2012, the PSC issued **Order 16761**, denying the motion, but further stating that "although customers cannot opt out of smart meter implementation, Pepco is not free to install meters that pose a hazard to the health and safety of the public." Although "there was no compelling evidence that the meters posed a threat to the public," the PSC would continue to monitor available data and take appropriate action if warranted.

OPC filed a motion for reconsideration. On

On August 9, 2012, D.C. Councilmember Yvette Alexander, Chairman of the Committee on Public Services and Consumer Affairs, sent a letter to the PSC requesting an investigation, to be conducted by an independent entity, for the purposes of exploring questions regarding the safety of the smart meters and the feasibility of Pepco providing an opt out provision. Thus, on September 7, 2012, the PSC issued **Order 16892**, announc-

ing it would study the health, safety, and privacy aspects of Pepco's smart meters and the feasibility of an opt-out provision. Thereafter, the PSC issued

two Requests for Proposals to engage consultants for the studies. The consultants will be hired in 2013 to conduct the study.

FC No. 1073 – The PSC Oversaw Pepco's Completion of Its Construction of Two 230kV Underground Transmission Lines.

On March 31, 2009, Pepco filed a notice to construct two new 230kV circuits underground for approximately 5.5 miles between the District's Benning Station "A" and the Ritchie Road Substation No. 123, located in Seat Pleasant, Maryland. Pepco asserted that the underground transmission project was necessary in order to maintain reliability of the electric system and to ensure the continuity of electricity supply to customers in the District of Columbia. Further, the project was intended to satisfy the Regional Transmission Organization ("RTO") PJM Interconnec-

tion, LLC ("PJM") requirement that Pepco construct new lines to resolve reliability problems as a result of the retirement of electric generating facilities in the District of Columbia. In **Order 15553**, issued on September 23, 2009, the PSC approved the construction as being reasonable, safe and necessary and it directed Pepco to file quarterly reports so the PSC could track the progress of construction. Pepco informed the PSC in its July 16, 2012 quarterly report that the project had been completed and both lines were in service. Thus, on September 20, 2012, the PSC issued **Order 16914**, closing the case.

FC 1083 – The PSC Selected Consultants who began studies to Address Smart Grid Policy Issues.

In **Order 15967**, issued on September 7, 2010, the PSC opened a formal proceeding to establish a docket to investigate policy matters related to the implementation of a Smart Grid in the District. The docket will serve as a vehicle for the PSC to address Smart Grid-related policy matters that are not currently captured in existing docketed cases. Examples of policy related issues include privacy

and cyber security matters, incentives for third-party suppliers to offer dynamic pricing, and the integration of dynamic pricing with Pepco's Standard Offer Service (SOS) procurement, etc. In 2011, the PSC solicited contractors to conduct policy analyses regarding the following issues: (1) third-party suppliers and privacy and data access; (2) Smart Grid investment performance and benefits; and (3) dynamic pricing. In 2012, consultants were engaged and their studies were being conducted.

FC No. 1095 – The PSC Approved Pepco's Plans to Upgrade Two Underground Transmission Circuits.

On January 6, 2012, Pepco filed a notice of plans to upgrade two underground transmission circuits in excess of 69 kV in the District. In its Notice to Upgrade, Pepco asserted that the underground transmission project was necessary in order to maintain reliability of the electric system and to ensure the continuity of electricity supply to customers in the District of Columbia. Pepco indicated that the project involved upgrading a 138 kV underground transmission line and a 230 kV underground transmission line between the Buzzard Point Generating Station in the southwest portion of the District of Columbia and Pepco's Ritchie Substation No. 123 in Seat Pleasant, Maryland. Pepco asserted that the Regional Transmission Organization ("RTO") PJM Interconnection, LLC

("PJM") Transmission Advisory Committee ("TEAC") identified this project as a solution to resolve reliability problems from thermal overloads and the retirement of the Buzzard Point Generating Station in the District of Columbia. Pepco also stated that the capacity increases for these transmission circuits are required to meet the North American Electric Reliability Corporation's ("NERC") reliability standards for bulk electric systems facilities. OPC filed a petition to investigate Pepco's plans. After reviewing all of the information, the PSC concluded, in **Order 16820**, that Pepco had sufficiently demonstrated the reasonableness, safety, and need for the project and thus allowed the Company to proceed with construction, subject to obtaining the necessary permits from other D.C. agencies.

Formal Case Accomplishments

Electricity

Regulated Monopoly Services

FC No. 712 – The PSC is Considering Pepco’s Petition to Amend the PSC’s Rules to Allow for Additional AMI Functionality. On March 30, 2012, Pepco filed a petition for the PSC to initiate a rulemaking to amend its rules to accommodate the full use of the Advanced Metering Infrastructure (AMI), including smart meters remote disconnection features. On May 25, 2012,

the PSC, by **Order 16784**, directed interested parties to file comments on Pepco’s petition. AARP D.C. submitted comments on July 18 and OPC filed comments on July 23, 2012. Pepco replied to both parties’ comments on September 14, 2012. Further action in this case will occur in 2013.



FC Nos. 813 and 945 – The PSC Approved a Reduction in the Residential Aid Discount (RAD) Surcharge Paid by Non-RAD Customers. The Residential Aid Discount (RAD) provides a distribution rate discount to low-income residents throughout the year. The discount is subsidized by non-low income customers through a surcharge on their monthly bills. Each year, Pepco files an updated surcharge, based on past year collections. On March 9,

2012, Pepco filed a new rider that showed a decrease in the amount of the surcharge from \$.000691 to \$.000515 per kwh. The PSC issued a Notice of Proposed Rulemaking on June 15, 2013. No comments were filed. Hence, on September 7, 2012, the PSC issued **Order 16889**, approving the new amount to be effective on October 1, 2012.

FC No. 1076 – The PSC Selected Siemens, Boston Pacific, and Liberty Consulting Group to Conduct System Reliability and Management Audits of Pepco. By **Order 17020**, issued on December 20, 2012, the PSC directed Pepco to award contracts to the team of Siemens and Boston Pacific to conduct a system reliability audit of Pepco and to Liberty Consulting to conduct a

management audit of Pepco. On February 16, 2012, in **Order 16710**, the PSC approved Pepco’s revised Request for Proposal (RFP) that the company had filed on January 9, 2012. Pepco issued the RFP and 7 companies submitted bids. Subsequently, Pepco solicited best and final offers before the PSC selected Siemens and Boston Pacific and Liberty Consulting.

FC No. 1087 – The PSC Rendered its Decision in the Pepco Rate Case. After holding an evidentiary hearing on January 30 through February 3, 2012, the PSC determined that additional discovery was necessary because new information had been proffered by Pepco during the hearing. Additional evidentiary hearings were held in June 2012, followed by briefs and reply briefs. On September 27, 2012, the PSC issued **Order 16930**, in which the PSC reduced Pepco’s proposed distribution service revenue increase of \$42.1 million by 42% to \$24.0 million. For the typical residential consumer, the decision in-

creased the monthly bill by \$2.60, half of what Pepco requested. About one-third of the \$24 million increase resulted from the implementation of Advanced Metering Infrastructure costs authorized by the D.C. Council in June 2009. The PSC reduced Pepco’s proposed return on equity from 10.75% to 9.5% and it rejected Pepco’s proposed Reliability Investment Recovery Mechanism (RIM) surcharge that would have allowed automatic annual rate adjustments to recover the costs of capital investments made to improve the reliability of Pepco’s distribution system.



FC No. 1087- The PSC announced its decision in the Pepco rate case.

FC No. 1099 – The PSC Approved Pepco’s Application for a Certificate of Authority to Issue and Sell Debt Securities. On June 8, 2012, Pepco filed an application seeking authority to issue and sell up to \$850 million of long-term secured or unsecured debt securities through public sale or private placement and in domestic and foreign markets. Pepco sought expedited review. The PSC published a notice in the *D.C. Register*

on June 22, 2012, inviting comments and the Apartment and Office Building Association (AOBA) objected to the expedited review. In **Order 16851**, issued on August 1, 2012, the PSC granted AOBA’s objection. Based on further comments in the proceeding from OPC, AOBA, and Pepco, on September 7, 2012, the PSC issued **Order 16898**, granting Pepco’s application.

Formal Case Accomplishments

Electricity

Fostered Competition

FC No. 1017 – The PSC Approved Lower Standard Offer Service (SOS) Rates for Electric Customers. By **Order 16719**, issued on March 1, 2012, the PSC approved new electric generation rates resulting from a competitive auction for electric generation supply for the Company's default Standard Offer Service (SOS) effective June 1, 2012. A monthly electric bill for a Pepco residen-

tial SOS customer using 685 kwh decreased by 5.6% or about \$4.89 per month. Pepco's small commercial SOS customers' bills decreased by 5.5% or about \$14.17 per month for the average user. Approximately 92% of residential customers are on the SOS program. The new rates do not apply to non-SOS customers.

FC No. 1085 – The PSC Approved the Establishment of a Purchase of Receivables (POR) Program for the District of Columbia. On January 14, 2011, Clean Current Green Energy Solutions, a competitive electric generation supplier, submitted a proposal for the PSC to implement a Purchase of Receivables (POR) program. A POR program permits or requires the electric or gas utility to purchase the receivables of retail electric/gas suppliers at a discount rate, at least equal to the utility's uncollectible or bad debt rate.

Association (NEMA), OPC, the Retail Energy Supply Association (RESA), and WGES were filed on July 25, 2012, and WGES and Pepco filed reply comments on August 9, 2012. As a result, on September 20, 2012, the PSC issued **Order 16916**, approving a program, to become effective in 2013. However, WGES and Pepco filed motions for reconsideration. The PSC will issue an order in response to those motions in January 2013.

On May 5, 2011, the PSC published a **Notice of Inquiry (NOI)** in the *D.C. Register*. After reviewing the comments that were filed, the PSC issued **Order 16767** on April 26, 2012, directing Pepco to file a detailed District-specific POR program similar in design to the Maryland POR program. In compliance, Pepco filed its plan on June 25, 2012. Initial comments by the National Energy Marketers

FC No. 1098 - The PSC Opened an Investigation into Retail Electricity Suppliers' Access to Their Customers' Smart Meter Data and Held a Technical Conference. On May 17, 2012, Washington Gas Energy Services (WGES) filed a petition for an investigation into retail electricity suppliers' access to their customers' smart meter data so they can use the data to design appropriate rate plans for their customers, and in so doing, foster competition. Pepco filed its response on May 31, 2012, and AOBA filed a reply on the same day. WGES filed responses to both parties on June 28, 2012. By **Or-**

der 16838, issued on July 13, 2012, the PSC granted WGES's petition and opened Formal Case 1098. The order called for a technical conference at the PSC on July 31, 2012 after which Pepco would file a Post Technical Conference Report within 30 days of the conference. Conference attendees had ten days to comment on Pepco's report. Pepco filed the report on August 30, 2012. RESA and WGES filed comments on the report on September 19, 2012 and Pepco filed its reply on October 20, 2012. Further action in this case will occur in 2013.

Conserved Natural Resources & Preserved the Environment

FC No. 1050 – The PSC Approved Pepco’s Revised 2011 Annual Interconnection Report and its 2012 Annual Interconnection Report.

Pepco filed its first Annual Interconnection Report on August 30, 2011. However, on November 3, 2011, in **Order 16601**, the PSC identified deficiencies and directed Pepco to file a revised report. The Company filed a revised report on November 14, 2011.

On February 6, 2012, the PSC issued **Order 16707**, approving the 2011 report.

On March 30, 2012, Pepco filed its 2012 Annual Interconnection Report. The PSC issued **Order 17000** on December 20, 2012, approving the Report.

FC No. 1086 – The PSC Held a Legislative-Style Hearing on the Status of Pepco’s Direct Load Control (EnergyWise Rewards) Program.

On November 11, 2011, the PSC issued **Order 16602** in which it approved Pepco’s Residential Air Conditioner Direct Load Control Program, which the Company had filed on June 5, 2011. In its order, the PSC directed Pepco to file quarterly reports on the progress it was making to implement the program beginning in the summer of 2012. In Pepco’s 2nd quarter report, filed on July 30, 2012, the Company reported that it had planned to install equipment in 1,825 homes by the end of the 2nd quarter, while in fact it had only 1,122 installations for a

shortfall of 39%. Concerned about the slower pace of installations, the PSC issued **Order 16917** to convene a legislative-style hearing on November 9, 2012. Meanwhile, Pepco’s 3rd quarter report, filed on October 31, 2012, showed a continued shortfall. Thus, on November 9, 2012, the PSC issued **Order 16959** directing Pepco to respond to a number of questions regarding its schedule, marketing and consumer issues, and program costs and rescheduling the legislative-style hearing to December 7, 2012. The hearing was held on December 7, 2012 as planned.

FC No. 1096 – The PSC Opened An Investigation into the Regulatory Treatment of Providers of Electric Vehicle Charging Stations and Related Services.

In the Pepco rate case, FC No. 1087, the DC Government proposed the creation of an electric vehicle (EV) rate to promote the use of electric vehicles in the District. In response to comments, the PSC decided to consider the development of an EV rate in a separate proceeding. As a result, on May 25, 2012, the PSC opened FC No. 1096 and published a **Notice of Inquiry (NOI)** in the *D.C. Register*. Comments were filed in June and July.

Meanwhile the D.C. Council was considering legislation regarding electric vehicle charging stations. The Council passed the “Energy Innovation and Savings Amendment Act of 2012” on November 15, 2012 that removed the PSC’s jurisdiction over EV charging stations, thus rendering two of the issues in the NOI moot. On December 6, 2012, the PSC issued **Order 16983**, requesting comments on the PSC’s decision that two of the issues were moot and requesting comments on the impact of the legislation on the remaining issues. No comments were filed, hence the issue of the PSC’s jurisdiction over charging stations was removed from this case.



FC No. 1096– Electric vehicle charging at the Reeves Center.

Formal Case Accomplishments

Electricity

Resolved Disputes

FC No. 1092 – The PSC Continued its Investigation of the Consumer Practices of Horizon Power & Light. In response to OPC’s petition to investigate Horizon’s alleged improper telephone customer solicitation practices and comments filed by Horizon that contained the results of the Company’s own internal investigation and its affirmative actions to remediate inappropriate actions by its agents and employees, the PSC issued **Order 16712** on February 16, 2012. The PSC accepted a remediation action plan proposed by Horizon and also directed Horizon to provide random samplings

of recorded sales calls and voice verification recordings over a six-month period. However, several months later, Horizon had not filed any recordings, so on September 20, 2012, the PSC issued a show cause order in **Order 16918**. In its response to the Order, Horizon indicated that it had not solicited new customers since the February 16, 2012 order; hence there were no recordings to date. However, the Company planned to start soliciting customers soon, and expected to submit recordings to the PSC before the end of the year.

FC No. 1094 – The PSC Reviewed Michael Petras’ Request for an Investigation of Glacial Energy DC and Closed the Case. On October 25, 2011, Michael Petras, a California resident, sent an e-mail to the PSC requesting an investigation of the business practices of Glacial Energy DC. On January 26, 2012, he filed a letter indicating that the Texas PUC had taken action against Glacial Energy. On February 14, 2012, the PSC sent a letter to Mr. Petras, requesting evidence of such practices

in DC. Glacial Energy DC filed its own response to Mr. Petras’s claims on May 2, 2012. On May 25, 2012, the PSC issued **Order 16791**, directing Mr. Petras to provide evidence related to the District of Columbia. Mr. Petras did not respond, therefore, the PSC issued **Order 16858** on August 2, 2012, denying Mr. Petras’s request. On September 20, 2012, the PSC issued **Order 16920**, closing the case.

FC No. 1097 – The PSC Dismissed Liberty Power Corporation’s Complaint Against Pepco and Closed the Case. On November 16, 2011, Liberty Power Corporation filed a complaint against Pepco claiming that Pepco had unilaterally registered its customer, National Presbyterian Church, as a Pepco Standard Offer Service (SOS) customer. Pepco filed its response on January 24,

2012. On March 2, 2012, the PSC issued **Order 16723**, giving both parties an opportunity to file legal briefs, which they did file on March 23, 2012. After reviewing the record, the PSC issued **Order 16792**, dismissing Liberty’s complaint. On September 20, 2012, the PSC issued **Order 16921**, closing the case.

Educated & Informed the Public

FC No. 1056 – The PSC Approved Pepco’s and the AMI Task Force’s Customer Education Plan Campaign II. On November 2, 2011, Pepco and the AMI Task Force filed a plan for the second Customer Education campaign to increase awareness of the benefits resulting from the installation and activation of smart meters. In **Order 16620**,

released on November 21, 2012, the PSC requested comments on the Plan. OPC, AARP, and Politics and Prose Climate Action Project filed comments and Pepco filed reply comments in December 2011. On March 11, 2012, the PSC issued **Order 16744**, approving the Plan.

FC No. 1086 – The PSC Approved Pepco’s Customer Education Plan for the Residential Air Conditioner Direct Load Control (EnergyWise Rewards) Program. In **Order 16602**, the PSC approved Pepco’s direct load control program. The PSC also ordered Pepco to file a customer education plan and allowed the parties to file comments on the plan. Pepco filed the plan on December 5, 2011. OPC and Politics & Prose Climate Action Project filed comments on December 22, 2011 and January 11, 2012, respectively. Pepco filed reply comments on January 20, 2012. On March 2, 2012, the PSC issued Order 16720, approving Pepco’s Residential Air Conditioner Direct Load Control Program., with some modifications.

Pepco's program is called “Energy Wise Rewards.” It is a voluntary energy management program to help reduce energy costs and to conserve electricity in the District. Residential customers can receive a credit on their electric bills if they allow Pepco to cycle their residential air conditioner compressors on and off during peak hot days. Participants can decide whether they want Pepco to install either an outdoor cycling switch or an indoor smart programmable thermostat as the control device.

Participants have three cycling period options and each option has a difference credit amount at-

tached to it as follows:

- 1) A 50% cycling option where the home air conditioner compressor will be cycled off for up to 15 minutes out of every 30 minutes during a cycling period for an annual bill credit of \$30.00, paid monthly (\$6 per month) over the cooling season for June through October;
- 2) A 75% cycling option where the air conditioner compressor will be cycled off for up to 22.5 minutes out of every 30 minutes during a cycling period for an annual bill credit of \$45.00, paid monthly (\$9 per month) over the cooling season for June through October; or
- 3) A 100% cycling option where the air conditioner compressor will be cycled off completely during a cycling period for an annual bill credit of \$60.00, paid monthly (\$12 per month) over the cooling season for June through October. This level of participation is not recommended to households that have members with cardiac or respiratory conditions.



Formal Case Accomplishments

Natural Gas

Ensured Safe, Reliable & Quality Service

FC No. 977 – The PSC Amended the Natural Gas Quality of Service Rules. On April 29, 2011, the PSC issued a Notice of Proposed Rulemaking (NOPR) to amend the Natural Gas Quality of Service rules by clarifying reporting and repairing requirements for leaks and odor complaints, billing error notifications, and compliance reporting. WGL filed comments on May 31, 2011. In **Order 16703**, issued on February 16, 2012, the PSC

adopted certain of the proposed amendments contained in the NOPR. However, the PSC declined to adopt WGL's proposed amendments and took WGL's request under advisement in order to review the data from a number of future quarterly reports. The new rules became effective upon publication in the *D.C. Register* on February 24, 2012.

FC No. 977 – The PSC Considered WGL's Request for A Waiver of Section 3702.2 of the Natural Gas Quality of Service Standards. On January 30, 2012, WGL filed a waiver of Section 3702.2 of the Natural Gas Quality of Service Standards on the grounds it was impossible for the Company to meet the standard. This had been a previous issue. Most recently, PSC Staff had submitted a data request to WGL, requesting

information on WGL's response times to Code 1, 2, and 3 orders after reviewing WGL's quarterly and annual reports. WGL filed its confidential response on February 3, 2012. As follow-up, on November 13, 2012, the PSC issued **Order 16961**, directing WGL to provide more data. WGL filed its response on December 13, 2012.

FC No. 1027 – The PSC Approved WGL's 2011 Annual Surcharge Filing. In **Order 15627**, issued on December 11, 2009, the PSC approved a WGL program for recovering hexane costs and establishing a program to encapsulate and replace vintage mechanical couplings and pipe to minimize the likelihood of dangerous leaks. The costs for this program would be covered by a surcharge on natural gas customers.

Order 16619 issued on November 21, 2011. WGL filed its response on December 12, 2011. By **Order 16691**, issued on January 26, 2012, the PSC approved the surcharge for the period October 1, 2011 through September 30, 2012.

WGL filed its first proposed surcharge on September 16, 2011. After comments were filed, the PSC directed WGL to respond to several questions in

After requesting an extension, WGL filed its 2012 Annual Surcharge Filing on September 25, 2012. On October 12, 2012, the PSC issued **Order 16937**, requesting comments. However, on November 26, 2012, WGL filed a revised report. The PSC issued a Public Notice, requesting comments that are due in 2013.

FC No. 1089 – The PSC Finalized Revised Natural Gas Pipeline Safety Rules. After issuing 3 Notices of Proposed Rulemakings (NOPRs) on August 12, 2011, April 20, 2012, and July 20, 2012 respectively, and considering all of the comments after each issuance, on December 20, 2012, the PSC finalized Section 2300 of Chapter 1 of Title 15 of the District of Columbia Municipal Regulations, which will become effective upon publication in the *D.C. Register* on January 4, 2013. The revisions ensure

compatibility with the U.S. Department of Transportation's rules for the transportation of natural gas by pipeline. In general the rules provide requirements for the safety of intrastate natural gas transmission and distribution facilities and for the enforcement of those requirements through inspections, investigations, issuances of Notices of Probable Violations, and the imposition of civil penalties.

Regulated Monopoly Services

FC Nos. 1091/1093 – The PSC Litigated a WGL

Rate Case. On November 2, 2011, the PSC opened an investigation into the reasonableness of WGL's base rates in **Order 16596**. In response, WGL filed its case on February 29, 2012, requesting a \$29.0 million revenue increase. The PSC held a pre-hearing conference on April 12, 2012 and issued **Order 16770** on April 26, 2012, setting out the designated issues and procedural schedule. After the parties filed testimony, the PSC held evidentiary hearings on October 4, 5, 15, 16, and 17, 2012 and community hearings on September 15, 19, 20, and October 22. The parties filed briefs in November 2012. The PSC will render its decision on a timely basis within 90 days of the close of the record in 2013.

In the rate case, the PSC also addressed a WGL depreciation study. WGL filed the study on August 8, 2011 per **Order 14694**, issued in the previous rate case, FC No. 1054. In that case the PSC required the Company to file a new depreciation study within 6 months. However, later, the PSC docketed the study in a new case, FC No. 1091 and requested comments on the study. OPC filed comments and WGL filed reply comments. After WGL filed its new rate case in 2012, the Company asked the PSC to consolidate the depreciation study with the new case. The PSC granted the request and ordered the closure of FC No. 1091 in **Order 16770**, issued on April 26, 2012.



FC No. 1093– Commissioners listen to a District resident during a community hearing.

GT 01-1 – The PSC Granted WGL a One-Year Extension of Its Pilot Financial Hedging Program.

In 2008, the PSC approved a three-year financial hedging program to provide information on the impact of such program on costs, risks, and volatility of natural gas prices. The last year of the pilot program was the winter 2011-2012 heating season. On April 20, 2012, WGL filed a motion

for a one-year extension of the program and OPC filed its response on April 25, 2012. OPC did not object to the extension and the PSC approved the request in **Order 16782**, issued on May 10, 2012. The PSC is currently reviewing WGL's December 12, 2012 application to make the pilot financial hedging program permanent.

GT 11-1 – The PSC Approved WGL's Proposed Tariff Revision Regarding the Extension of Mains.

On May 25, 2011, WGL filed a tariff proposing to change the way it calculates a customer's costs if it is necessary for WGL to extend the main service line in order to provide service to the customer. WGL proposed to use a 30-year life cycle economic test to determine the costs and revenues of the line and main extensions in place of the existing two-year revenue test. WGL argued the change will benefit customers because the new method will yield a lower customer cost.

On July 8, 2011, the PSC published a Notice of Proposed Rulemaking in the *D.C. Register*, requesting comments on the filing. OPC and the Maryland-National Capital Building Industry Association filed comments and WGL filed reply comments. On December 8, 2011, the PSC issued **Order 16637**, directing WGL to submit responses to several questions. WGL filed its response on December 23, 2011. Following a review of the record, the PSC issued **Order 16769**, approving WGL's proposed tariff changes.

Formal Case Accomplishments

Telecommunications

Ensured Safe, Reliable & Quality Service

FC No. 712 – The PSC Clarified the Reporting Requirements for Mergers, Acquisitions, Transfers of Control, and Abandonment of Service by Certificated Competitive Local Exchange Carriers. On February 24, 2012, the PSC published a Notice of Proposed Rulemaking in the *D.C. Register* for the purpose of amending Chapter 25 of Title

15 of the District of Columbia Municipal Regulations. No comments were filed and the PSC adopted the revised rules in **Order 16755**, issued on April 13, 2012. The new rules became effective on May 4, 2012 when a Notice of Final Rulemaking appeared in the *D.C. Register*.

FC No. 990 – The PSC Closed its Investigation of Verizon’s Service Quality. The PSC initiated an investigation of Verizon’s service quality in 2007 after establishing standards in 2006 and requiring the Company to file quarterly reports. Over the ensuing years, the PSC required Verizon to file and amend its remedial plans and the PSC monitored the Company’s progress in improving

its quality of service performance. Those reports have shown significant improvements over time, such that on September 7, 2012, the PSC issued **Order 16891**, closing the investigation, while continuing to require quarterly reporting and compliance with the remedial plan.

FC No. 990 – The PSC Amended the Definition of Service Outage and Clarified Certain Reporting Requirements. On October 21, 2011, the PSC published a Notice of Proposed Rulemaking (NOPR) in the *D.C. Register* containing a proposed amendment to the definition of service outage to include outages of telecommunications service provider facilities that prevent access to the District’s Public Safety Answering Point (PSAP) and to clarify that telecommunication service providers are required to file with the PSC FCC reports that refer to outages affecting District of Columbia retail customers. The initial reports to be filed were not deemed to be confidential. Verizon and Comcast Phone of DC filed comments opposing the expanded definition of service outages. No reply comments were filed. In **Order 16690**, issued on January 26, 2012, the PSC adopted the expanded definition of a service outage and the requirement to file the FCC reports with the PSC. The rule changes became effective with the appearance of a

Notice of Final Rulemaking (NOFR) in the *D.C. Register* on February 3, 2012. On February 27, 2012, Verizon filed a petition for reconsideration of Order 16690, objecting to the definition of a service outage, and on March 5, 2012, Verizon filed an errata to its petition. In **Order 16737**, the PSC granted Verizon’s petition in part and denied it in part by affirming the definition of service outage while giving Verizon 120 days to comply with the PSC’s new requirements.

Meanwhile, on February 3, 2012, the PSC issued a separate NOPR to clarify which FCC reports are deemed to be confidential. No comments were filed. Consequently, the PSC finalized the rule change in **Order 16760**, issued April 13, 2012. The rule change became effective on April 20, 2012.

FC No. 1090 – The PSC Continued its Investigation into the Reliability of Verizon’s DC Telecommunications Infrastructure. On October 24, 2011, the PSC opened an investigation into the reliability of Verizon’s infrastructure in **Order 16586**. By **Order 16692**, issued on January 26, 2012, the PSC established an issues list and sought comments on a proposed procedural schedule. After receiving comments, in **Order 16739**, issued on March 15,

2012, the PSC approved a procedural schedule. On May 25, 2012, OPC and Verizon requested a change in the deadlines for discovery and the filing of testimony, which the PSC approved in **Order 16800** issued on June 7, 2012. However, OPC filed several motions to compel, which the PSC ruled on, and OPC and Verizon subsequently filed several motions to change the procedural schedule such that hearings would not be held until January 2013.

Regulated Monopoly Services

FC No. 988 – The PSC Implemented the FCC’s Lifeline Reform Act by Revising the Application Form and Flyers for the D.C. Lifeline Program.

On February 6, 2012, the FCC released its Lifeline Reform Order, which was designed to reduce waste, fraud, and abuse in the federal Lifeline program that provides low-income consumers with discounts on their telecommunications bills. Since the D.C. universal service program is designed to complement the federal program, the FCC’s amendments affect the D.C. Universal Service Trust Fund (DCUSTF) and the materials used to promote the Utility Discount Programs (UDP) that include Lifeline service. Two Working Groups provide advice to the PSC on DCUSTF and Utility Discount Program (UDP) issues – the DCUSTF Working Group (WG) and the UDP Education Working Group (UDPE WG). Thus, by **Order 16717**, issued on March 1, 2012, the PSC required both WGs to file reports within 30 days on the impacts of the FCC order.

On April 2, 2012, the WGs filed their reports. On April 13, 2012, the PSC issued **Order 16756**, requesting comments on the reports.

No comments were filed on the UDPE WG report. On May 1, 2012, the UDPE WG filed a motion to extend the time for filing a new proposed UDP application in compliance with changes contained in the FCC Lifeline Order. On May 14, 2012, the UDPE WG submitted its report and on May 18, 2012, the WG filed an errata. By **Order 16785**, issued on May 24, 2012, the PSC directed the District Department of the Environment (DDOE) to develop two application forms, one applicable to the federal Low Income Home Energy Assistance Program (LIHEAP) and the D.C. gas and electric low-income discount programs (Residential Essential Service and Residential Aid Discount) and the other applicable only to the telecommunications Lifeline program. DDOE submitted its response on June 1, 2012. On June 25, 2012, the UDPE WG filed a revised flyer. On July 13, 2012, the PSC issued **Order 16831**, approving the revised application forms and the new UDP flyer.

Verizon filed comments on April 23, 2012 and no reply comments were filed regarding the DCUSTF WG Report. On May 10, 2012, the PSC issued **Order 16779**, approving the Report and flyer.

Formal Case Accomplishments

Telecommunications

Regulated Monopoly Services

FC No. 988 – The PSC Approved the FY 12 and FY 13 Recertification Processes For Verizon’s Low-Income Discount Lifeline Services. The Commission has designated the District Department of the Environment (DDOE) as managers of the annual certification process for D.C. residents who qualify for federal and D.C.-funded Lifeline services. Participants must be screened for eligibility each year. On February 3, 2012, the D.C. Universal Service Trust Fund Working Group (DCUSTF WG), composed of representatives from DDOE, OPC, and Verizon, filed its recertification report. The WG filed an errata on February 6, 2012.

On February 16, 2012, the PSC issued **Order 16705**, approving the report and the recommendations therein

and Verizon was authorized to re-classify customers that were not eligible for the program from its Lifeline program called Economy II service to its standard residential flat rate service by May 31, 2012.

On August 9, 2012, the DCUSTF WG filed its recertification report for FY 13. The report proposed a new recertification process, based in part on new requirements by the FCC’s Lifeline Reform Order. By **Order 16890**, issued on September 7, 2012, the PSC approved the report after finding that it was in compliance with the FCC’s Lifeline Order. However, the PSC clarified that DDOE shall submit aggregated recertification data to the FCC and the Universal Service Administrative Company.

FC No. 988 - The PSC Approved the 2012 DCUSTF Surcharge. On July 31, 2012, Verizon filed an application calling for an increase in the monthly DCUSTF surcharge on non-Lifeline customers’ bills. Verizon proposed an increase from 3 cents per non-Centrex line to 24 cents per non-Centrex line in order to true-up 2011 universal service payments with amounts actually billed customers and to take into account the 2012 assessment.

The PSC published a NOPR in the *D.C. Register* on September 14, 2012. No comments were filed. On December 6, 2012, the PSC issued **Order 16982**, approving the increased surcharge after finding the filing was in compliance with the PSC’s universal service rules, that it was being applied in a fair, equitable, and non-discriminatory manner, and the calculations were accurate.

FC No. 988 – The PSC Approved the 2013 DCUSTF Budget. On November 6, 2012, the DCUSTF Administrator, RLSA Associates, submitted a proposed DCUSTF budget for 2013.

In **Order 17022**, issued on December 21, 2012, the PSC approved the proposed budget with correction of one typographical error.

FC No. 988 – The PSC Amended the Eligibility Criteria for Lifeline Service to be Consistent with the Eligibility Criteria for the Electric and Gas RAD and RES Low-Income Discount Programs, Respectively. DDOE first recommended an amendment to change the eligibility criteria for Lifeline service on November 2010. The PSC published a NOPR in the *D.C. Register* on November 26, 2010, proposing substantial revisions to the Telecommunications universal service rules contained in Chapter 28 of Title 15 of the DCMR. Comments and reply comments were filed in December 2010 and January 2011. Thereafter, the

PSC issued **Order 16259** (March 17, 2011) and **Order 16650** (December 20, 2011), requesting additional information from DDOE. DDOE filed its response on February 22, 2012 and comments and reply comments were filed in March and April 2012. On July 6, 2012, the PSC published a second NOPR that covered the amendments to the eligibility criteria in addition to changes required in order to be consistent with the FCC’s Lifeline Reform Order. No comments were filed. Thus, by **Order 16935**, on October 12, 2012, the PSC approved all of the proposed amendments, which became effective on October 19, 2012.

TT 12-1 – The PSC Approved Verizon’s Request to Revise Its Construction Charges. On April 17, 2012, Verizon filed an application in FC No. 1057, pursuant to the 2008 Price Cap Plan, on one-day notice. In its application, Verizon asked to change the terms and conditions for its construction charges, clarifying the conditions for receiving deposits on preconstruction work and general construction activities on public roads or on private property. After reviewing the filing, the PSC determined the proposed changes were not covered by the Price Cap Plan. Instead, these pro-

posed changes must be processed through a rule-making. Therefore, on May 25, 2012, the PSC, in **Order 16793**, directed Verizon to withdraw its application in FC 1057 and the PSC opened TT 12-1. On June 1, 2012, the PSC published a NOPR in the *D.C. Register*. No comments were filed. Thus, on August 2, 2012, the PSC issued **Order 16852**, approving the changes, which became effective on August 10, 2012.

Fostered Competition

FC No. 988 – The PSC Waived the Annual Contribution to the DCUSTF if it is Less Than or Equal to \$12. On February 24, 2012, the PSC published a NOPR in the *D.C. Register* amending the telecommunications universal service rules contained in Chapter 28 of Title 15 of the DCMR so as to waive *de minimis* payments to the

DCUSTF by certain Competitive Local Exchange Carriers (CLECs) and Voice Over Internet Service providers. No party filed comments. Thus, the PSC adopted the amendment in **Order 16759**, which became effective on April 20, 2012.

FC No. 712 – The PSC Eliminated the Requirement that Competitive Local Exchange Carriers (CLECs), in their First Year of Operations in the District, Pay a \$25,000 Assessment Fee for the PSC’s and OPC’s Operating Budgets. On February 24, 2012, the PSC published a Notice of Proposed Rulemaking (NOPR) in the *D.C. Register* that amended Chapter 13 of Title 15 of the District of Columbia Municipal Regulations to

eliminate the requirement that each CLEC pay a \$25,000 assessment fee in its first year of operations as its contribution to the PSC’s and OPC’s operating budget. Competitive energy suppliers do not have such a requirement. No comments were filed. On April 2, 2012, the PSC approved the amendment in **Order 16762**.



Formal Case Accomplishments

Telecommunications

Educated & Informed the Public

FC No. 988 – The PSC Approved the 2012 Customer Education Plan for the Utility Discount Programs and DDOE’s Administrative Budget for Processing Applications. On February 21, 2012, the Utility Discount Program Education Working Group (UDPE WG) filed its report containing a media plan for promoting the UDP. The report also contained information on DDOE’s administrative costs for processing UDP applications. In **Order 16764**, issued on April 30, 2012,

the PSC directed DDOE to provide additional information and to revise its administrative budget and submit the information to the PSC within 20 days. DDOE submitted its information on May 21, 2012 and no comments were filed. Thus, on June 21, 2012, the PSC issued **Order 16809**, approving DDOE’s administrative fees and revising the DCUSTF budget to account for changes in the administrative fees.

FC 988 – The PSC Approved Amendments to the FY 13 Consumer Education Plan (CEP) submitted by the UDPE WG on June 25, 2012.

On November 21, 2011, the PSC established in **Order 16615** a new program to promote the four Utility Discount Programs in the District of Columbia. The CEP would replace the annual Joint Utility Discount Day. In that same order, the PSC approved a year-long educational program and established deadlines to evaluate the current and fu-

ture CEPs. On June 25, 2012, the UDPE WG submitted a report that contained the proposed FY 13 CEP and budget. In **Order 16854**, issued on August 2, 2012, the PSC approved the proposed FY 13 CEP with two modifications – one related to the reimbursement process and the other regarding the promotion of more coordination and partnerships with other government agencies, non-profits, and businesses.

Formal Case Accomplishments

Multi-Utility

Ensured Safe, Reliable & Quality Service

FC No. 712 – The PSC Established Procedures for Applying Civil Forfeiture and Penalty Provisions. In 2011, the PSC issued two NOPRs for the purpose of establishing rules governing the imposition of civil penalties and fines. The first NOPR, issued on March 18, 2011, clarified the PSC’s authority to impose penalties and sanctions on persons or utilities that fail to redress violations of rules, orders, and regulations as adopted by the Fiscal Year 2011 Budget Support Act of 2010. The Act cured the statutory deficiency in the PSC’s authority to adjudicate and impose civil penalties identified in D.C. Court of Appeals in *Washington Gas Light Co. v. Public Service Commission* wherein the PSC fined WGL \$350,000 for failure to adhere to a PSC order. On December 16, 2011, the PSC issued a second NOPR, which addressed comments filed after the first NOPR and incorporated specific language addressing violations of re-

liability performance standards authorized by the Fiscal Year 2012 Budget Support Act of 2011. It also added a 30- day cure period before a Notice of Probable Violation could be issued. In light of comments that were filed, the PSC issued a third NOPR on April 13, 2012. This NOPR removed the provisions proscribing the PSC’s authority to impose penalties for violations of reliability performance standards with the intent of addressing that issue in a separate NOPR. Pepco and WGL filed comments. On September 20, 2012, the PSC issued **Order 16909**, approving its proposed rules as a reasonable promulgation codifying the PSC’s authority to adjudicate and impose civil penalties for violations of PSC orders and rules. The rules went into effect on September 28, 2012. On October 22, 2012, WGL filed an application for reconsideration. In **Order 17025**, issued on December 21, 2012, the PSC denied WGL’s application.

Regulated Monopoly Services

FC No. 1009 – The PSC Approved WGL’s Proposed Independent Accountant to Conduct a Limited Engagement Review. Section 3904.6 of the PSC’s Affiliate Transactions Code of Conduct requires energy utilities, biennially, to select an independent accountant, for approval by the PSC, to conduct a review of the Company and its affiliates’ books to ensure compliance with the Code. On August 12, 2012, WGL filed a letter requesting PSC

approval of Ernst & Young to conduct the review. PSC staff requested additional information from WGL and the Company provided supplemental information on October 24, 2012. Upon review of the information, on November 13, 2012, the PSC issued **Order 16963**, approving WGL’s selection of Ernst & Young.

Formal Case Accomplishments

Federal Proceedings

The PSC Participated in FERC Proceedings

The D.C. PSC Obtained \$83,314.29 to Enhance DC Consumer Advocacy in the PJM Market.

On March 9, 2012, in Docket No. IN-12-7-000, FERC approved a Consent Agreement between FERC's Office of Enforcement and Constellation Energy Commodities Group that resolved a FERC investigation of Constellation concerning alleged wholesale market manipulation. The Consent Agreement, among other things, created a disbursement fund for the benefit of electric consumers in the affected states of the NYSIO, ISO-NE, and PJM markets. The D.C. PSC collaborated with the D.C. Office of People's Counsel to obtain \$83,314.29 of

the settlement funds to be used for the benefit of electricity consumers in the District of Columbia. The DCPSC is to retain 80% of the funds to support advocacy activities on behalf of District electric energy consumers in wholesale litigation at PJM Interconnection LLC and before FERC. The remaining 20% will be disbursed to a new organization, the Consumer Advocates of PJM States, which will provide resources to OPC to enable it to better participate in the PJM governing process. The actual disbursement of the funds was still pending at the end of 2012, but was expected to be completed in early 2013.

The D.C. PSC Opposed PJM's Proposed Amendments to its Open Access Transmission Tariff Based on Cost Allocation Principles.

On October 25, 2012, PJM filed proposed amendments to its Open Access Transmission Tariff in response to FERC Order 1000 concerning transmission planning and cost allocation by transmission owning and operating public utilities, especially for allocating costs of transmission enhancements and expansions. PJM proposed adoption of a "State Agreement Approach" in which one or more states may voluntarily agree to assume the responsibility for the allocation of all costs related to a "public policy" project. According to the proposal, a sponsoring state agrees to pay for all costs associated with

a transmission project and no costs will be recovered from customers in a state that did not agree to be responsible for the project. The D.C. PSC joined with the Maryland PSC in filing a protest to PJM's proposed tariff amendments alleging that the State Agreement Approach violates the cost allocation principles of Order 1000 because it fails to allocate costs in a manner that is commensurate with the benefits received, and it creates "free ridership" problems and inefficiencies in transmission construction. The Protest was filed on December 7, 2012 (FERC Docket No. ER13-198-000). As of the end of 2012, FERC had not yet acted on this matter.



The PSC Participated in FCC Proceedings

The D.C. PSC Objected to the Imposition of a New FCC Access Recovery Charge on District of Columbia Customers. The FCC created a new Access Recovery Charge (ARC) in its *USF/ICC Transformation Order and FNPRM* (released November 18, 2011). The PSC filed a Petition for Reconsideration of 47 C.F.R. § 51.915(e)(3) on December 29, 2011. In that filing, the PSC objected to the portion of this rule that permitted price cap local exchange carriers to recover lost inter-carrier compensation revenues on a holding company, instead of study area, basis. Alternatively, the DC PSC sought a waiver of this rule for jurisdictions that had no intrastate access charges, since the ARC is designed to recover those lost intrastate access charges. On February 21, 2012, the PSC filed a Reply to Oppositions responding to arguments filed by entities that did not support the Petition for Reconsideration. In the Reply, the PSC urged the FCC to change the ARC rule.

On June 18, 2012, Verizon filed its proposed ARC for 2012 with the FCC. The tariff filing indicated that the residential ARC would not be imposed in Virginia, but that the ARC would be imposed in the District of Columbia. On June 25, 2012, the PSC filed comments on the proposed tariff, raising two arguments: (1) that the FCC should prohibit the calculation of the ARC on a holding company basis, as articulated in the December 2011 PSC Petition for Reconsideration; and (2) that Verizon improperly calculated its ARC by excluding all Virginia residential customers from the imposition of the ARC.

On July 2, 2012, the FCC's Wireline Competition Bureau (Bureau) released the *2012 Suspension Order*, which suspended for one day and set for investigation the ARCs contained in the 2012 annual access charge tariff filings. The *2012 Suspension Order* did not address the PSC's argument regarding the correct calculation of the Verizon ARC.

In light of the issues raised by the *2012 Suspension Order*, on July 30, 2012, Betty Ann Kane, Chairman of the PSC, acting as an individual Commissioner, submitted a Petition for Suspension of the Verizon ARC Tariff, arguing that Verizon's ARC

improperly charges District of Columbia customers while it excludes all Virginia residential customers from the same charge. The Bureau issued an *Order on Reconsideration* on August 1, 2012, permitting Verizon's ARC to become effective. Chairman Betty Ann Kane filed an Application for Review on August 31, 2012 seeking full FCC review of a Bureau decision to approve Verizon's new ARC without considering arguments that the Verizon ARC was improperly calculated.

On September 14, 2012, Verizon opposed the Application for Review. The Staff of the Virginia State Corporation Commission (VA SCC) also filed an Opposition on September 17, 2012, objecting to any argument that Virginia ratepayers should pay an ARC.

On September 24, 2012, Betty Ann Kane filed a Reply to the Verizon and VA SCC Oppositions, arguing that the Application for Review correctly noted that the Bureau did not make a decision that Verizon could exclude all Virginia residential customers from paying ARCs. Because of this inaction, Verizon was able to interpret 47 C.F.R. § 51.915(e)(3) in such a way that led to inequitable ARCs in Verizon's other jurisdictions.

On September 20, 2012, the Delaware Public Service Commission (DE PSC) filed an *ex parte* letter in support of the PSC's Application for Review. The Pennsylvania Public Utilities Commission (PA PUC) also filed a Petition for Clarification in support of the Application for Review. Verizon objected to the PA PUC filing on both procedural and substantive grounds on October 12, 2012.

On October 19, 2012, the Maryland Public Service Commission (MD PSC) filed a letter in support of the DC PSC Petition for Reconsideration, the Application for Review, and the PA PUC filing, reiterating the arguments expressed in those filings.

On December 3, 2012, the FCC denied the Application for Review. The PSC plans to pursue this matter further in 2013.

Formal Case Accomplishments

Federal Proceedings

The PSC Participated in FCC Proceedings

The D.C. PSC Complied with the FCC's Lifeline Reform Order. On February 6, 2012, the FCC released the *Lifeline Reform Order*, which makes several changes to the federal Lifeline program, the program that provides discounts on low-income customers' telephone bills. Some of the changes required by the *Lifeline Reform Order* included establishing an annual recertification requirement; explicitly limiting Lifeline service to one per household; requiring state certification agencies to provide copies of approved Lifeline applications to Eligible Telecommunications Carriers (ETCs); and requiring additional information to be provided in advertising materials and in the Lifeline application. As a result of these federal changes, the D.C. PSC has had to make changes to the District of Columbia Lifeline program, which works in tandem with the federal program.

The District Department of the Environment's Energy Office (DDOE) is designated by the Commission to verify customer eligibility for Lifeline service. The *Lifeline Reform Order* imposed new obligations on DDOE regarding its customer eligibility verification activities. In order to clarify that DDOE was not required to certify customer eligibility for wireless ETCs, over which the D.C. PSC has no authority, the D.C. PSC filed a petition for clarification of the new FCC customer eligibility verification rules on April 2, 2012. In this petition,

the D.C. PSC also sought a clarification that Voice over Internet Protocol (VoIP) services should be classified as telecommunications services. On May 15, 2012, the D.C. PSC filed a reply to parties that opposed its VoIP classification request.

The *Lifeline Reform Order* requires state certification agencies to transmit both lists and copies of approved Lifeline applications to ETCs. The D.C. PSC filed a response to petition for reconsideration on May 7, 2012 supporting a request by the U.S. Telecom Association to amend these rules. The PSC also filed on May 15, 2012 in support of a U.S. Telecom Association petition for waiver of the deadlines for some of the new reporting rules. On May 23, 2012, the D.C. PSC filed its own petition for waiver of the deadlines for providing ETCs with copies of the approved Lifeline applications and for revising the Lifeline application to comply with the new FCC rules. The D.C. PSC amended its petition for waiver in a June 13, 2012 filing. The D.C. PSC was able to approve the changes to the Lifeline application by August 1, 2012, and the process for transmitting approved Lifeline applications from DDOE to the ETC was in place by December 1, 2012.



The D.C. PSC Filed Comments in an FCC Proceeding Regarding the Universal Service Fund Contribution Factor. On April 30, 2012, the FCC released a Further Notice of Proposed Rulemaking seeking input on how to reform the ways in which the federal universal service fund is funded. On July 9, 2012, the D.C. PSC filed

comments in this proceeding, encouraging the FCC to find ways of making the federal universal service fund funding more sustainable while also ensuring the continued financial stability of state universal service funds. On August 6, 2012, the D.C. PSC filed reply comments in this proceeding.

The D.C. PSC Filed its Application for Renewal of its Telecommunications Relay Service (TRS) Certification. Every five years, the FCC requires states that have a state telecommunica-

tions relay service (TRS) certification to apply for renewal of the certification. On October 1, 2012, the D.C. PSC filed its renewal application.



Monitoring & Compliance

Electricity

Pepco's Bill Stabilization Adjustment (BSA)

BSA Monthly Average Bill Impact (in dollars)

Rate Class	R	AE	RTM	GS ND	GSD	GS HV	GTLV	GT3A	GT3B	RT
	Residential	Residential All-Electric	Time Metered Residential	General Service Non-Demand	General Service Demand	General Service High Voltage	Time Metered General Service Low Voltage	Time Metered General Service - Primary Service	Time Metered General Service - High Voltage	Rapid Transit Service
2010	(\$0.89)	(\$0.27)	\$1.65	(\$2.70)	\$27.16	\$62.97	\$166.36	(\$208.80)	\$2,762.44	\$14,560.87
2011	(\$1.03)	(\$0.30)	(\$5.77)	(\$5.28)	\$39.50	\$52.63	\$171.56	\$463.32	\$2,982.52	(\$4,724.06)
2012	(\$0.34)	\$0.99	\$8.96	(\$5.51)	\$42.49	(\$50.55)	\$315.64	\$1,481.12	\$3,037.70	(\$11,716.8)

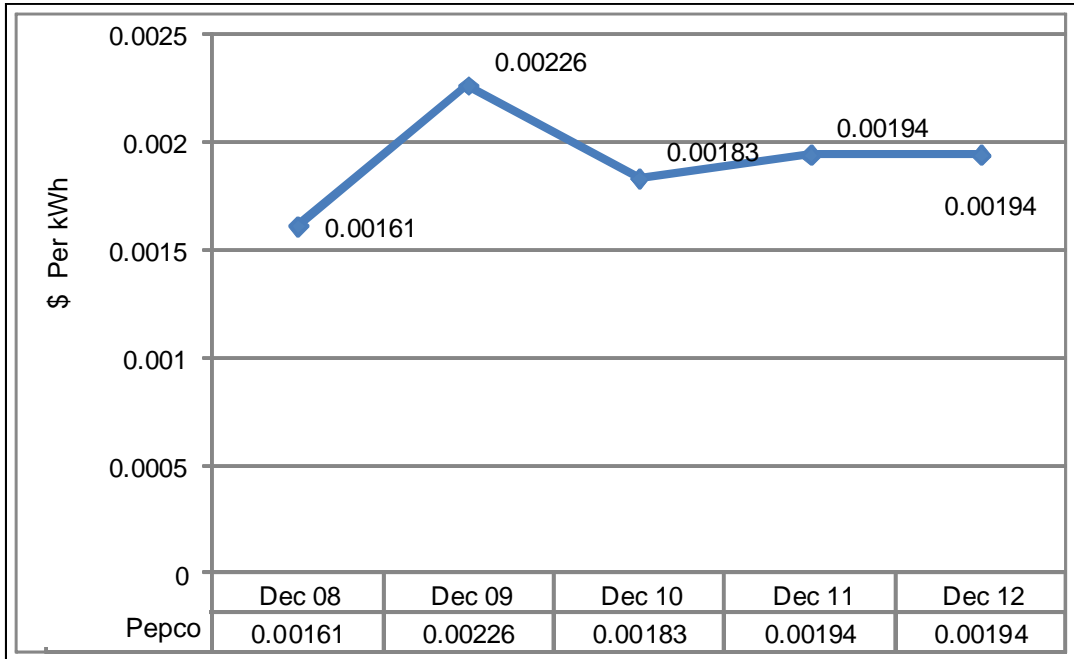
Source: PSC

The BSA is embedded in the rates on customers' bills. Pepco files a report every month in compliance with Order 15556 in FC No. 1053. The PSC reviews Pepco's monthly filings to ensure the BSA is calculated properly. For the year 2012, the BSA for standard residential (R) customers resulted in an average monthly bill credit (in red) of 34 cents. All Electric residential customers paid an average monthly surcharge of 99 cents. Residential customers on time of use rates (RTM class) paid \$8.96 cents a month on average. Small commercial customers (GS ND) received an average monthly bill credit of \$5.51. In contrast, large commercial customers (i.e. GT LV) experienced an average monthly surcharge of \$315.64.

Monitoring & Compliance

Electricity

**Pepco's Rights-of-Way Fees
Five Year Trend, December 2008 through December 2012
(\$ Per kWh)**



Source: PSC

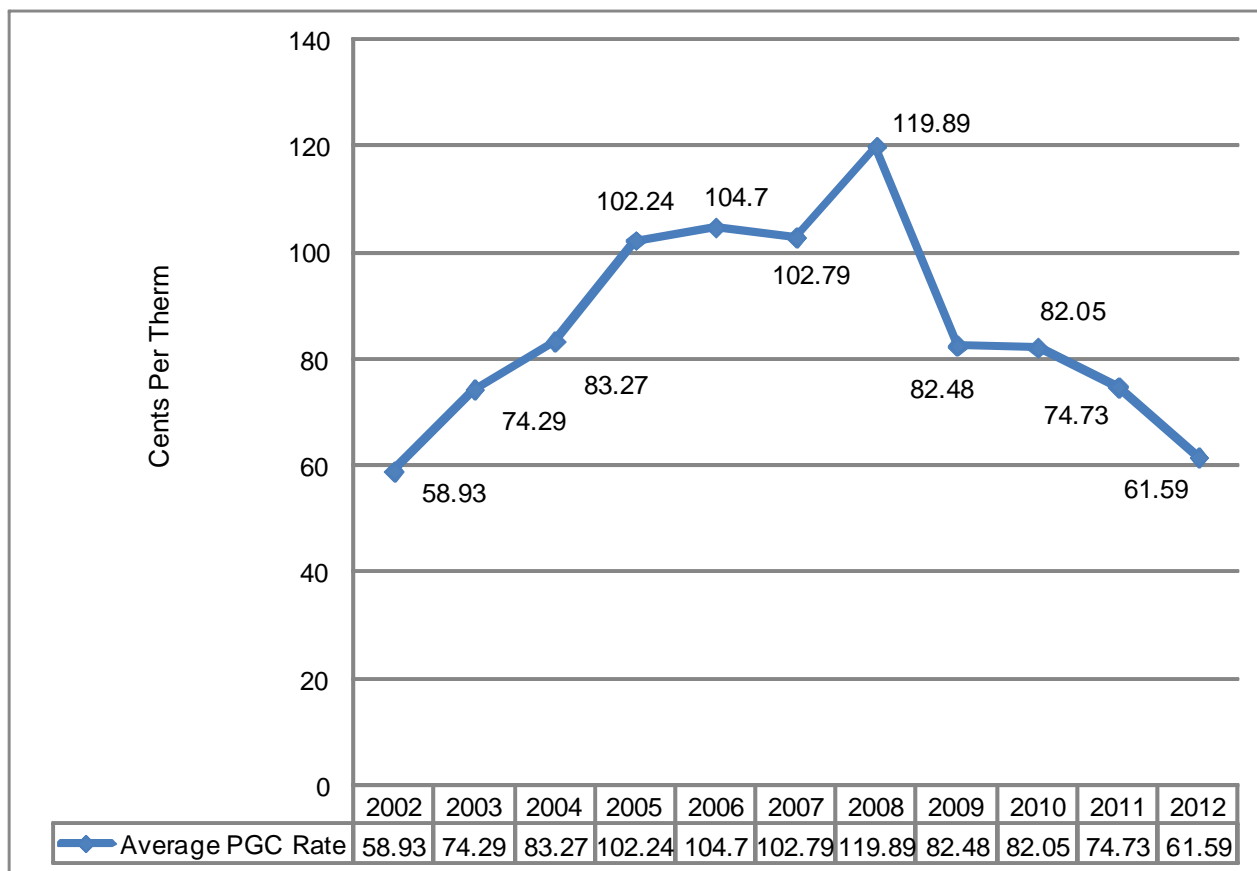
Pepco's Rights of Ways Fee is called a Public Space Occupancy Surcharge (PSOS) and it appears as a separate line item on Pepco's customer bills. Pepco files proposed rates once a year in ET 00-2. The PSC audits the PSOS to verify the costs the Company pays the District to lease space in underground conduits. The graph shows no change in the PSOS rate per kilowatt-hour between December 2011 and December 2012. The PSOS surcharge is filed in compliance with D.C. Code § 10-1141.06, surcharge authorization.

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Monitoring & Compliance

Natural Gas

**WGL's Net Purchased Gas Charge (PGC)
December 2002 to December 2012
(Cents Per Therm)**



Source: PSC

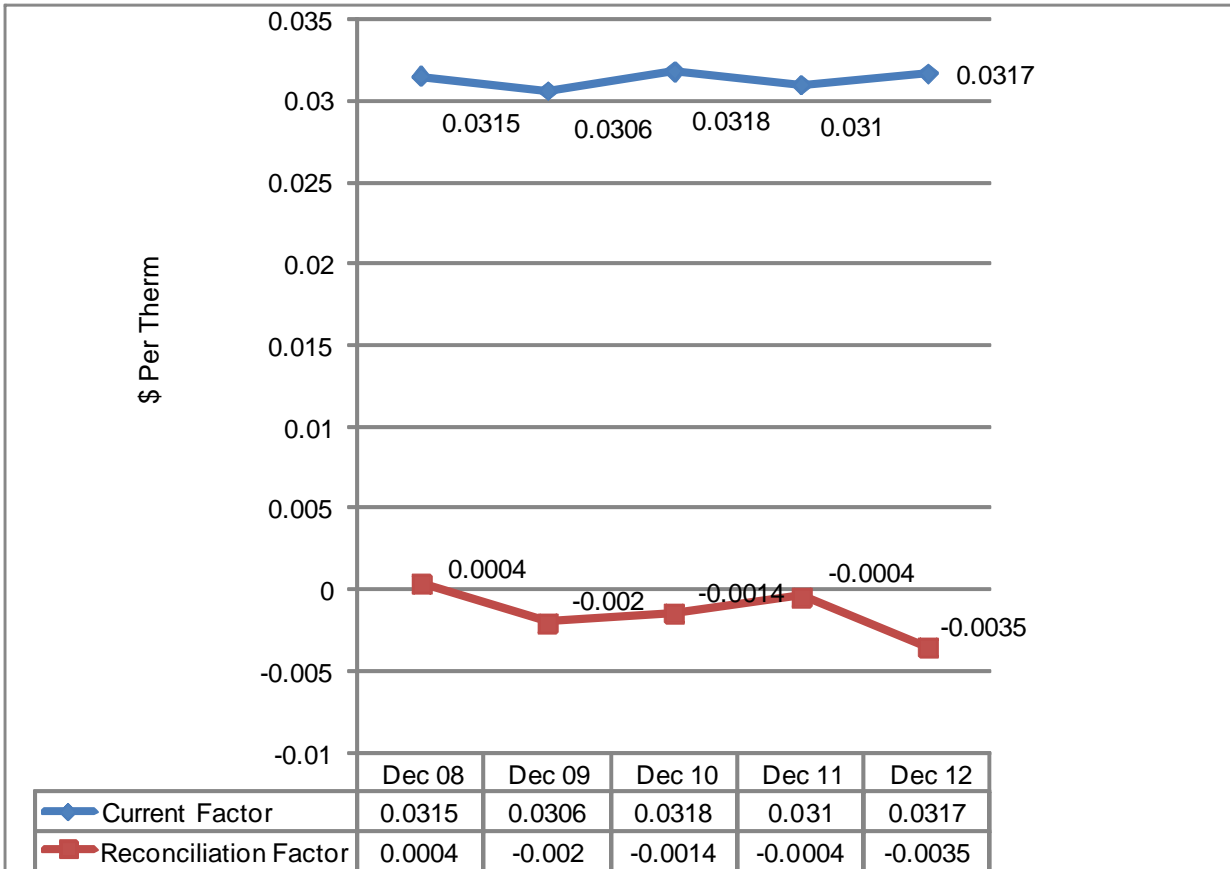
WGL's commodity gas cost is called the Purchased Gas Charge (PGC) and it appears as a separate line on the bills of customers who have not chosen another commodity gas supplier. The Company files a report in a PGC docket each time the PGC changes. The average net PGC continued to decline from a peak in 2008 of 119.89 cents per therm to 61.59 cents per therm in January 2012. The PSC audits WGL's PGC to verify the costs.

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Monitoring & Compliance

Natural Gas

**WGL's Rights-of-Way Fees
5-Year Trend, December 2008 through December 2012
(\$ Per Therm)**



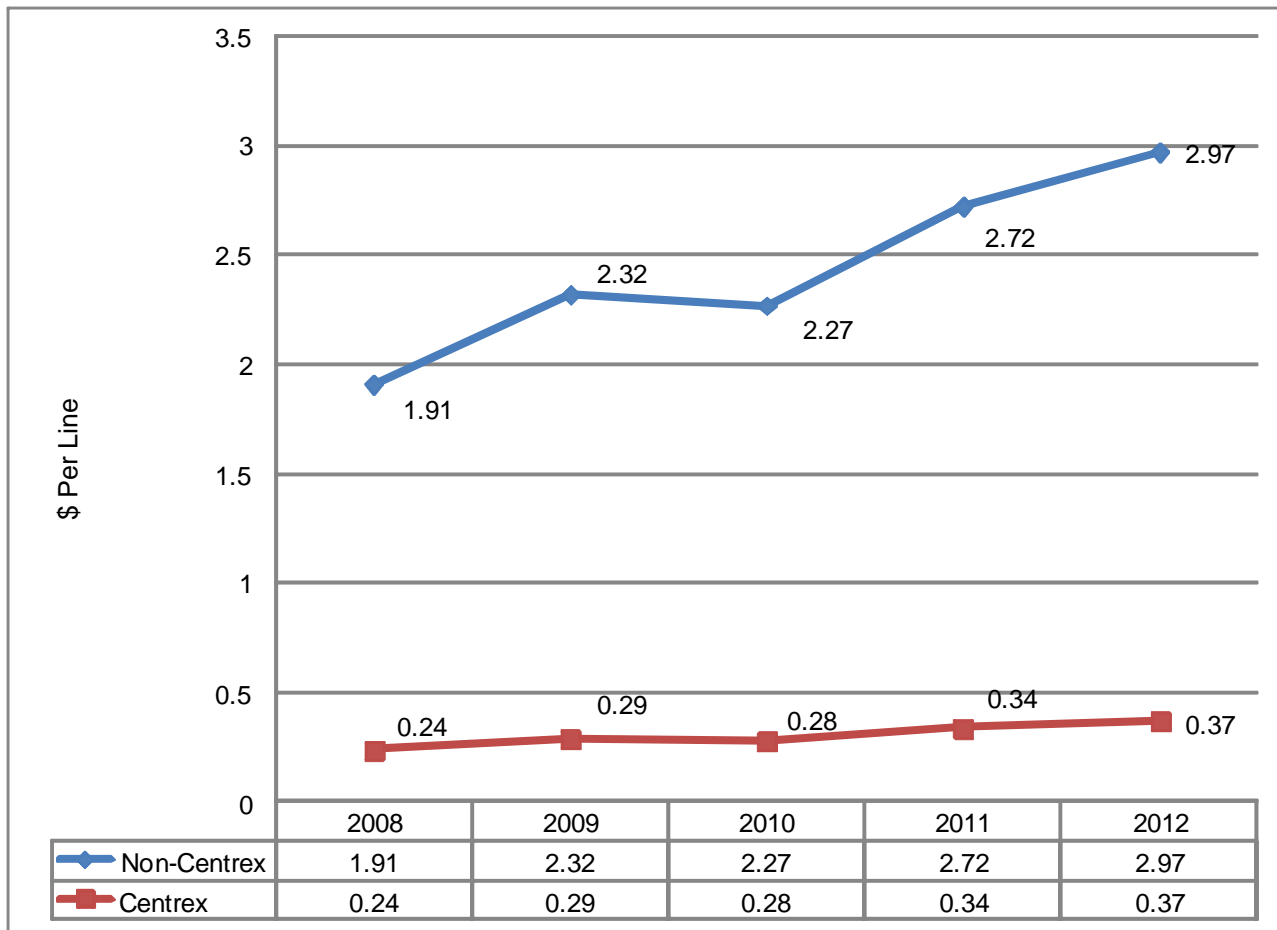
Source: PSC

WGL's Rights-of-Way fee has two parts, a Current Factor and a Reconciliation Factor. The Reconciliation Factor recovers any over or under collection resulting from the application of the Current Factor to customers' bills in the previous year. WGL's fee appears as a separate line item on customers' bills. WGL files revised Current and Reconciliation Factors annually in GT 00-2. The PSC audits the fees to verify the costs. The graph shows an upward trend in the current factor and a decrease in the reconciliation factor between December 2008 and December 2012. WGL files its Rights-of-Way fees in compliance with the Company's tariff, P.S.C. of D.C. No. 3, Third Revised Page No. 56.

Monitoring & Compliance

Telecommunications

**Verizon's Rights-of-Way Fees
5-Year Trend, December 2008 through December 2012
(\$ Per Line)**



Source: PSC

Verizon files its Rights-of-Way fees in accordance with the Company's General Regulations Tariff, P.S.C. of D.C. No. 201, Section 1A, Page No. 2. The fee appears as a separate line item on customers' bills. The PSC audits the fees to verify the costs. The graph shows Verizon's Rights-of-Way fees have trended upward in both Centrex and non-Centrex line rates between the years 2008 and 2012. The Centrex rate is for business customers (two or more lines) and the non-Centrex rate is for residential customers (single lines).

Monitoring & Compliance

Multi-Utility

Interest Rates On Customer Deposits

Years	2002	2003	2004	2005	2005	2006	2007	2008	2009	2010	2012
Rates	2.44%	1.62%	1.28%	2.28%	4.12%	5.00%	3.91%	1.47%	0.36%	0.25%	0.11%

Source: PSC

In December of each year, in F.C. No. 712, the PSC issues an order establishing the interest rate that the utility companies are required to pay customers on deposits, based on the average yield on one-year U.S. Treasury bills for September, October, and November of the preceding year. The 2012 rate is relatively low, reflecting prevailing low interest rates.

Monitoring & Compliance

Telecommunications

Verizon's Price Cap Filings

FC 1057 – Verizon files notices of changes in basic, discretionary, and competitive prices per Price Cap Plan 2008, approved in Order 15071, issued on September 28, 2008. In 2012, the PSC reviewed all 24 filings and took action on 2 of them.

No.	Docket Nos.	Eligible Customers & Type of Service	Verizon's Proposed Changes	Filing Dates	Effective Dates
1	FC1057-T-650	Business - Competitive	Verizon proposed to revise one of the rate schedules and increase certain rates for customers who subscribed to the Solutions for Business Services Bundled offering on or after February 4, 2012.	February 3, 2012	February 4, 2012
2	FC1057-T-651	Business - Competitive	Verizon proposed to increase rates for the month-to-month and 36 month payment option for Centrex Intercommunications Exchange Lines.	March 5, 2012	March 6, 2012
3	FC1057-T-652	Business - Competitive	Verizon proposed to revise its Solutions for Business Bundle offering in its General Services Tariff No. 203. Specifically, Verizon's proposal allowed for provisioning of Network Access lines in situations where CustoPAK facilities were unavailable for customers with two or more lines.	March 16, 2012	March 17, 2012
4	FC1057-T-653	Business - Competitive	Verizon proposed to increase rates for Verizon Unlimited Usage for Business Feature Package 1 from \$10.00 to \$12.00 and Feature Package 2 from \$11.00 to \$13.00.	March 16, 2012	March 17, 2012
5	FC 1057-T-654	Residential - Competitive	Verizon proposed to increase rates for Local Package from \$35.99 to \$37.99; Local Package Extra from \$38.99 to \$40.99; Regional Package from \$42.95 to \$44.95 and Regional Package Extra from \$47.95 to \$49.95.	March 16, 2012	March 17, 2012

No.	Docket Nos.	Eligible Customers & Type of Service	Verizon's Proposed Changes	Filing Dates	Effective Dates
6	FC1057-T-655	Business - Competitive	Verizon proposed to grandfather the Unlimited Dial Tone and Unlimited CustoS Pak Packages and the Single Line Business CustoS Pak services.	March 16, 2012	March 17, 2012
7	FC1057-T-656	Business - Competitive	Verizon proposed to revise its Termination of Service regulations in its General Regulations Tariff No. 201. Specifically, Verizon introduced language which specified the conditions for terminating Frame Relay, Transparent LAN, Asynchronous Transfer Mode Cell Relay (ATMCRS) and data services with bandwidths greater than 1.5Mbps.	April 2, 2012	April 3, 2012
8	FC1057-T-657	Residential and Business - Competitive	Verizon proposed to revise the terms and conditions for Construction Charges in its General Services Tariff No. 203. Specifically, Verizon introduced language to clarify the conditions for receiving deposits associated with pre-construction work and for general construction activities on public roads or on private property. However, on May 25, 2012, the PSC issued Order 16793, notifying Verizon that the application was improperly filed. Subsequently, the PSC address the issues through a rule-making in TT12-1.	April 17, 2012	None
9	FC1057-T-658	Business - Basic and Competitive	Verizon proposed to increase the rates for Unlimited Local Usage and Unlimited Local and Toll Usage business service in its General Services Tariff No. 203.	May 4, 2012	May 5, 2012
10	FC1057-T-659	Business - Basic	Verizon proposed to increase rates for Business Dial Tone Line from \$18.95 to \$19.95 (5.3%) and the Business Message Unit from \$.112 to \$.12 (9%).	May 4, 2012	May 5, 2012
11	FC1057-T-660	Business - Basic	Verizon proposed to correct an error in the notice originally filed on May 4, 2012, to increase rates for Business Dial Tone and Business Message Units.	May 24, 2012	May 25, 2012

Monitoring & Compliance

Telecommunications

Verizon's Price Cap Filings

No.	Docket Nos.	Eligible Customers & Type of Service	Verizon's Proposed Changes	Filing Dates	Effective Dates
12	FC1057-T-662	Business - Competitive	Verizon's proposed to remove proposed Tariff No. 203 revision included in its application filed on April 17, 2012 to revise the terms and conditions for Construction Charges in its General Services Tariff No. 203. Specifically, Verizon introduced language which further clarified the conditions pursuant to Commission Order No. 16793.	June 4, 2012	June 5, 2012
13	FC1057-T-663	Business - Competitive	Verizon proposed to grandfather certain services in its Local Exchange Services Tariff No. 202, General Services Tariff No. 203 and Wide Area Telephone Service Tariff No. 210. On August 2, 2012, the PSC issued Order 16857, requiring Verizon to refile the application, with an effective date of July 15, 2012 on the grounds Verizon should have given 30 days notice of the filing rather than 1 day notice of the filing to comply with section 5(b) of Price Cap Plan 2008.	June 15, 2012	7/15/13
14	FC1057-T-664	Business - Competitive	Verizon proposed to increase rates for Verizon Regional Essential Service from \$32.04 to \$37.04 (15.61%) and Verizon Regional Value Service from \$30.04 to \$35.04 (16.64%). In addition, Verizon is increasing certain bundled discounts and introduced additional bundled discounts which become effective as of July 14, 2012 for both services.	July 13, 2012	July 14, 2012

No.	Docket Nos.	Eligible Customers & Type of Service	Verizon's Proposed Changes	Filing Dates	Effective Dates
15	FC1057-T-581	Business - Competitive	Verizon proposed to revise its Business Link Rewards offering in the Optional Calling Plans Tariff No. 215. Specifically, Verizon is changing the name of the offering to Business Rewards, eliminating the minimum monthly billing qualifying amounts and modifying the terms and conditions associated with the plan qualifications	July 30, 2012	July 31, 2012
16	FC1057-T-666	Residential - Discretionary	Verizon proposed to increase monthly recurring rates for services contained in its General Services Tariff No. 203. Specifically, Verizon increased the rates for Non-listed service by 14.4% (from \$0.97 to \$1.11); Non-published service by 15% (from \$1.80 to \$2.07) and for Residence Additional Listing service by 14.9% (from \$3.15 to \$3.62.)	August 3, 2012	August 4, 2012
17	FC1057-T-667	Residential - Discretionary & Business - Competitive	Verizon proposed to increase the rates associated with the Remote Call Forwarding service for business customers contained in the Local Exchange Services Tariff No. 202. Specifically, Verizon increased the rates for the First Arrangement associated with Remote Call Forwarding and Additional Arrangements associated with the same Remote Call Forwarding from \$21.15 to \$25.50 or an increase of \$4.35 (20.6%)	August 3, 2012	August 4, 2012
18	FC1057-T-668	Business - Competitive	This is a refiling of item 13 above. Verizon proposed to revise the effective date associated with the tariff pages originally filed on June 15, 2012 to grandfather certain services in its Local Exchange Services Tariff No. 202, General Services Tariff No. 203 and Wide Area Telephone Service Tariff No. 210. In addition, Verizon confirmed that there were no new customer requests for any of those services since that date.	August 13, 2012	July 15, 2012

Monitoring & Compliance

Telecommunications

Verizon's Price Cap Filings

No.	Docket Nos.	Eligible Customers & Type of Service	Verizon's Proposed Changes	Filing Dates	Effective Dates
19	FC1057-T-669	Business - Competitive	Verizon proposed 30 days notice to withdraw the Verizon Client Advantage Program from its Optional Calling Plans Tariff No. 215. Customer demand for this service is "de minimus." The remaining customers ceased receiving discounts associated with this service effective September 16, 2012.	August 16, 2012	September 16, 2012
20	FC1057-T-671	Residential and Business - Competitive	Verizon proposed to revise certain bundled service discounts and introduced additional bundled discounts which become effective as of September 15, 2012 for the Regional Essential Service.	September 14, 2012	September 15, 2012
21	FC1057-T-673	Business - Competitive	Verizon proposed 30 day Notice to withdraw the remote access terms associated with the Call Forwarding - Don't Answer option in its General Services Tariff No. 203.	October 4, 2012	November 5, 2012
22	FC1057-T-674	Business - Competitive	Verizon proposed thirty (30) days' notice to withdraw the remote access terms associated with the Call Forwarding -Don't Answer option in its General Services Tariff No. 203.	November 17, 2012	December 18, 2012
23	FC1057-T-676	Business - Competitive	Verizon proposed thirty (30) days notice to (1) grandfather certain services and (2) withdraw other services in its General Services Tariff No. 203. Specifically; Verizon will grandfather the following services; Centrex I and Centrex II Service, Centrex Rate Stability Plan B, and Centrex Business PAK.	November 15, 2012	December 16, 2012

No.	Docket Nos.	Eligible Customers & Type of Service	Verizon's Proposed Changes	Filing Dates	Effective Dates
24	FC1057-T-679	Business & Residential - Competitive	Verizon proposed to increase rates for its Directory Assistance and National Directory Assistance services from \$1.50 to \$1.99 in its General Services Tariff No. 203.	December 18, 2012	December 19, 2012

Source: PSC

TT 06-6—The PSC Allowed Verizon to Offer Two Business Promotions.

In accordance with Price Cap Plan 2004, Verizon is allowed to offer promotions of its services, without formal approval of the PSC, by filing a description of the promotions and relevant cost support on 10-days notice. No promotion could last more than 6 months. On February 8, 2007, the PSC approved Verizon's request in TT 06-6 to reduce the notice period to one day and to increase the maximum duration of a promotion to 18 months. In 2012, Verizon offered 2 business promotions as shown in the Table below.

Verizon's Promotional Filings					
No.	Docket Nos.	Eligible Customers	Verizon's Proposed Changes	Filing Dates	Effective Dates
1	TT06-6-75	Business - Competitive	Verizon's proposal to offer a promotion-- Current Verizon business customers who contact Verizon through the retain queue to disconnect business exchange voice lines, CustoFlex 2100 or Custopak service, and agree not to disconnect will be eligible to receive special offers.	August 16 2012	August 17, 2012 through February 17, 2013.
2	TT06-6-76	Business - Competitive	Verizon's proposal to offer a promotion-- Current Verizon business customers who contact Verizon through the Maingate queue to disconnect business exchange voice lines, CustoFlex 2100 or CustopAK service, and agree not to disconnect will be eligible to receive one of the special offers:	August 16 2012	August 17, 2012 through February 17, 2013.

Source: PSC

Monitoring & Compliance

Multi-Utility

Billing Error Notifications

In 2012, the PSC monitored resolution of nine electric, three natural gas, and four telecommunications billing errors.

Company	Billing Error Docket No.	Filing Date	Date the Error was Discovered	Type of Notification	Billing Error Description and Corrective Action	Number of Accounts/ Customers Affected	Total Dollar Amount of Billing Error
ELECTRIC							
GDF Suez	BE-2012-01-E-1	1/17/2012	1/16/2013	Initial	The errors resulted from the original usage being incorrect. When revised data became available all errors were corrected. The utility cancelled and rebilled the customers using the correct usage.	23/12	NR*
	BE-2012-01-E-2	2/7/2012	1/16/2013	Follow-up			
	BE-2012-01-E-3	2/22/2012	10/25/2011	Final		19/19	
	BE-2012-01-E-4	7/12/2013	1/16/2013	Revised Final correcting date of error discovery and # of accounts		23/12	
GDF Suez	BE-2012-02-E-1	4/24/2012	4/23/2012	Initial	The errors resulted from the original usage being incorrect. When revised data became available all errors were corrected. The utility cancelled and rebilled the customers using the correct usage.	42/16	NR*
	BE-2012-02-E-2	5/7/2012	4/23/2012	Follow-up			
	BE-2012-02-E-3	6/22/2012	4/23/2012	Final			
Hess Corporation	BE-2012-03-E-1	5/2/2012	N/A	Initial / follow-up/ final	The errors occurred due to utility volume adjustments and tax and other corrections. The errors were immediately corrected by crediting and rebilling the customers. The number of customers affected by the errors did not meet the threshold for reporting.	January- 226/15 February- 158/10 March- 215/12	NR*
Hess Corporation	BE-2012-04-E-1	7/2/2012	N/A	Initial / follow-up/ final	The errors occurred due to utility volume adjustments and tax and other corrections. The errors were immediately corrected by crediting and rebilling the customers. The number of customers affected by the errors did not meet the threshold for reporting.	May- 38/13 June- 20/7	NR*
GDF Suez	BE-2012-05-E-1	7/23/2012	7/23/2012	Initial.	The errors occurred because the original usage was incorrect. When revised data became available the errors were corrected. The utility cancelled and rebilled the customers using the correct usage. No follow up reporting was provided. The utility was reminded of the requirements of the EQSS. The utility indicated that all errors were resolved and that proper (follow-up) reporting would be adhered to in the future.	10/4	NR*

Company	Billing Error Docket No.	Filing Date	Date the Error was Discovered	Type of Notification	Billing Error Description and Corrective Action	Number of Accounts/ Customers Affected	Total Dollar Amount of Billing Error
ELECTRIC							
GDF Suez	BE-2012-06-E-1	10/15/2012	10/11/2012	Initial	The errors occurred because the original usage was incorrect. When revised data became available all errors were corrected. GDF's final billing error notice corrected the initial and follow-up reports. The utility cancelled and rebilled customers using the correct usage in addition to rebilling customers for excursion credits.	63/16	NR*
	BE-2012-06-E-2	10/30/2012	10/11/2012	Follow-up			
	BE-2012-06-E-3	12/18/2012	10/11/2012	Final			
Washington Gas Energy Services (WGES)	BE-2012-07-E-1	11/2/2012	9/25/2012-10/18/2012	Initial	A programming error in WGES's billing system caused the error. The affected customer was the District Government., which has commercial electricity accounts that are served by WGES. These accounts have a rate plan that is different from any other accounts, and the rate plan was altered recently in WGES's billing system. When the rate plan was altered, an index option in the applicable index field in the billing system was not made available. Because of this, 276 of the 575 DC Government accounts that are served by WGES were not billed for capacity charges when they should have been. Corrective action - the programming error has been corrected. To prevent future occurrences, WGES's IT staff has created a new test when new billing features are added and before they are implemented.	276/1	\$20,000.00
	BE-2012-07-E-2	12/19/2012	9/25/2012-10/18/2012	Follow-up and Final			
MidAmerican Energy	BE-2012-08-E-1	12/5/2012	12/4/2012	Initial/ Follow-up/ Final	Taxes were not charged resulting in an incorrect tax assessment. The error occurred because of a pricing error in the billing system due to incomplete process cycle. The correction procedure was to cancel & rebill the customers as soon as possible. The correction was identified within one business day of the error. Cancel/Rebill processes were completed by November 29, 2012. Lessons learned, if any: Billing system process previously would stop when one error was identified and any subsequent accounts would not have an invoice created. Billing system patch was issued as a result, so it can now identify the single account that encountered an error and move forward, correctly billing all subsequent accounts.	8/8	NR*
Hess Corporation	BE-2012-9-E-1	12/17/2012	N/A	Initial / follow-up/ final	The errors were due to utility volume adjustments and tax and other corrections. The errors were immediately corrected by crediting and rebilling the customers. The number of customers affected by the errors did not meet the threshold for reporting.	July- 39/8 August- 46/13 September- 22/7	NR*

Monitoring & Compliance

Multi-Utility

Billing Error Notifications

Company	Billing Error Docket No.	Filing Date	Date the Error was Discovered	Type of Notification	Billing Error Description and Corrective Action	Number of Accounts/ Customers Affected	Total Dollar Amount of Billing Error
NATURAL GAS							
Washington Gas Light Company (WGL)	BE-2012-01-G-1	7/20/2012	5/25/2012	Final	The errors were due to an incorrect programming change in the billing system that calculates late fees. The billing system incorrectly calculated the late fee based on the full balance originally billed, instead of on the net balance remaining after partial payment. The billing error resulted in customers who made partial payments being charged the incorrect amount of late fees. Late fee calculations for customers that made no payment or paid their bill in full were not impacted. The error was discovered during a review of a customer's bills in an unrelated customer dispute. WGL corrected the programming error and completed adjustments on all impacted accounts to refund or reverse the overcharged late fees. In an effort to prevent errors like this in the future, the Company reviewed its change in management process to implement ways to identify these types of programming	20,191/20,191	\$20,376.20
Washington Gas Light Company (WGL)	BE-2012-02-G-1	8/24/2012	8/24/2012	Initial	The errors resulted from WGL's inadvertent processing of a payment file twice. Subsequent attempts to correct the errors resulted in an out of balance on the Company's General Ledger, which was found during an audit. Customers received credits on their accounts for two payments when only one payment was actually debited from the customers bank accounts. The duplication error only impacted the billing system and not the customers' bank accounts. WGL determined that the lack of documented processes and lack of controls caused the errors. The end-to-end process for processing customer payments was documented and operationalized, including troubleshooting procedures. In addition, new validation and approval steps were implemented to prevent future occurrences. WGL decided that the unique circumstances in this case and the length of time that has passed do not warrant corrections to the accounts or customer notifications.	1	\$40,561.00
	BE-2012-02-G-2	9/6/2012	8/24/2012	Follow-up			
	BE-2012-02-G-3	10/23/2012	8/24/2012	Final			

Company	Billing Error Docket No.	Filing Date	Date the Error was Discovered	Type of Notification	Billing Error Description and Corrective Action	Number of Accounts/ Customers Affected	Total Dollar Amount of Billing Error
NATURAL GAS							
Washington Gas Light Company (WGL)	BE-2012-03-G-1	10/24/2012	10/11/2012	Follow-up	An error occurred when a payment file was inadvertently processed twice, resulting in duplicate cash payments. Customers received credits on their accounts for two payments, when only one payment should have been applied. The duplication error impacted the billing system and not the customers' bank accounts. All of the accounts have been remediated, and all of the impacted customers received a letter from WGL explaining the matter and apologizing for the error. WGL conducted a root cause analysis and determined the following contributing causes: <ul style="list-style-type: none"> • Lack of communication related to the handling of cash files on Columbus Day, which was a banking holiday and • Inconsistent compliance with existing controls for handling file processing. WGL will apply the lessons learned to prevent future occur- 	795/795	\$66,500.00
	BE-2012-03-G-2	12/10/2012	10/11/2012	Final			
TELECOMMUNICATIONS							
Verizon	BE-2012-01-T-1	4/24/2012	4/23/2012	Single Filing	Verizon's billing error notice indicated some Freedom Essential customers were overbilled because some of the features of the package were billed as stand alone services. Verizon said it would credit customers within the next 2 to 3 billing cycles.	145/145	\$1,397.00
Verizon	BE-2012-02-T-1	5/7/2012	5/2/2012	Single Filing	Verizon's billing error notice indicated some customers with Freedom for Business plans were under billed because they were charged the 2010 rate of \$39.00 instead of the 2011 rate of \$41.00. The error occurred in software coding. Verizon said it fixed the error by making changes in the software code.	538/538	(\$1,076.00)
Verizon	BE-2012-03-T-1	8/27/2012	8/24/2012	Single Filing	Verizon's billing error notice indicated some business Expansion PAK customers were under-billed when, during the automatic renewal process they were charged only for their main lines and not their additional lines.	380/380	(\$570.00)
Verizon	BE-2012-04-T-1	12/21/2012	12/21/2012	Single Filing	Verizon's billing error notice indicated the company had initiated a preliminary investigation when it realized that, back to October 2003, some low-income discount customers were erroneously charged a subscriber line charge and as of 2012, some low income discount customers were charged an Access Recovery Charge. In response to the notice, the Commission opened a formal investigation into the Billing Error on March 1, 2013 (Order No. 17093).	660/660	\$122,064.41

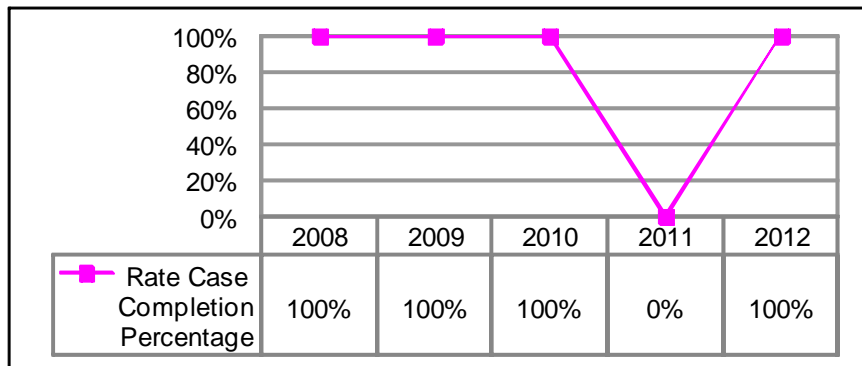
Source: PSC

Key Results

Key Results are measures of how well the PSC has performed. There are three categories of measures— **Timeliness**, **Performance Ratings**, and **Output**.

Timeliness

Electricity and Telecommunications
Percentage of Rate Cases Processed on a Timely Basis

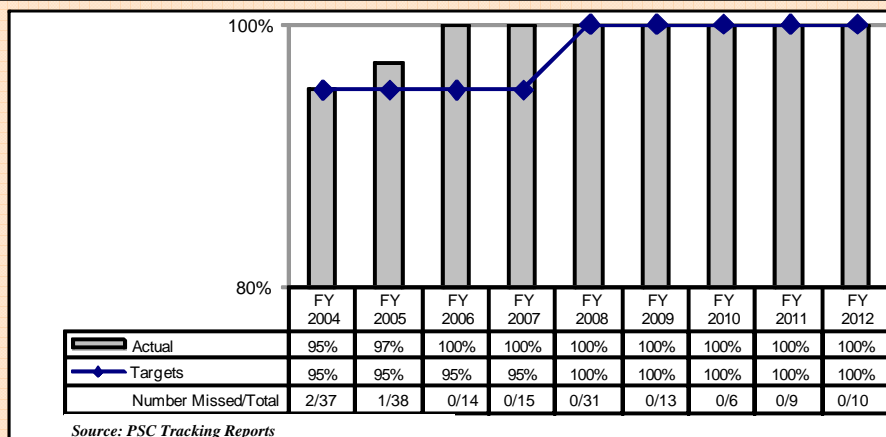


Source: PSC

Target: Issue decisional orders within 90 days of the close of the record.

Performance: The PSC has been timely in rendering decisions in rate cases. There was no rate case decision in 2011. The PSC rendered its decision in Pepco's Formal Case 1087 rate case in October 2012 in a timely basis.

Telecommunications
Percentage of CLEC Applications Processed on a Timely Basis

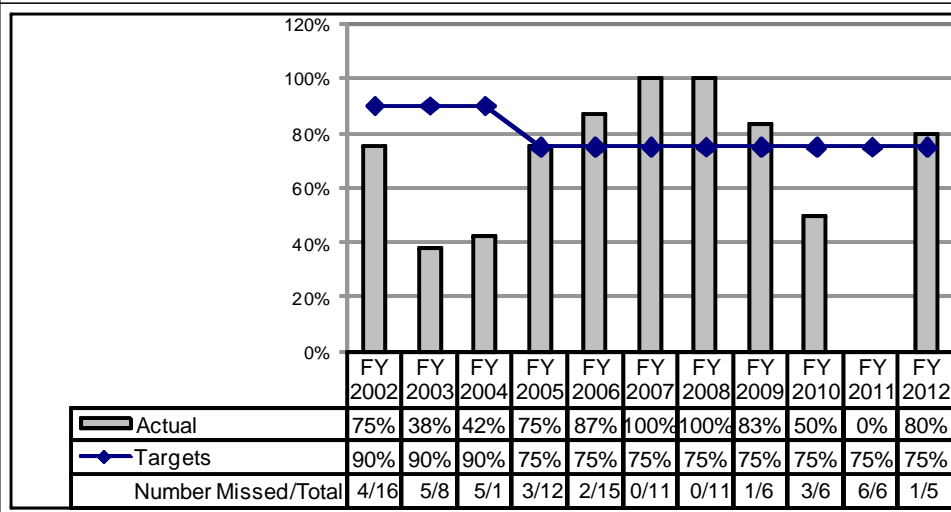


Source: PSC Tracking Reports

Target: Issue deficiency letters and orders within 15 business days from receipt of applications or supplemental information.

Performance: Since FY 2004, the PSC has processed most CLEC applications on a timely basis. In FY 2012, all CLEC applications were processed on a timely basis.

Percentage of Electricity, Natural Gas, & Telecommunications
Tariffs Processed on a Timely Basis



Source: PSC Tracking Reports

Target: Process 75% of tariffs in 120 days, which includes 45 to 60 days for receiving public comments.

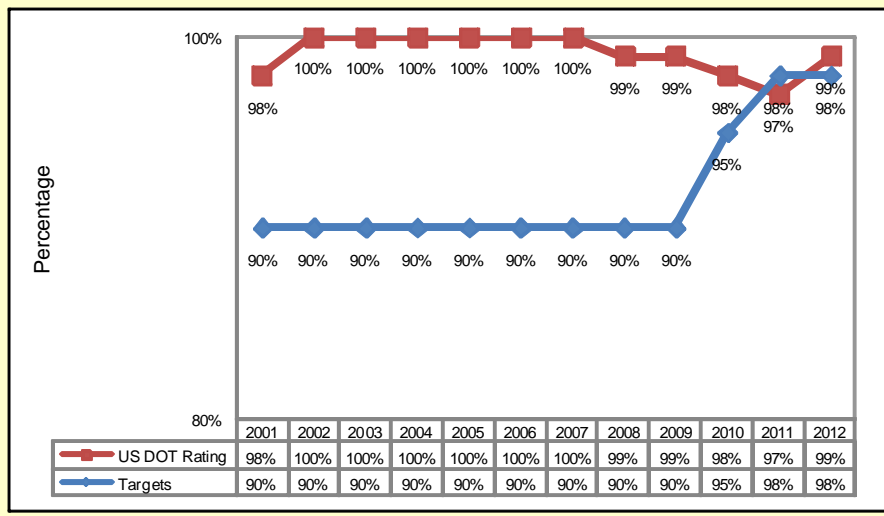
Performance: The PSC exceeded the target between FY 2006 and FY 2009. In FY 2010, only half (three out of six) of the tariff applications were processed on a timely basis. In FY 2011, none of the tariff filings was processed on a timely basis. Higher priority was given to a newly filed electricity rate case and revising the electric quality of service standards. However, in 2012, 80% of the tariffs were processed on a timely basis.

Key Results

Performance Ratings

Natural Gas

U.S. DOT Ratings for the PSC's Natural Gas Pipeline Safety Program



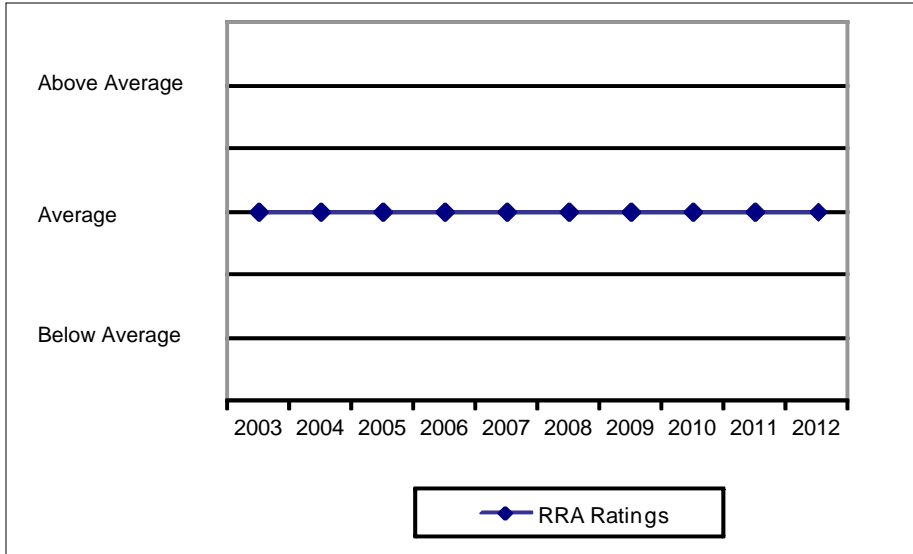
Source: PSC

Target: Achieve at least a 90% score in the U.S. Department of Transportation's (U.S. DOT) annual audit of the Natural Gas Pipeline Safety Program (NGPSP).

Performance: Since 2001, the PSC has exceeded its target every year except 2011. The rating is based on U.S. DOT's audit of the program in the areas of facility, document and personnel inspections; staff training; and reporting and enforcement actions. The rating for the 2012 NGPSP

Multi-Utility

Regulatory Research Associates (RRA) Ratings for the PSC



Target: Average - Balanced perspective between ratepayers and utility company investors.

Performance: RRA evaluates all state public service commissions from an investors' perspective. RRA's evaluation of the PSC is summarized in its following statement: "The regulatory environment has historically been balanced from an investor viewpoint. The PSC has taken a constructive approach with respect to restructuring the energy and telecommunications industries."

MD PSC rated as average. VA State Corporation Commission rated as above average.
Source: Regulatory Research Associates

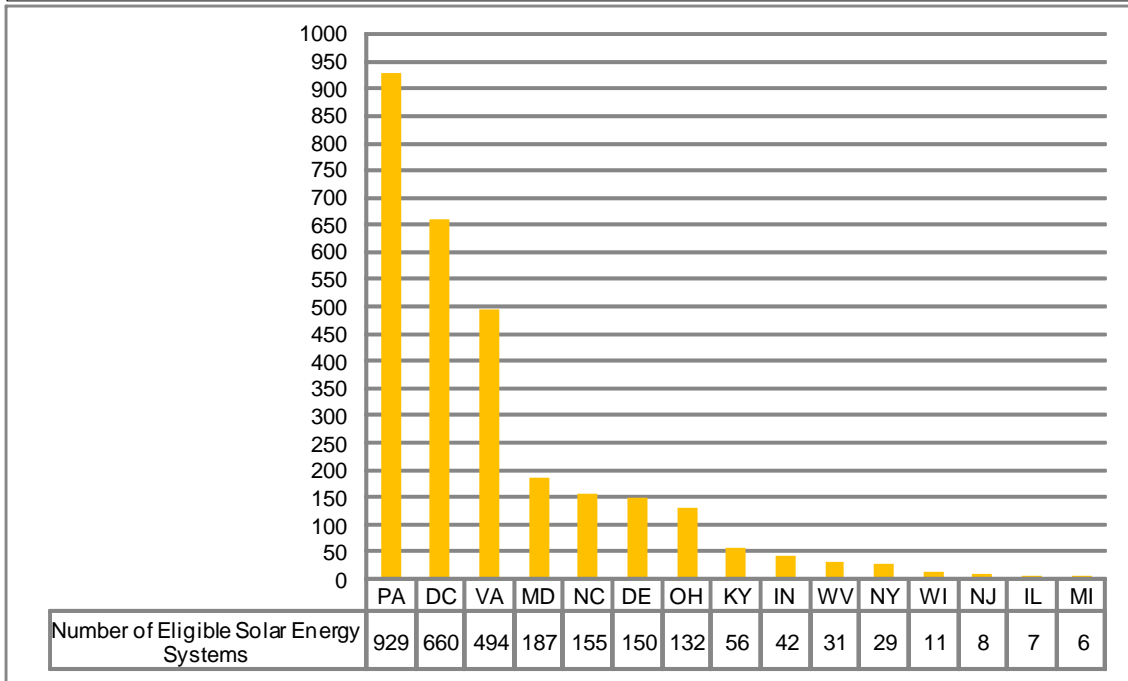
Key Results

Electricity

Output

Conserved Natural Resources & Preserved Environmental Quality

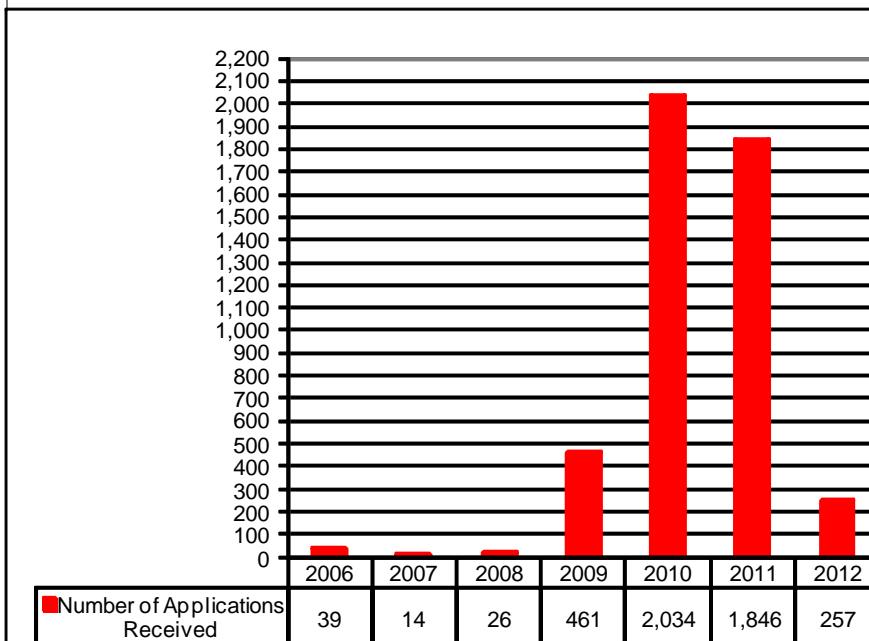
Number of Solar Facilities the PSC Certified for D.C. & PJM States as of December 31, 2012



Source: PSC

The District has the second highest number of certified solar facilities within the PJM.

Number of Renewable Portfolio Standard Applications



The decrease in the number of RPS applications in 2012 reflects the impact of the Distributed Generation Amendment Act of 2011, which generally disallowed out-of-state solar energy systems.

Source: PSC

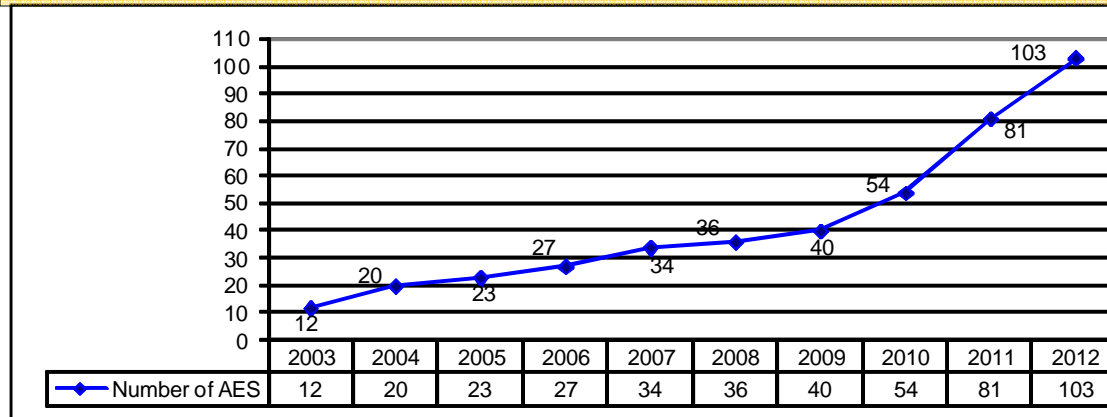
Key Results

Electricity

Output

Fostered Competition

Cumulative Number of Alternative Electric Generation & Transmission Suppliers (AES) Licensed to Serve D.C. By Year-End

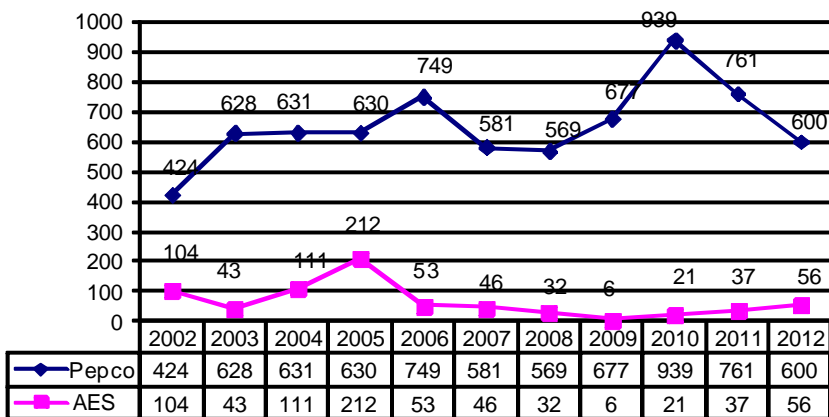


Source: PSC

In 2012, the cumulative number of approved AES increased to 103.

Resolved Disputes

Number of Electric Complaints & Inquiries



Source: PSC

Electricity Complaints and Inquiries

The number of complaints and inquiries regarding Pepco peaked in 2006 due to quality of service complaints. In 2007 and 2008, they declined. However, complaints rose substantially in 2009 and 2010 due to a spike in high bill complaints. There was a substantial decline in 2011 and 2012. The number of AES complaints and inquiries fell from 2005 through 2009 and then rose again in 2010, 2011, and 2012.

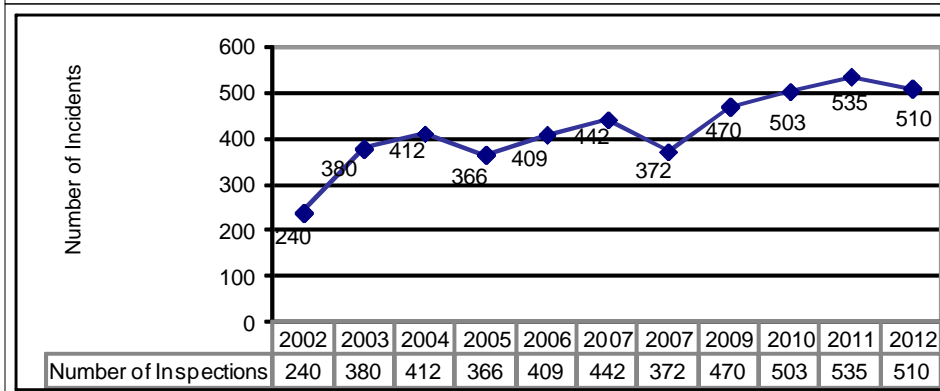
Key Results

Natural Gas

Output

Ensured Safe, Reliable, & Quality Utility Services

Number of Natural Gas Pipeline Safety Inspections Performed



Target: In 2012, the goal was to complete 500 inspections by the end of the calendar year.

Performance: In 2012, the PSC exceeded the target by conducting 510 natural gas pipeline safety inspections.

Data includes gas meter inspections.
Source: PSC

Enforcement Activities Regarding Natural Gas Construction Projects in D.C.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Number of Notices of Probable Violations	5	0	5	7	8	4	0	1	0	4
Number of Notices Concluded	4	2	4	7	7	2	2	1	0	4
Number of Penalties Assessed	4	0	3	7	8	4	1	0	0	0
Amounts of Assessments	\$25,000	\$0	\$20,000	\$15,000	\$345,000	\$100,000	\$20,000	\$5,000	\$0	\$0
Amounts Collected	\$10,000	\$15,000	\$20,000	\$105,000	\$320,000	\$100,000	\$0	\$5,000	\$0	\$0

Four new Notices of Probable Violations (NOPVs) were issued to WGL in 2012 while the PSC was in the process of revising its natural gas pipeline safety rules.

Source: PSC

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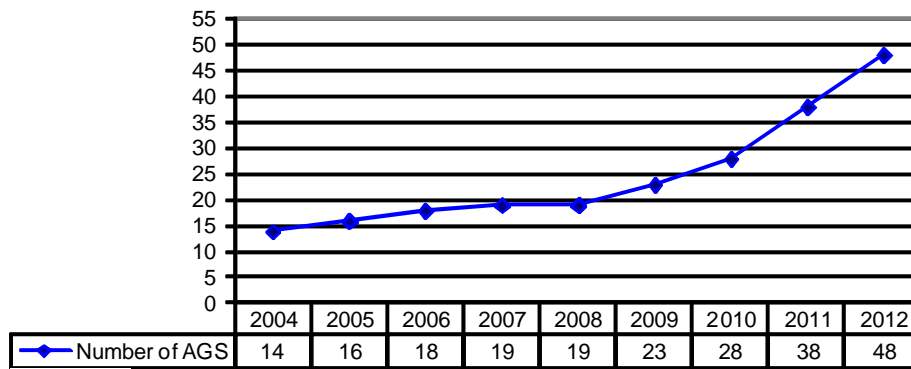
Key Results

Natural Gas

Output

Fostered Competition

Cumulative Number of Alternative Commodity Gas Suppliers (AGS) Licensed to Serve D.C. By Year-End

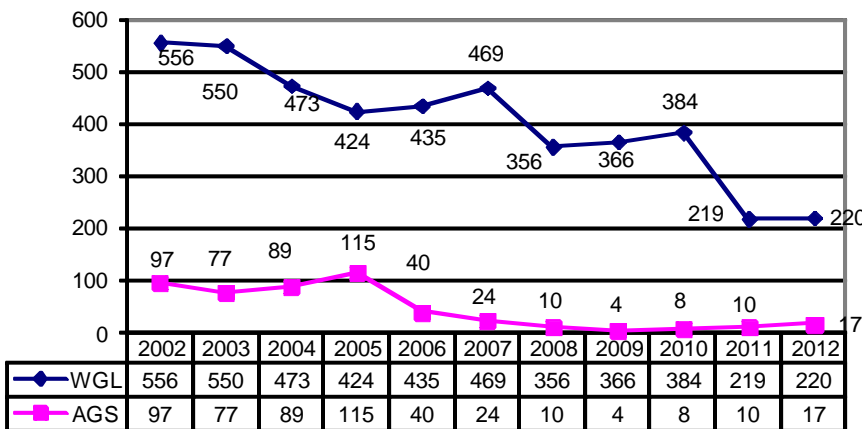


Source: PSC

In 2012, the number of approved Alternative Commodity Gas Suppliers (AGS) increased by ten to 48.

Resolved Disputes

Number of Natural Gas Complaints & Inquiries



Source: PSC

Natural Gas Complaints and Inquiries

In 2012, the number of complaints and inquiries regarding WGL remained about the same as in 2011. The number of AGS complaints and inquiries increased substantially.

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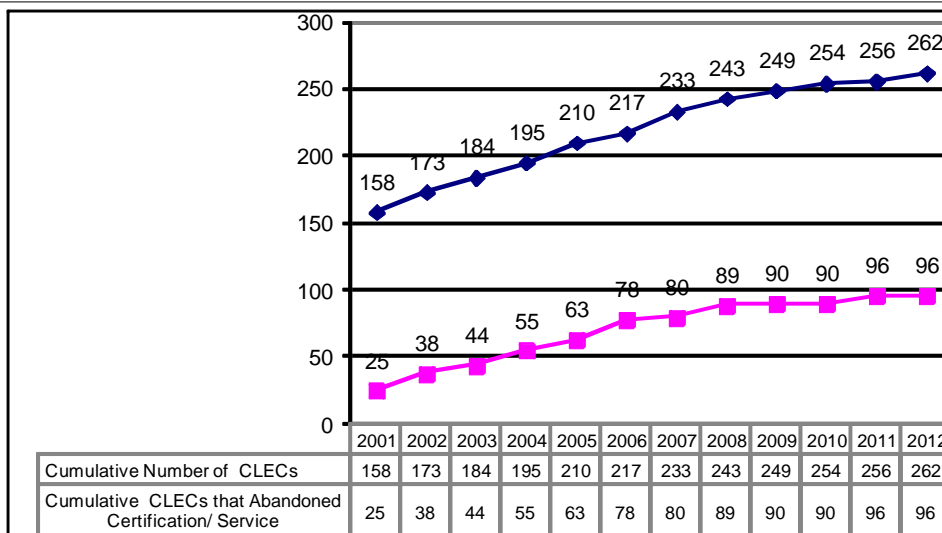
Key Results

Telecommunications

Output

Fostered Competition

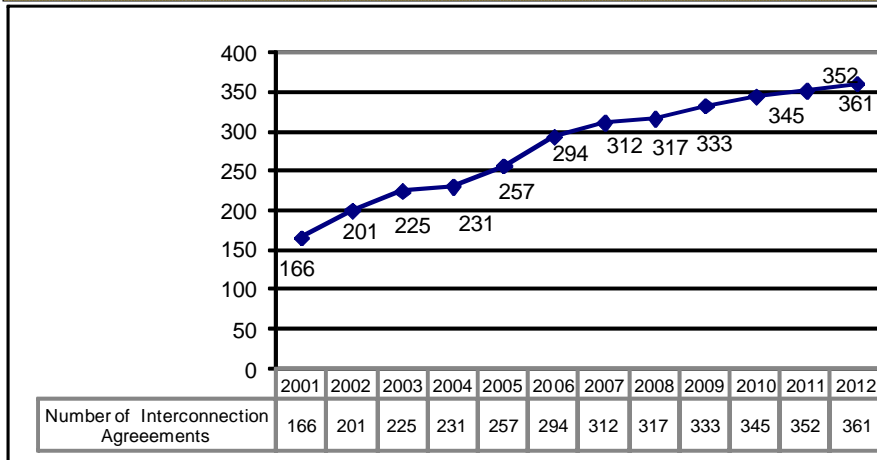
Cumulative Number of Competitive Local Exchange Carriers (CLECs) Certificated & Withdrawn By Year-End



In 2012, the PSC approved six CLEC applications, bringing the cumulative total to 262. There were no CLEC withdrawals in 2012.

Source: PSC

Cumulative Number of Telecommunications Interconnection Agreements Approved By Year-End



As of the end of 2012, the PSC had processed a cumulative total of 361 Telecommunications Interconnection Agreements (TIAs). Many of the current agreements are amendments to previous agreements.

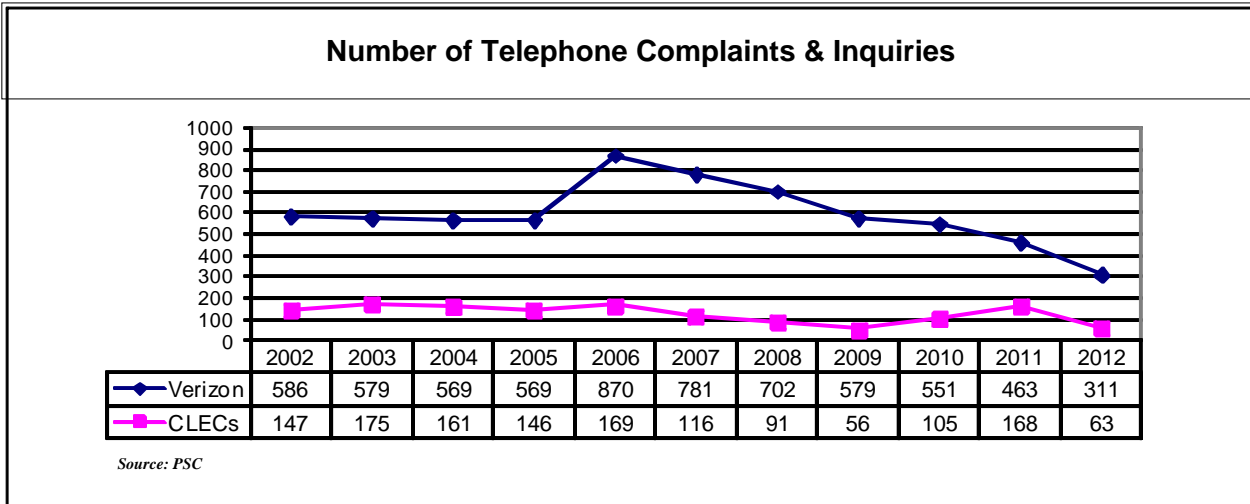
Source: PSC

Key Results

Telecommunications

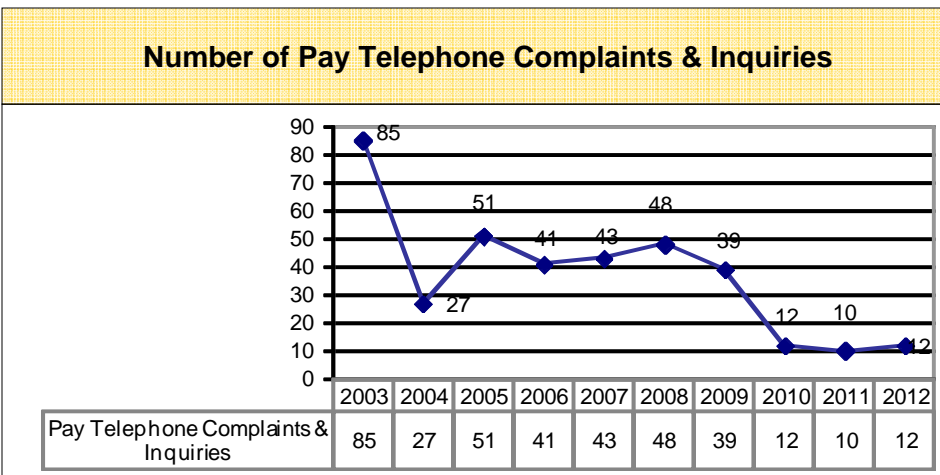
Output

Resolved Disputes



Verizon and CLECs

After peaking in 2006, the number of complaints and inquiries regarding Verizon’s telephone service has steadily declined through 2012. The number of CLEC complaints and inquiries nearly doubled between 2009 and 2010 and continued to increase in 2011. But there was a substantial decrease in 2012. In 2012, the number of complaints and inquiries declined for Verizon and CLECs. Most complaints are regarding billing and payment issues followed by service quality matters.



Source: PSC

Payphones

In 2012, the number of pay telephone complaints and inquiries increased by two.

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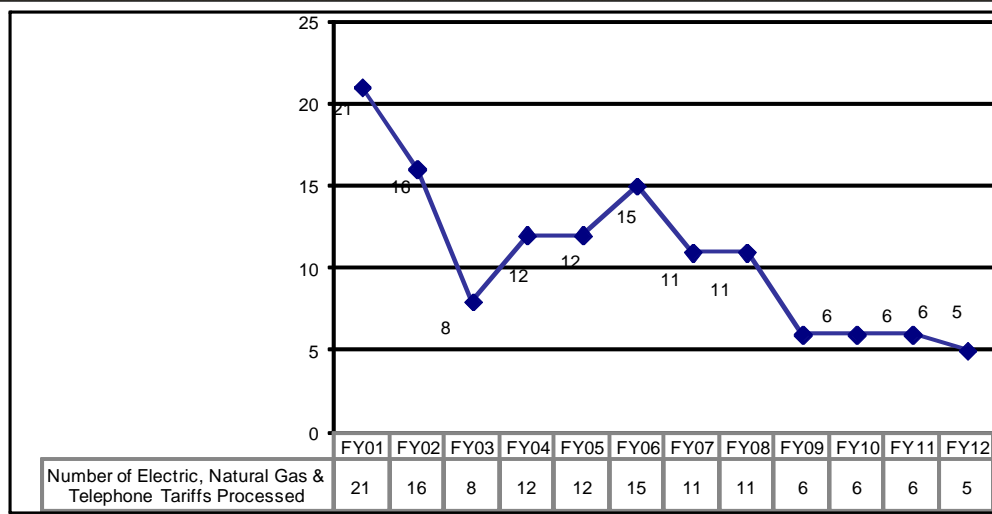
Multi-Utility

Output

Fostered Competition

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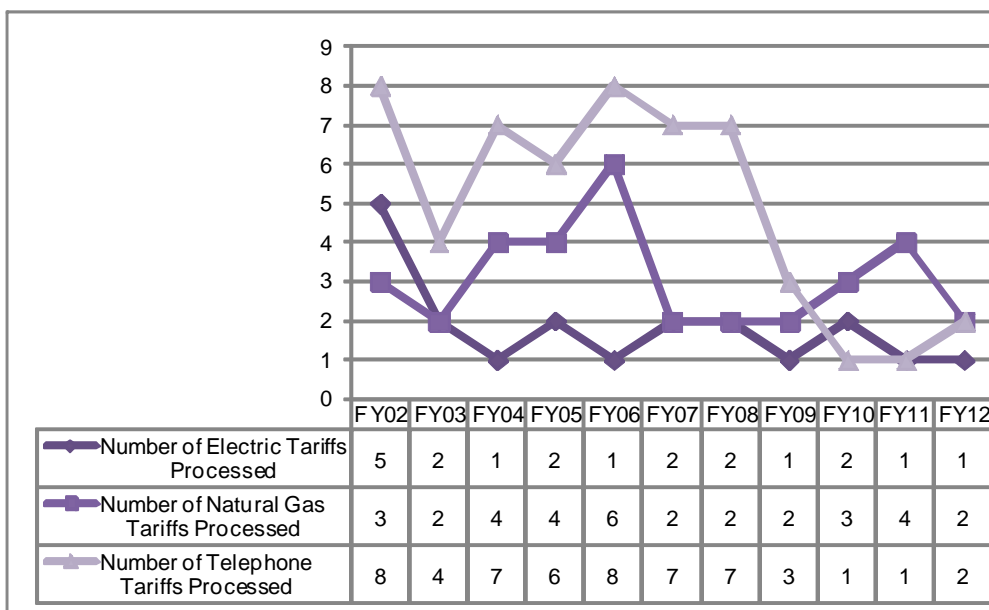
Total Number of Electric, Natural Gas, & Telephone Tariffs Processed



Source: PSC Tracking Reports

Pepco, WGL, and Verizon file tariffs in order to introduce new regulated services or to change the rates, terms, or conditions of existing regulated services. The number of electric, natural gas, and telephone tariffs that were filed, and hence processed by the PSC, peaked at 21 in FY01, but they have decreased steadily since restructuring. In FY12, the PSC received and processed five tariffs.

Total Number of Electric, Natural Gas, & Telephone Tariffs Processed by Type



In FY 2012, the number of natural gas tariffs decreased while the number of electric tariffs remained the same, and the number of local telephone tariffs increased.

Source: PSC Tracking Reports

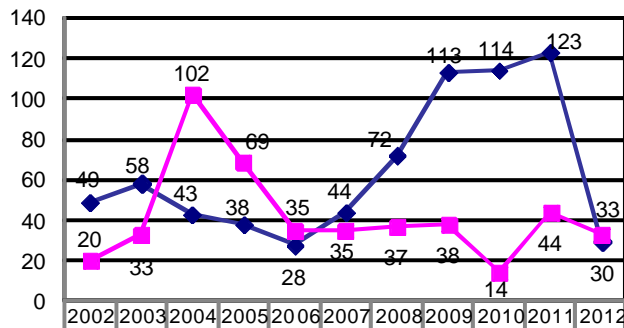
Key Results

Multi-Utility

Output

Resolved Disputes

Number of Electric & Natural Gas Meter Tests Witnessed



◆ Number of Electric Meter Tests	49	58	43	38	28	44	72	113	114	123	30
◆ Number of Gas Meter Tests	20	33	102	69	35	35	37	38	14	44	33

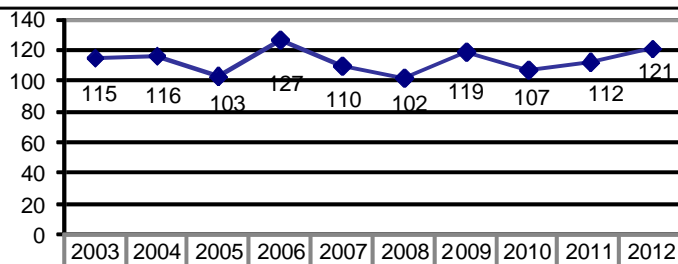
Source: PSC

Meter Tests

In 2012, the number of electric and natural gas meter tests decreased. The decrease in electric meters coincided with the installation of smart meters.

Educated Consumers & Informed the Public

**PSC Outreach Program
Number of Outreach Activities (Excluding Meter Tests)**



Number of Outreach Events	115	116	103	127	110	102	119	107	112	121
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Source: PSC

Outreach Program

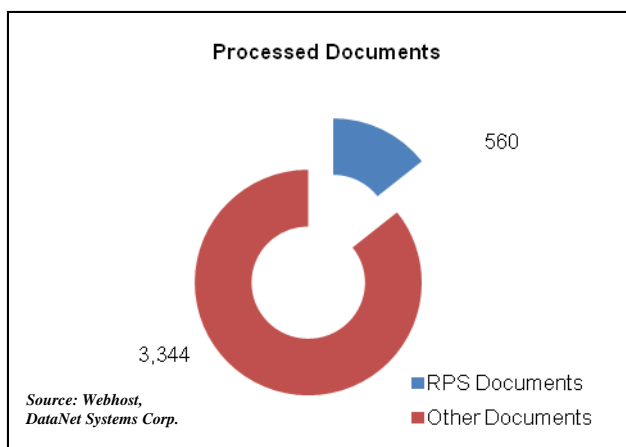
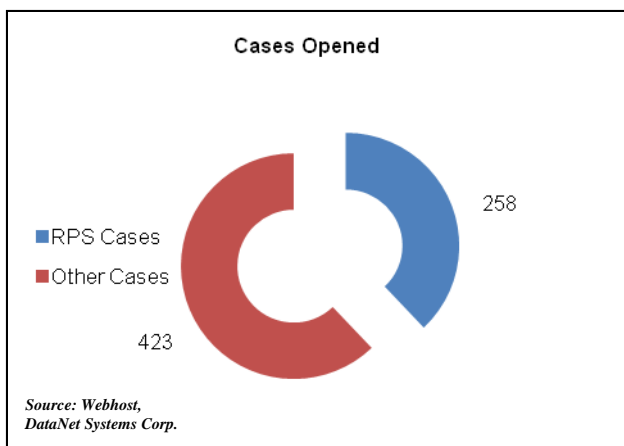
The PSC goal is to conduct 100 outreach activities (excluding meter tests) a year. In 2012, once again, the PSC exceeded its target.

Key Results

Multi-Utility

Output

Number of New Cases Opened & Processed in 2012



In 2012, OCMS staff opened 681 new cases, of which 258 cases were for the Renewable Energy Portfolio Standard Program (RPS), and processed 3,904 documents, of which 560 pleadings were RPS pleadings, filed with the PSC by applicants, respondents, interveners, and interested persons.

Key Results

Multi-Utility

Output

The PSC Opened Seven Formal Cases and Two New Case Dockets in 2012.

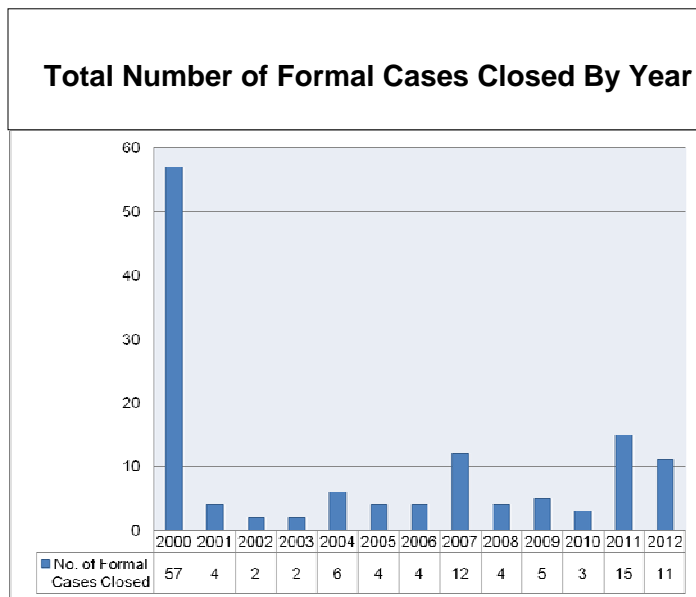
The PSC opened the following new cases and dockets in 2012:

Electric

1. **FC No. 1101**- OPC's Petition for an Investigation to Establish a Mechanism by which Pepco's Management Compensation will be Adjusted for Poor Electric Distribution System Reliability Performance in D.C.
2. **FC No. 1100**- OPC's Petition for an Investigation into the Electric Service Outage beginning on June 22, 2012.
3. **FC No. 1099**- Pepco's Application for a Certificate Authorizing it to Issue and Sell up to \$850,000,000.00 of Long-Term Secured and Unsecured Debt Securities
4. **FC No. 1098**- WGES' Petition for an Investigation into Retail Electricity Supplier Access to Smart Meter Data
5. **FC No. 1097**—Liberty Power Company’s complaint against Pepco
6. **FC No. 1096**-Investigation into the regulatory treatment of electric vehicles and related services in the District of Columbia
7. **FC No. 1095**- Pepco's notice of plans to upgrade two underground transmission circuits in excess of 69kV in the District of Columbia

New Case Dockets

1. **ACR**- Pepco’s Annual Consolidated Report
2. **CAM**- Cost Allocation Manual for Pepco and WGL



In 2012, the PSC closed 11 formal cases. The highest number of formal cases closed is 57 in 2000.

Source: PSC

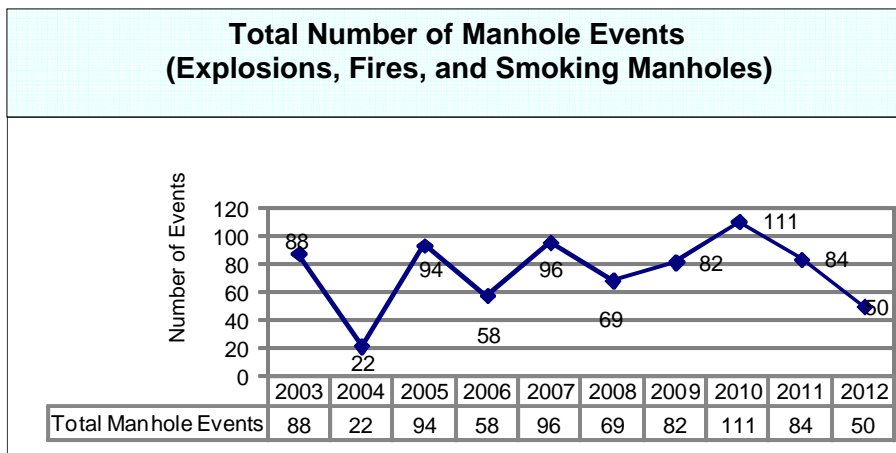
Key Outcomes

Key Outcomes are measures of the many ways the PSC's decisions impact the District by contributing to public safety and the economic health of residents and businesses in the City.

Electricity

Ensured Safe, Reliable, & Quality Utility Services

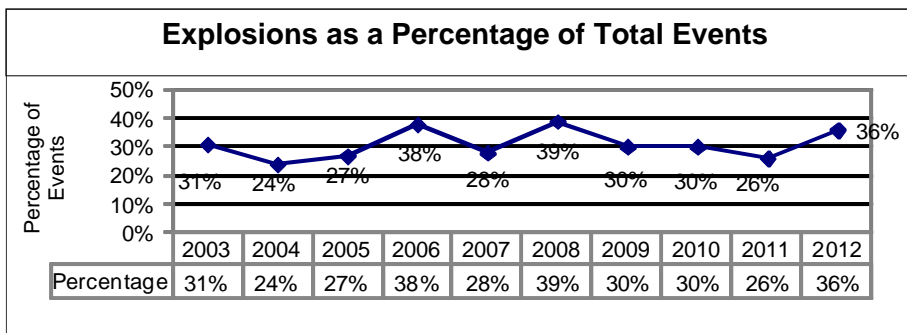
Total Number of Manhole Events (Explosions, Fires, and Smoking Manholes)



Source: PSC

After rising to 111 in 2010, the number of manhole events declined steadily to 50 in 2012.

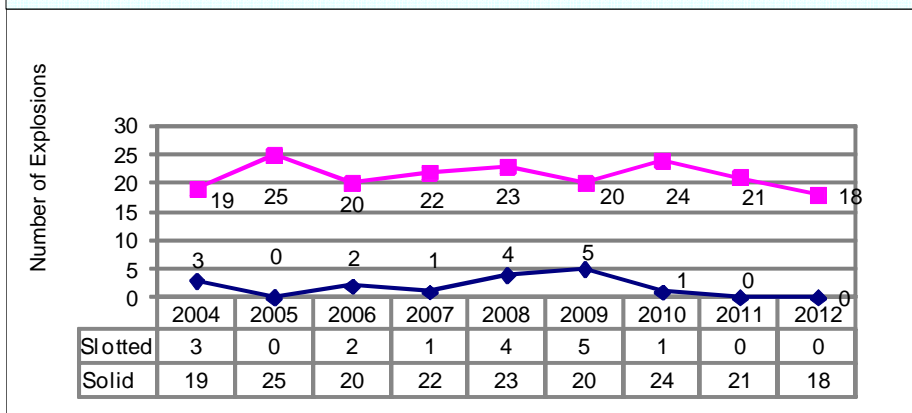
Explosions as a Percentage of Total Events



Source: PSC and Pepco

Explosions as a share of manhole incidents fluctuated from a peak of 39% in 2008 to 30% in 2009 and 2010, 26% in 2011, and 36% in 2012.

Number of Explosions for Slotted vs. Solid Manhole Covers



Source: PSC

The number of explosions in manholes with solid covers dropped to 18, but continued to be significantly greater than the number of explosions in manholes with slotted covers. In fact, as in 2011, there were no explosions of slotted covers in 2012.

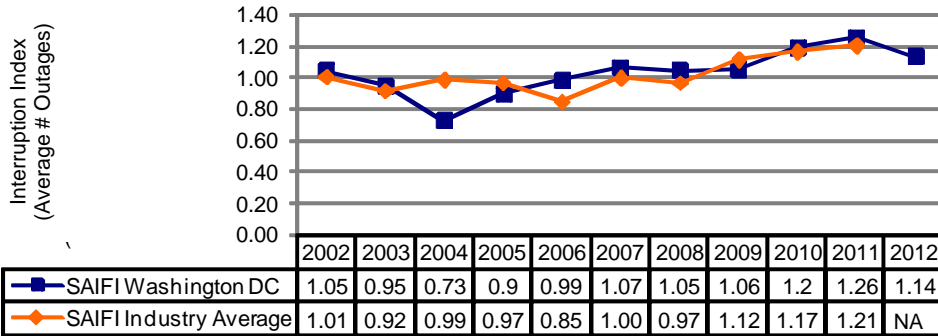
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Key Outcomes

Electricity

Ensured Safe, Reliable, & Quality Utility Services

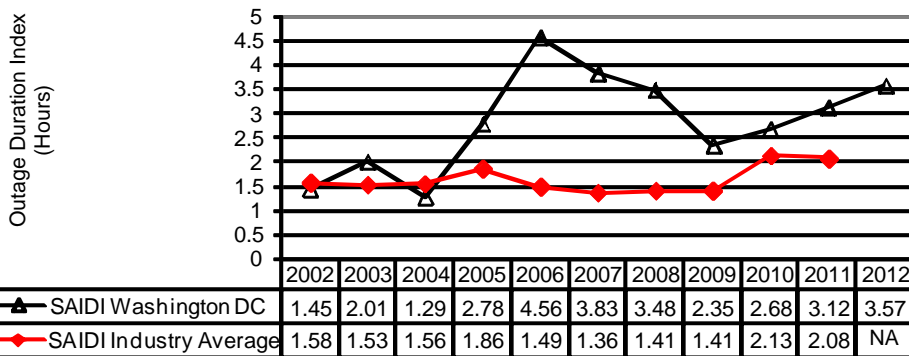
System Average Interruption Frequency Index (SAIFI)



*Note: 2011 is IEEE Industry median; Mean values not available.
Source: Pepco

SAIFI measures the average number of customer outages for a system. For Pepco, the average number of customer outages remained relatively steady at close to 1 in 2002 and 2003. The situation improved in 2004 as Pepco's performance in the District exceeded the industry average. However, Pepco's performance rose and fluctuated slightly from 2006 to 2011 before dropping to 1.14 in 2012.

System Average Interruption Duration Index (SAIDI)



*Note: 2011 is IEEE Industry median; Mean values not available.
Source: Pepco

SAIDI measures the average duration of system outages. In the District, the average duration for Pepco's outages fell between 1999 and 2002, but rose in 2003 due to storms in August and Hurricane Isabel in September. The average duration of outages improved in 2004 and then increased substantially in 2005 and 2006. In 2005, Pepco converted to an Outage Management System (OMS) for tracking outage duration. The average duration of outages improved between 2007 and 2009, but it worsened in 2010, 2011 and 2012. Between 2005 and 2011, Pepco's SAIDI has not met the industry average. Industry data for 2012 are not yet available.

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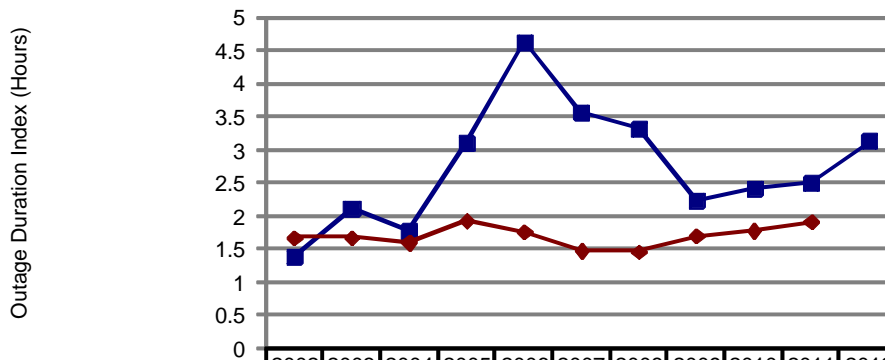
Key Outcomes

Electricity

Ensured Safe, Reliable, & Quality Utility Services

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Customer Average Interruption Duration Index (CAIDI)



—■— CAIDI Washington DC	1.38	2.11	1.77	3.1	4.62	3.57	3.31	2.23	2.41	2.49	3.12
—◆— CAIDI Industry Average	1.67	1.67	1.60	1.92	1.76	1.47	1.46	1.70	1.77	1.91	NA

*Note: 2011 figures excludes any Major Event Interruptions
 Source: Pepco

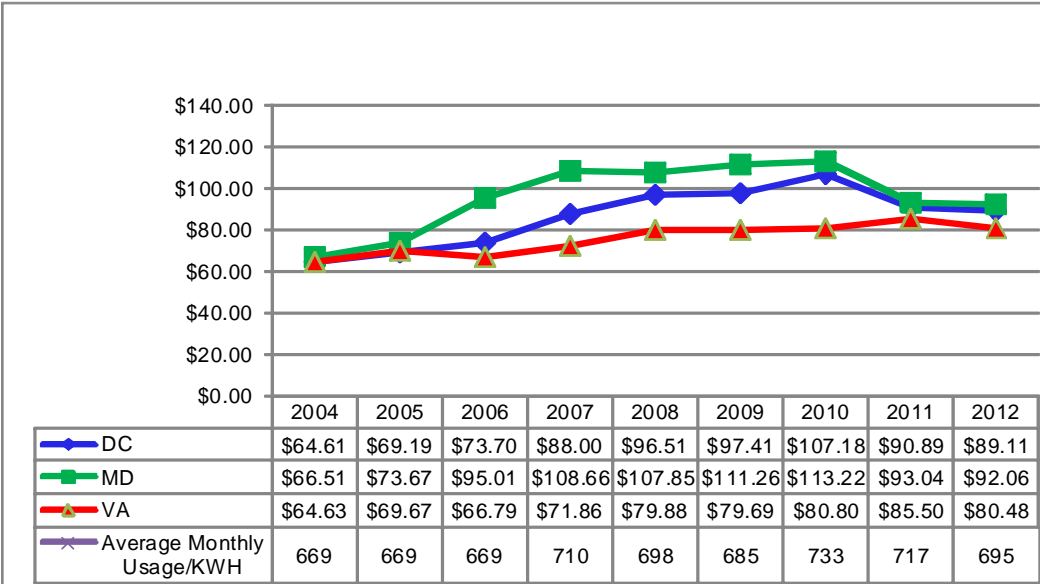
CAIDI measures the average duration of outages per customer. In the District, the average duration of Pepco's outages per customer was relatively low (1.38 hours) in 2002, but it rose in 2003 to 2.11 hours due to the August storms and Hurricane Isabel. The situation improved in 2004 but worsened in 2005 and 2006, when Pepco implemented an Outage Management System (OMS) that more accurately tracks outage duration. Pepco's performance improved between 2007 and 2009, but it worsened in 2010, 2011, and 2012. Between 2004 and 2011, Pepco's CAIDI has not met the industry average. Industry data for 2012 are not yet available.

Key Outcomes

Electricity

Regulated Monopoly Services

Pepco's Average Residential Electric Bills in D.C., MD, & VA

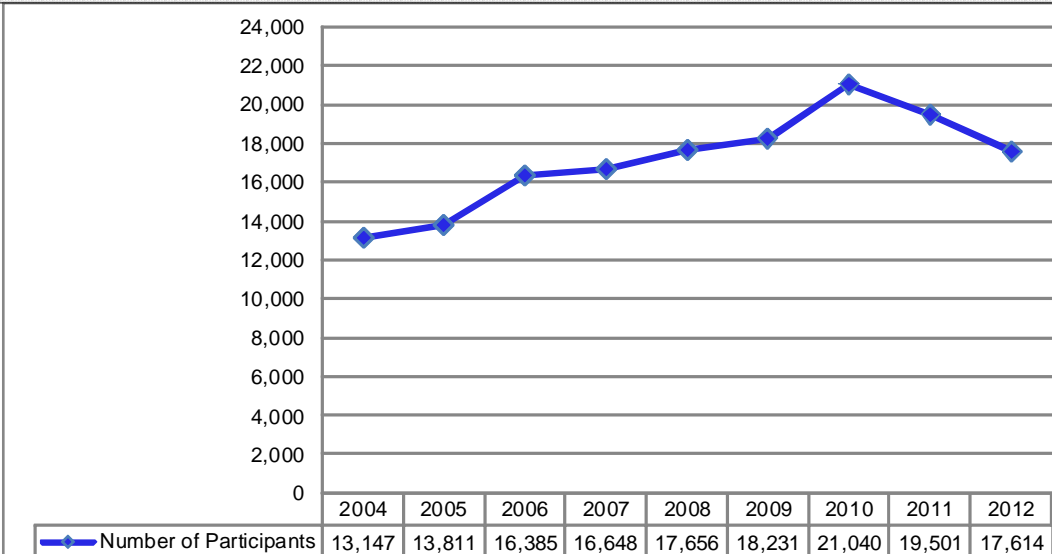


Source: Pepco & PSC

Electricity

In 2012, average residential electric bills continued to be lower in D.C. than in Pepco's MD service territory. The average bills in D.C. were higher than in Northern VA, where price caps continued through 2012.

Participation in Pepco's Low-Income Residential Aid Discount (RAD) Program



Source: Pepco & PSC

Electric

In 2012, the number of participants in Pepco's RAD program decreased to 17,614 participants after peaking in 2010 at over 21,000.

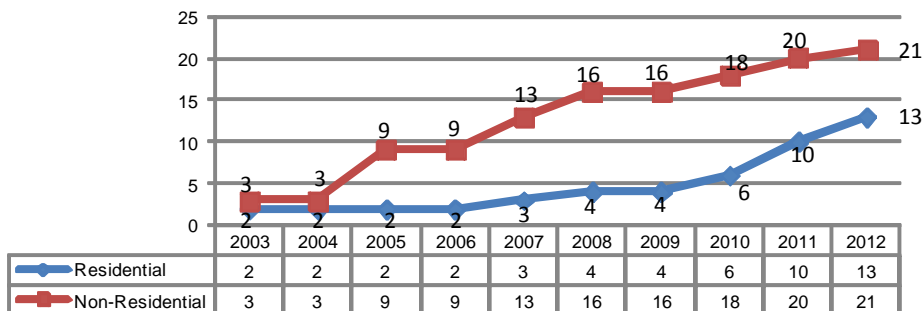
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Key Outcomes Electricity

Fostered Competition

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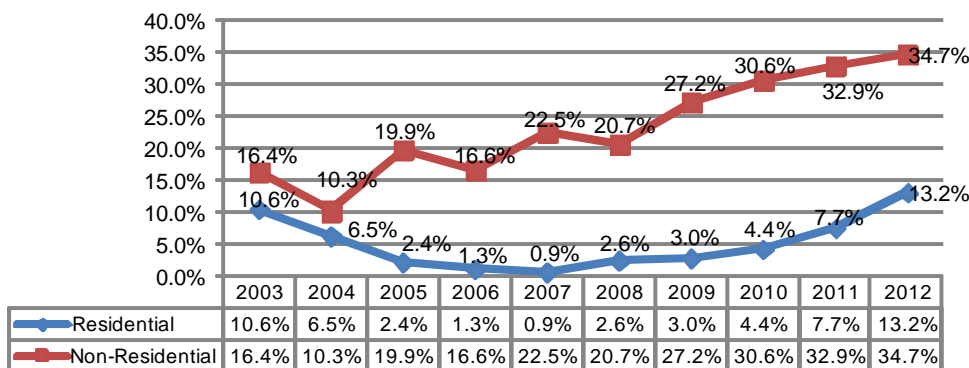
Number of Alternative Electric Suppliers Serving D.C.



Source: PSC

In 2012, there was an increase in the number of AES serving the District's residential and non-residential customers.

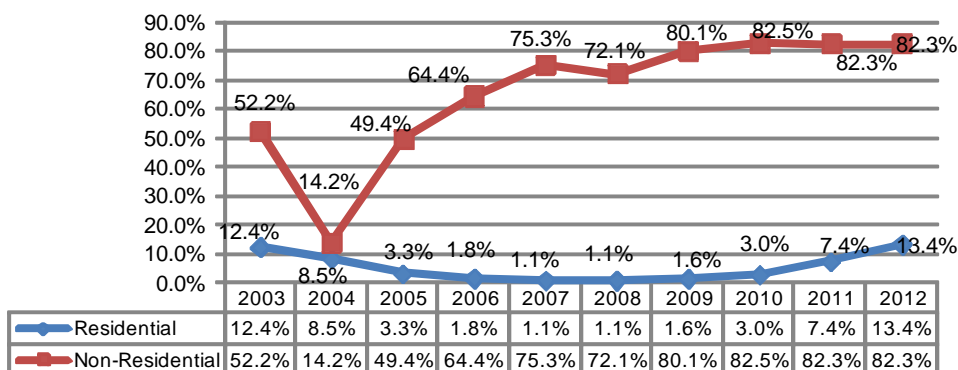
Alternative Electric Suppliers' (AES) Shares of Customers in D.C. (%)



Source: PSC

In 2012, the AES's share of both residential and non-residential customers increased.

Alternative Electric Suppliers' Shares of Electricity Usage in D.C. (% of MWhs Used by AES Customers)



Source: PSC

By the end of 2012, the AES share of electricity usage by residential customers had almost doubled relative to 2011. The non-residential share of electricity usage remained the same.

Key Outcomes

Electricity

Fostered Competition

List of Pepco and 21 Licensed Alternative Electric Generation and Transmission Suppliers

No.	Company	Customer Service Telephone No.	Residential	Commercial
1	AEP Energy	(866) 258-3782		X
2	Clean Currents	(301) 754-0430	X	X
3	Consolidated Edison Solutions	(888) 210-8899		X
4	Constellation NewEnergy	(866) 237-7693	X	X
5	Devonshire Energy	(617) 563-3765		X
6	Direct Energy	(866) 983-0800	X	X
7	Glacial Energy	(877) 569-2841	X	X
8	Hess Corporation	(800) 437-7645	X	X
9	Horizon Power and Light	(866) 727-5658	X	X
10	Integrays Energy Services	(866) 920-9435		X
11	Liberty Power	(866) 769-3799	X	X
12	MidAmerican Energy	(800) 432-8574		X
13	NextEra Energy Services	(800) 882-1276	X	X
14	Noble Americas Energy Solutions	(877) 273-6772		X
15	Pepco Energy Services	(800) 363-7499	X	X
16	Public Power	(888) 354-4415	X	X
17	Reliant Energy	(877) 297-3795	X	X
18	GDF SUEZ Energy Resources NA	(866) 999-8374		X
19	Starion Energy	(800) 600-3040	X	X
20	UGI Energy Services	(800) 427-8545		X
21	Washington Gas Energy Services	(888) 884-9437	X	X
22	Pepco	(202) 833-7500	X	X

Source: PSC Annual Survey

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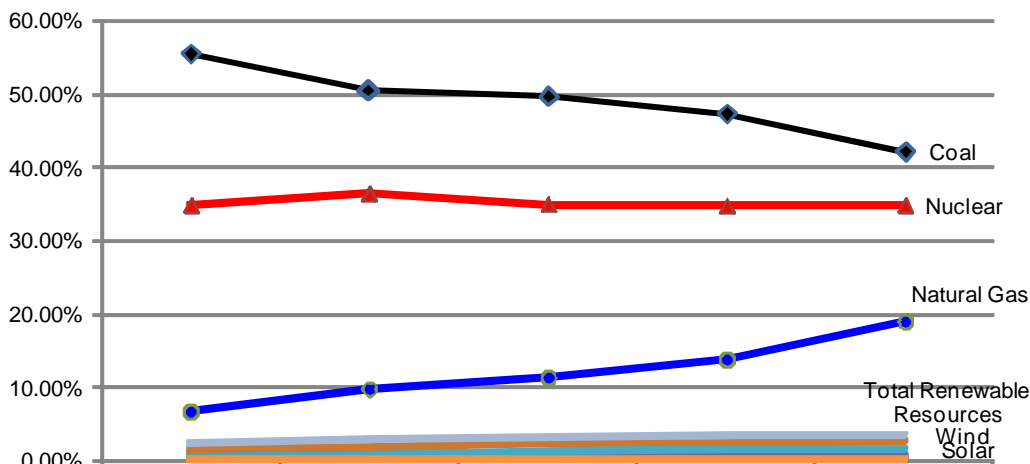
Key Outcomes

Electricity

Conserved Natural Resources & Preserved Environmental Quality

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PJM System Mix



	2008	2009	2010	2011	2012
Coal	55.62%	50.49%	49.81%	47.44%	42.28%
Nuclear	34.92%	36.44%	35.01%	34.84%	34.93%
Natural Gas	6.75%	9.88%	11.41%	13.85%	19.06%
Oil	0.27%	0.27%	0.49%	0.38%	0.33%
Hydroelectric	0.93%	1.09%	0.97%	1.09%	0.82%
Other Renewable	1.51%	1.83%	2.31%	2.40%	2.58%
Captured Methane Gas (Landfill or Coal Mine)	0.24%	0.26%	0.28%	0.26%	0.29%
Geothermal	0.00%	0.00%	0.00%	0.00%	0.00%
Solar	0.00%	0.00%	0.00%	0.01%	0.03%
Municipal Solid Waste	0.56%	0.61%	0.56%	0.53%	0.53%
Wind	0.49%	0.76%	1.28%	1.46%	1.62%
Wood, other biomass	0.22%	0.20%	0.19%	0.14%	0.11%
Total Renewable Resources	2.44%	2.91%	3.28%	3.49%	3.40%

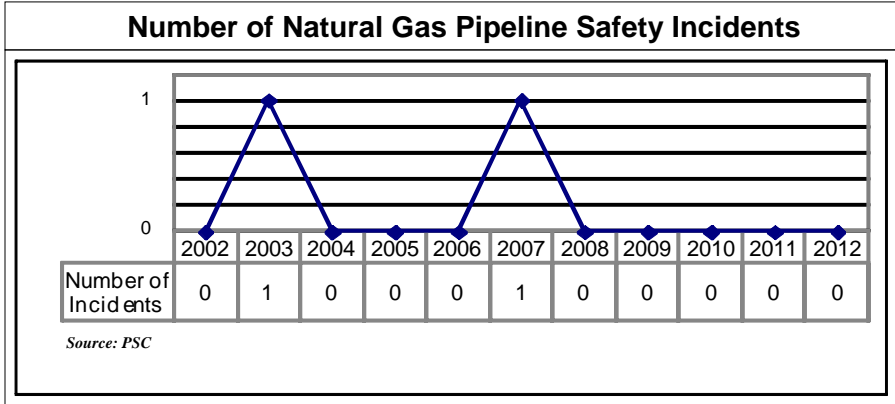
Source: PSC

The share of renewable resources was down slightly in 2012. The share of natural gas usage increased significantly in 2012. Although coal accounts for the largest share, its use continues to decline.

Key Outcomes

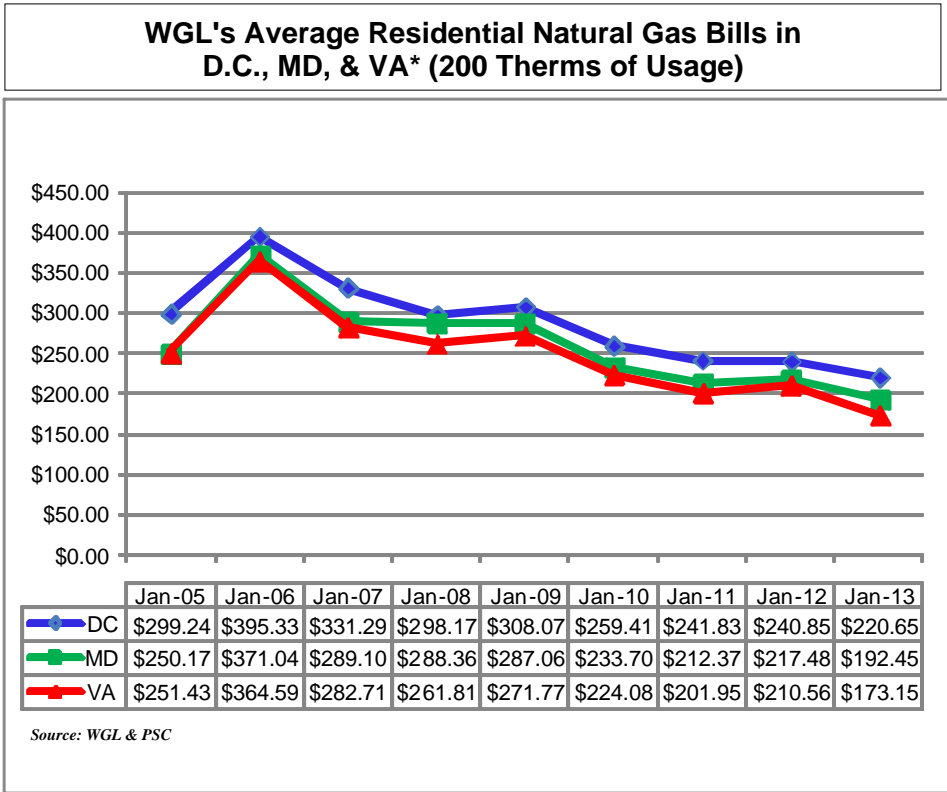
Natural Gas

Ensured Safe, Reliable & Quality Utility Services



Reportable incidents are defined as leaks, ruptures, or explosions that cause death or injury or result in property damage and losses totaling \$50,000 or more. There were no reportable incidents in 2012.

Regulated Monopoly Services



Average residential WGL bills in D.C. continued to be higher than in WGL's service territories in Maryland and Virginia, due to higher D.C. rates than in Virginia and higher D.C. taxes and fees than in Virginia and Maryland.

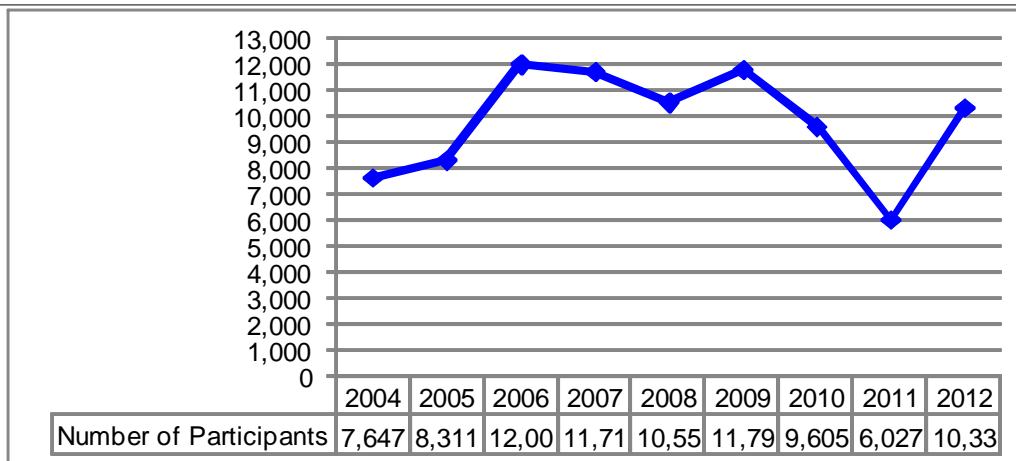
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Key Outcomes

Natural Gas

Regulated Monopoly Services

Participation in WGL's Low-Income Residential Essential Service (RES) Program



In 2012, participation in WGL's RES program increased significantly to 10,330.

Source: WGL & PSC

Fostered Competition

List of Washington Gas Light and 12 Alternative Commodity Natural Gas Suppliers (AGS) Serving the District as of December 31, 2012

Company	Customer Service Telephone No.	Residential	Commercial
Bollinger Energy Corporation	800-260-0505		X
Constellation NewEnergy	800-900-1982		X
Gateway Energy Services	800-805-8586	X	X
Glacial Natural Gas	888-452-2425		X
Hess Corporation	800-437-7645	X	X
Integrays Energy Services	800-350-9594		X
MetroMedia Energy	800-828-9427	X	X
NOVEC Energy Solutions	888-627-7283	X	X
Pepco Energy Services	800-363-7499	X	X
Tiger Natural Gas	888-875-6122		X
UGI Energy Services/Gasmark	800-427-8545		X
Washington Gas Energy Services	888-884-9437	X	X
Washington Gas Light (WGL)	703-750-1000	X	X

Source: PSC Annual Survey

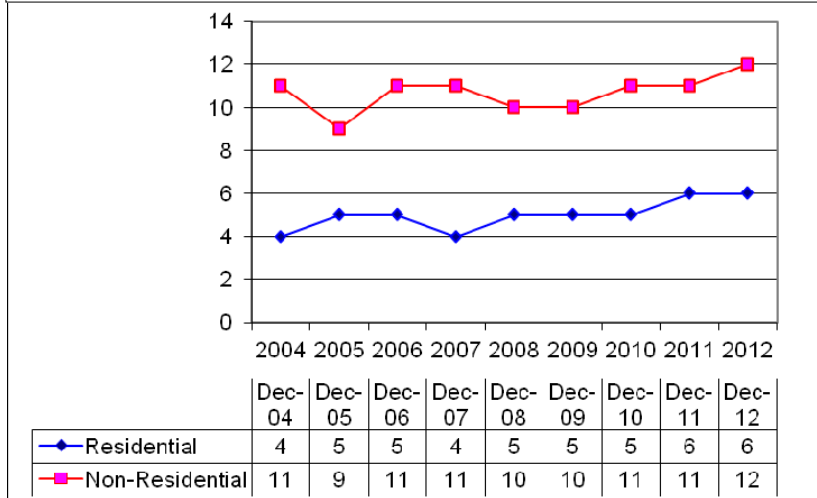
Key Outcomes

Natural Gas

Regulated Monopoly Services & Fostered Competition

Number of Alternative Commodity Gas Suppliers (AGS) Serving D.C.

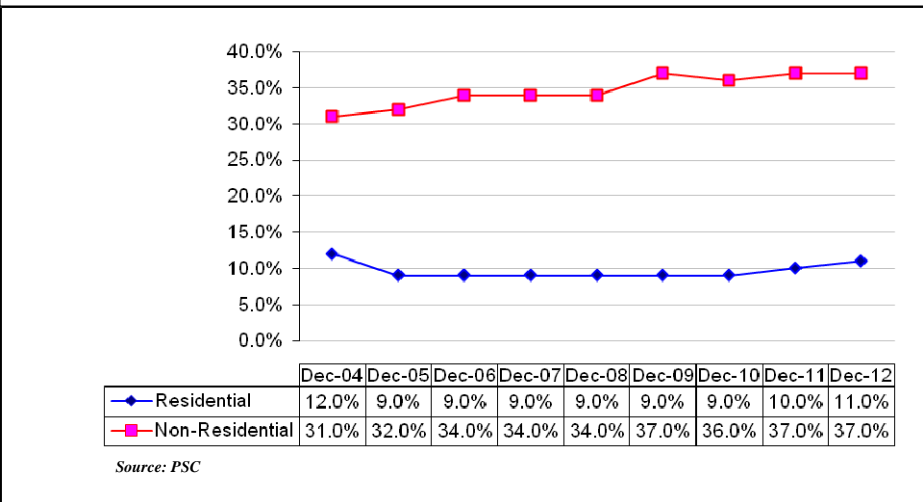
In 2012, the total number of AGS participating in the natural gas Customer Choice Programs in D.C. increased by one (1) from the previous year. The number of AGS serving non-residential customers increased by 1 while the number of AGS serving residential customers remained the same.



Source: PSC

AGS's Share of Customers

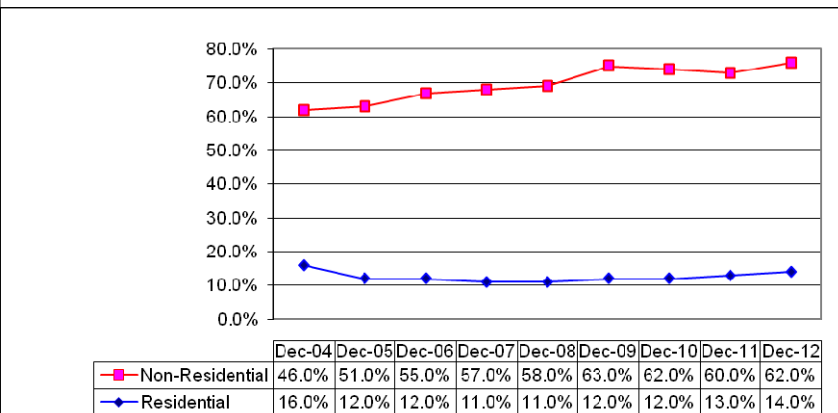
In 2012, the AGS share of residential customers increased by 1 percentage point from the previous year, while the non-residential customer share remained the same.



Source: PSC

AGS's Share of Usage (Therms)

In 2012, the AGS share of residential and non-residential usage increased from the previous year.



Source: PSC

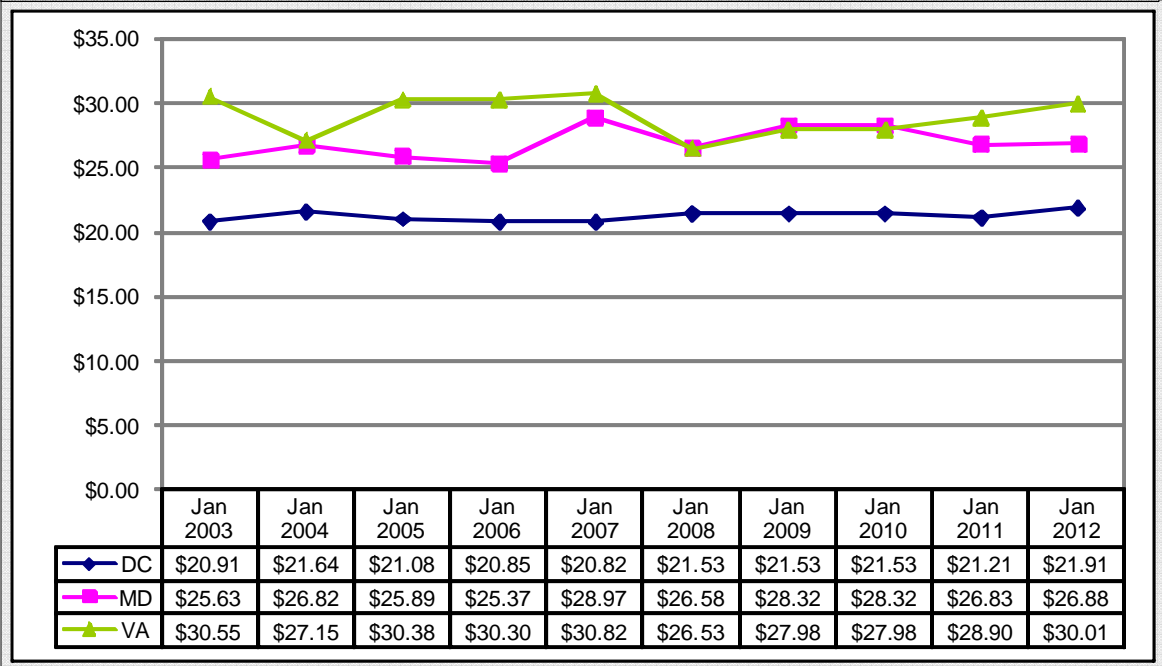
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Key Outcomes

Telecommunications

Regulated Monopoly Services

**Verizon's Average Residential Telephone Bills* in D.C., MD, & VA
(Flat Rate Service)**



Basic rates in D.C. did not change over this period. Rather, changes in average bills reflect changes in fees and taxes.
 Source: Verizon & PSC

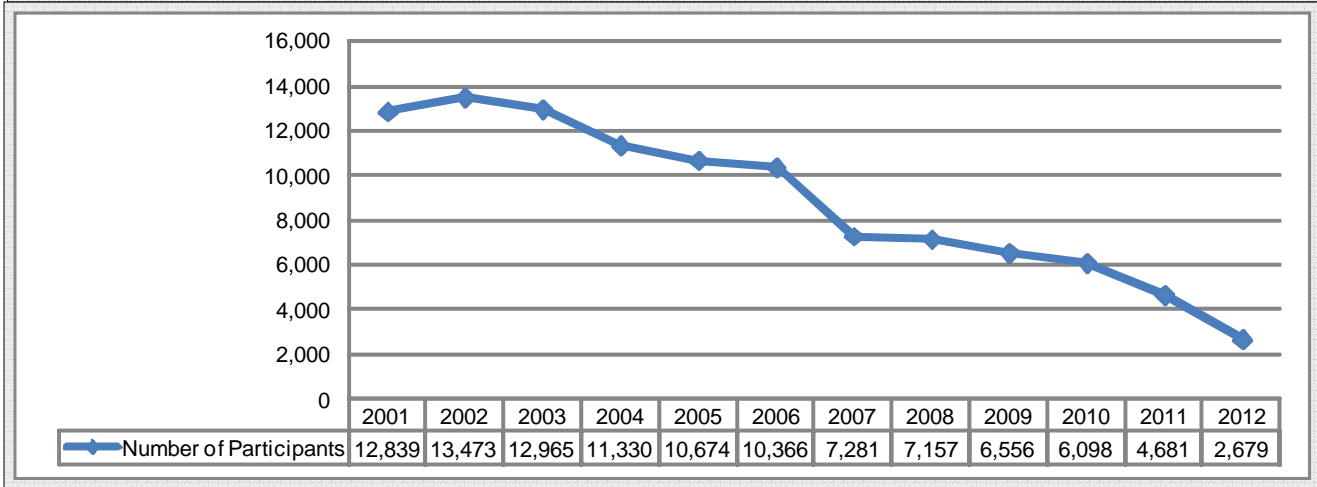
Average Verizon residential local telephone bills continued to be lower in D.C. than in Verizon's service areas in MD and VA.

Key Outcomes

Telecommunications

Regulated Monopoly Services

Participation in Verizon's Low-Income Economy II Service Program



Source: Verizon & PSC

In 2011 and 2012, the number of participants in Verizon's Economy II (Lifeline) program steadily declined. Since 2005, participants are recertified annually.

Key Outcomes

Telecommunications

Fostered Competition

List of Verizon and 56 Competitive Local Exchange Carriers (CLECs)
Providing Service in the District as of December 31, 2012

	Company Name	Consumer Service Telephone No.	Residential	Commercial
1	AboveNet Communications, Inc. d/b/a AboveNet Media Networks	866-859-6971		X
2	Access One, Inc	800-804-8333	X	X
3	Access Point, Inc.	800-957-6468	X	X
4	ACN Communication Services, Inc.	877-226-1010	X	X
5	Airespring, Inc.	818-786-8990 Ext 382.		X
6	AT&T Communications of Washington DC, LLC	800-222-0400		X
7	Atlantech Online, Inc.	800-256-1612		X
8	BCN Telecom, Inc.	1-800-768-2852		X
9	Broadband Dynamics, L.L.C.	800-277-1580		X
10	Broadview Networks, Inc.	800-276-2384	X	X
11	Broadwing Communications LLC f/k/a Focal Communications	1-877-2Level3		X
12	BullsEye Telecom Inc.	1-877-638-2855		X
13	Business Telecom, Inc. d/b/a BTI	800-239-3000		X
14	Cable & Wireless Americas Operations, Inc.	919-673-6840		X
15	Cavalier Telephone Mid-Atlantic, LLC	800-347-1991	X	X
16	Cbeyond Communications, LLC	678-370-2534		X
17	Comcast Phone of D.C.	301-836-9387		X
18	Covista, Inc.	423-648-9504		X
19	Cox District of Columbia Telcom, LLC	404-269-2392		X
20	CTC Communications Corp. d/b/a One Communications	888-832-5802		X
21	Cypress Communications Operating Company (FB)	888-528-1788		X
22	DSCI Corporation	877-344-7441		X
23	Dynalink Communications, Inc.	877-396-2546		X
24	France Telecom Corporate Solutions L.L.C.	866-280-3726		X
25	Global Crossing Local Services f/k/a Global Crossing Tele-management, Inc.	1-877-2LEVEL3		X
26	Granite Telecommunications, LLC	866-847-1500		X
27	Intellifiber Networks, Inc.	800-347-1991		X
28	Level 3 Communications, LLC	1-877-2level3		X
29	MassComm, Inc. d/b/a MASS Communications	212-201-8000		X
30	Matrix Telecom, Inc. d/b/aTrinsic Communications	800-827-3374	X	X
31	McGraw Communications, Inc.	888-543-2000		X
32	MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services	res: 800-444-2222, bus: 888-624-9266		X
33	McLeod USA Telecommunications Services, L.L.C.	800-347-1991		X
34	Metropolitan Telecommunications of DC d/b/a MetTEL	800-876-9823	X	X
35	Mitel NetSolutions, Inc. f/k/a Inter-Tel Netsolutions, Inc.	800-821-1661		X

Key Outcomes

Telecommunications

Fostered Competition

List of Verizon and 56 Competitive Local Exchange Carriers (CLECs) Providing Service In the District as of December 31, 2012

	Company Name	Consumer Service Telephone No.	Residential	Commercial
36	Netwolves Network Services, LLC	800-676-8870		X
37	New Horizon Communications Corp.	866-241-9423		X
38	NOS Communications	800-569-4667		X
39	One Voice Communications, Inc.	703-880-2502		X
40	Paetec Communications, Inc.	800-347-1991		X
41	Peerless Network of the District of Columbia, LLC	888-380-2721		X
42	Quantum Shift Communications, Inc. d/b/a VCOM Solutions	800-804-8266		X
43	Qwest Communications Company, LLC d/b/a Centurylink QCC	877-440-8959		X
44	Reliance Globalcom Services, Inc. f/k/a Yipes Enterprise Services, Inc.	415-901-2000		X
45	Sidera Networks, LLC f/k/a RCN New York Communications, LLC f/k/a Consolidated Edison	1800-891-5080		X
46	Southwestern Bell Communications (SBC) Long Distance, LLC d/b/a AT&T Long Distance	816-251-3255		X
47	Spectrotel, Inc.	732-345-7834		X
48	Sprint Communications Company L.P.	res: 800-877-4646, bus: 800-877-4020		X
49	Starpower Communications, LLC	800-746-4726	X	X
50	Telco Experts, LLC	800-787-5050		
51	Teleport Communications of Washington, DC, Inc.	877-207-9323		X
52	Trans National Communications International, Inc.	800-800-8400		X
53	TW Telecom of D.C. LLC., f/k/a Time Warner Telecom of D.C. LLC., f/k/a Xspedius Management Co.	800-829-0420		X
54	VDL, Inc. d/b/a Global Telecom Brokers	877-225-5482		X
55	Wholesale Carrier Services, Inc.	954-227-1700		X
56	XO Communications Services, Inc.	888-845-0608		X
57	Zayo Bandwidth f/k/a Zayo Bandwidth Northeast, LLC f/k/a PPL Telecom	800-651-9537		X

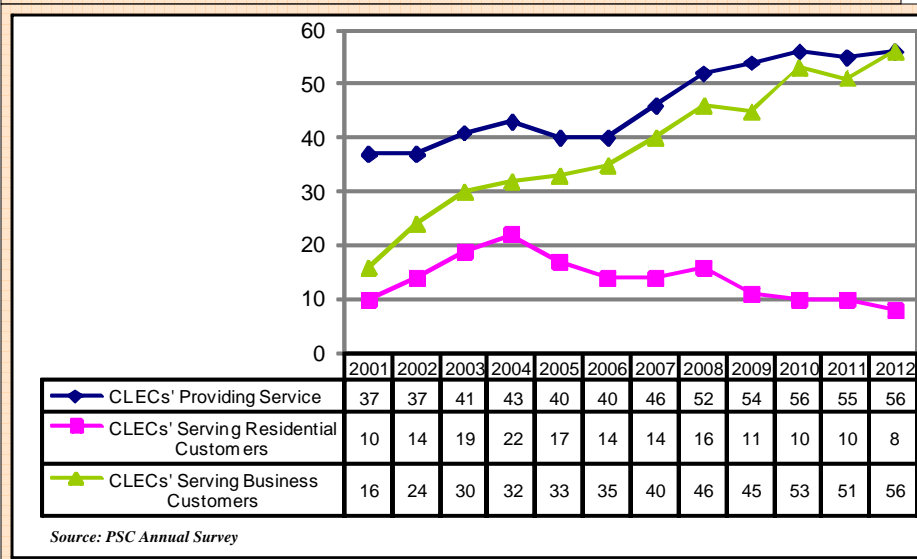
Source: PSC Annual Survey

Key Outcomes

Telecommunications

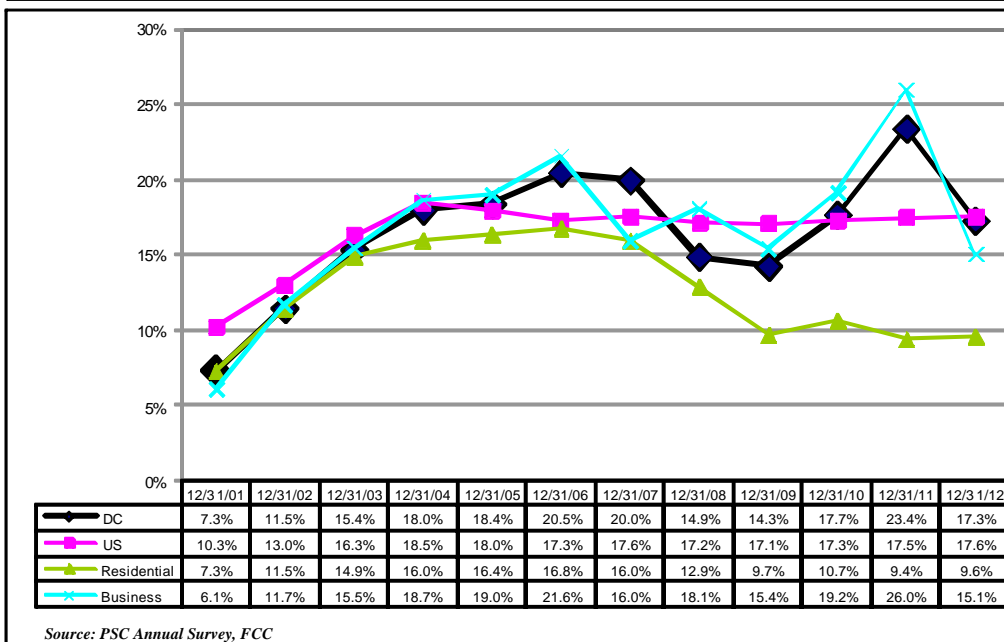
Fostered Competition

Number of CLECs Providing Service in D.C. By Year-End Based on Annual PSC Survey of Verizon and All Certificated CLECs



In 2012, the overall number of CLECs providing service in the District increased by one. However, the number of CLECs serving residential customers dropped by 2.

CLECs' Share of Lines



In 2012, CLECs' share of lines in the District decreased for business customers and increased slightly for residential customers.

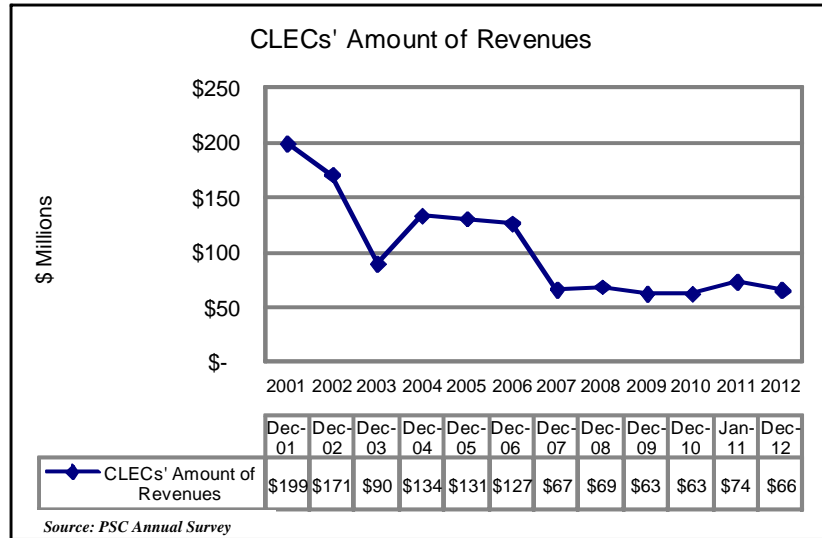
Key Outcomes

Telecommunications

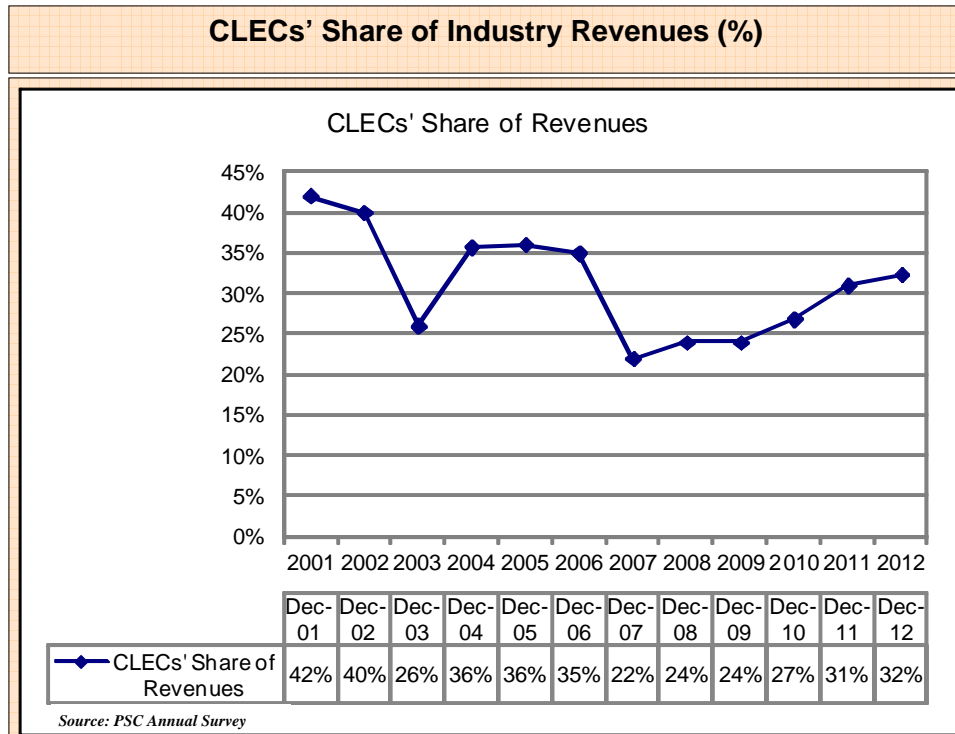
Fostered Competition

Amount of CLEC Revenues (In Million Dollars)

CLECs' revenues decreased in 2012.



CLECs' share of industry revenues increased in 2012.

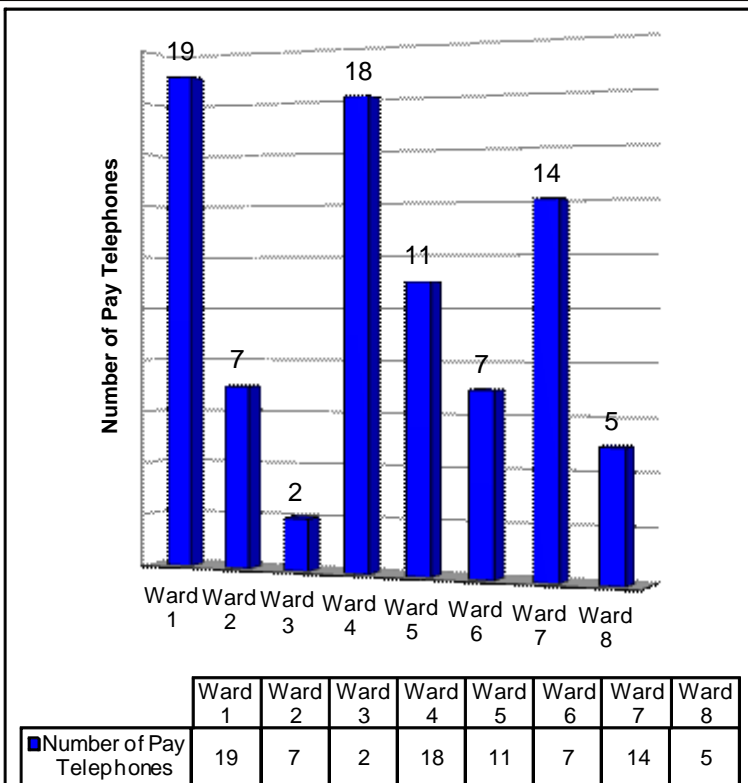


Key Outcomes

Telecommunications

Fostered Competition

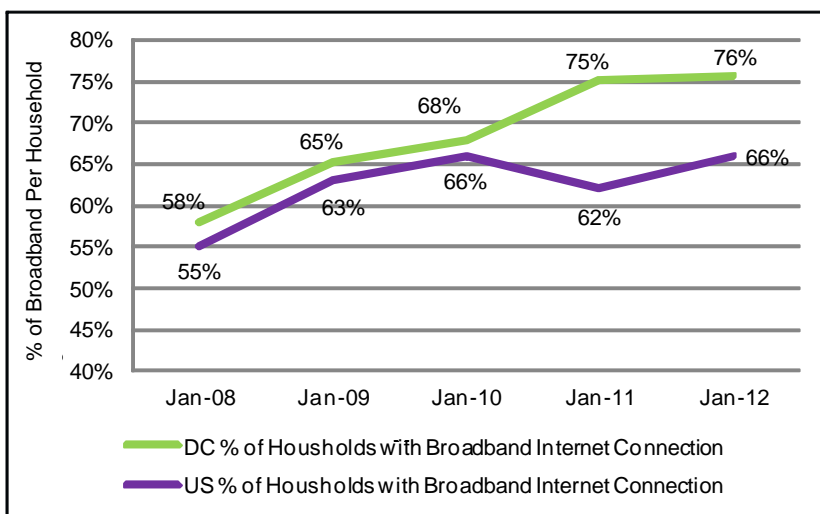
**Number of Pay Telephones by Ward
FY 2012**



In FY 2012, Ward 1 had the largest number of payphones in D.C. followed closely by Wards 4 and 7. Wards 3 and 8 had the smallest number of payphones.

Source: PSC

**Broadband Penetration per Household
2008 - 2012**



Source: PSC Survey

Broadband Mapping

Although the PSC does not regulate Broadband Internet service, since 2009, every six months the PSC has conducted surveys of broadband providers to obtain information on the number of their D.C. residential customers pursuant to a Memorandum of Understanding with the D.C. Office of the Chief Technology Officer (OCTO). OCTO computes the adoption rates in the District from the results of the surveys and submits the information to the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA) for the purpose of constructing a National Broadband map. The maps can be found at Broadband-Map.dc.gov.

Key Outcomes

Multi-Utility

Regulated Monopoly Services

Utility Minority Contracting - D.C. Certified Business Enterprises (CBEs) Share of Utility D.C. Contracts in Percentages

Percentages	
Diverse Supplier System % of Total System Spend	
Pepco	8.78%
WGL	17.11%
Verizon	20.52%

D.C. CBE % of Total System Spend	
Pepco	3.06%
WGL	4.45%
Verizon	13.36%

D.C. CBE % of Total D.C. Spend	
Pepco	9.32%
WGL	31.35%
Verizon	N/A

Source: PSC

In 2012, the utilities signed a new Memorandum of Understanding (MOU) to promote minority contracting. The charts above reflect the utility companies renewed commitments. The first chart shows the percentage of diverse suppliers system-wide compared to system-wide total procurement spend. A diverse supplier is a minority business enterprise. The second and third chart show the Certified Business Enterprises (CBEs) percentages to both total system procurement, and to total D.C. procurement, respectively. CBEs are defined as businesses certified by the D.C. Department of Small and Local Business Development. As shown, in year 2012, WGL had the largest percentage of procurement with CBEs in the District, followed by Pepco. Verizon's information was not available.

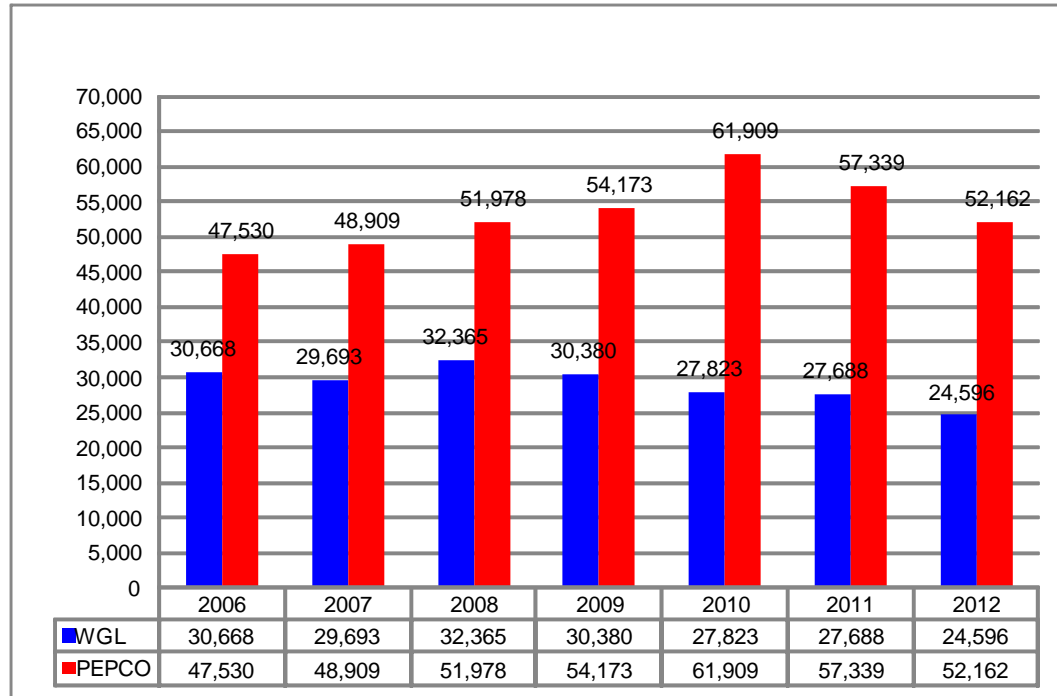
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Key Outcomes

Multi-Utility

Regulated Monopoly Services

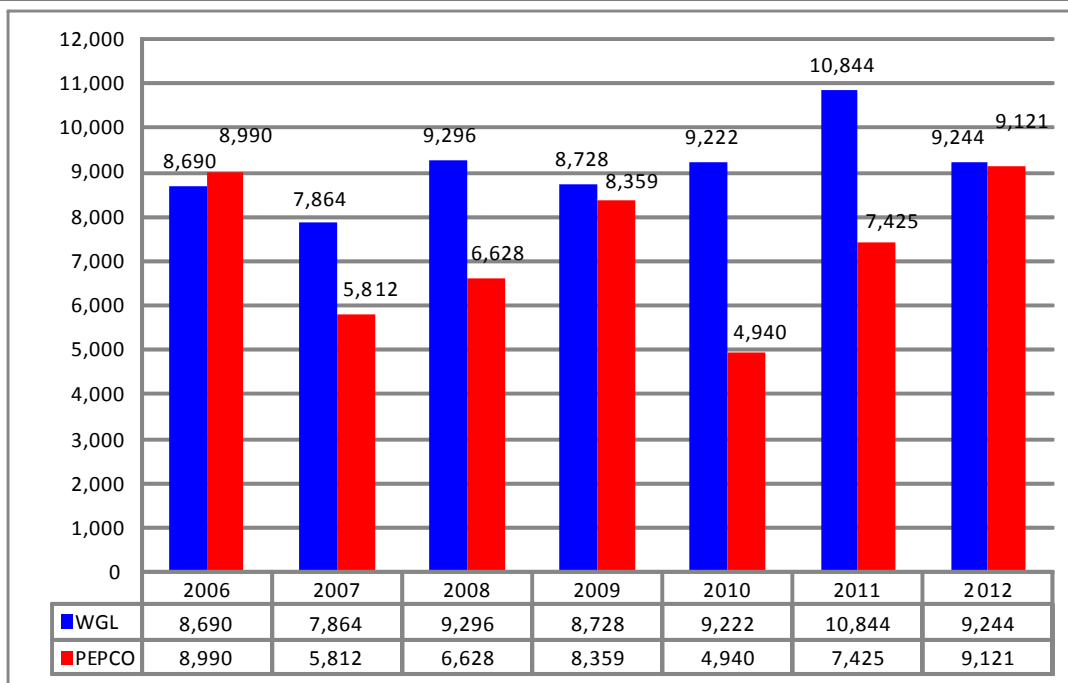
Residential Customers in Arrears



In 2012, the number of Pepco and WGL residential customers in arrears decreased.

Source: PSC

Residential Customers Disconnected for Nonpayment



Pepco's residential disconnections for non-payment increased from 2011 to 2012. However, WGL's disconnections for non-payment decreased from 2011 to 2012.

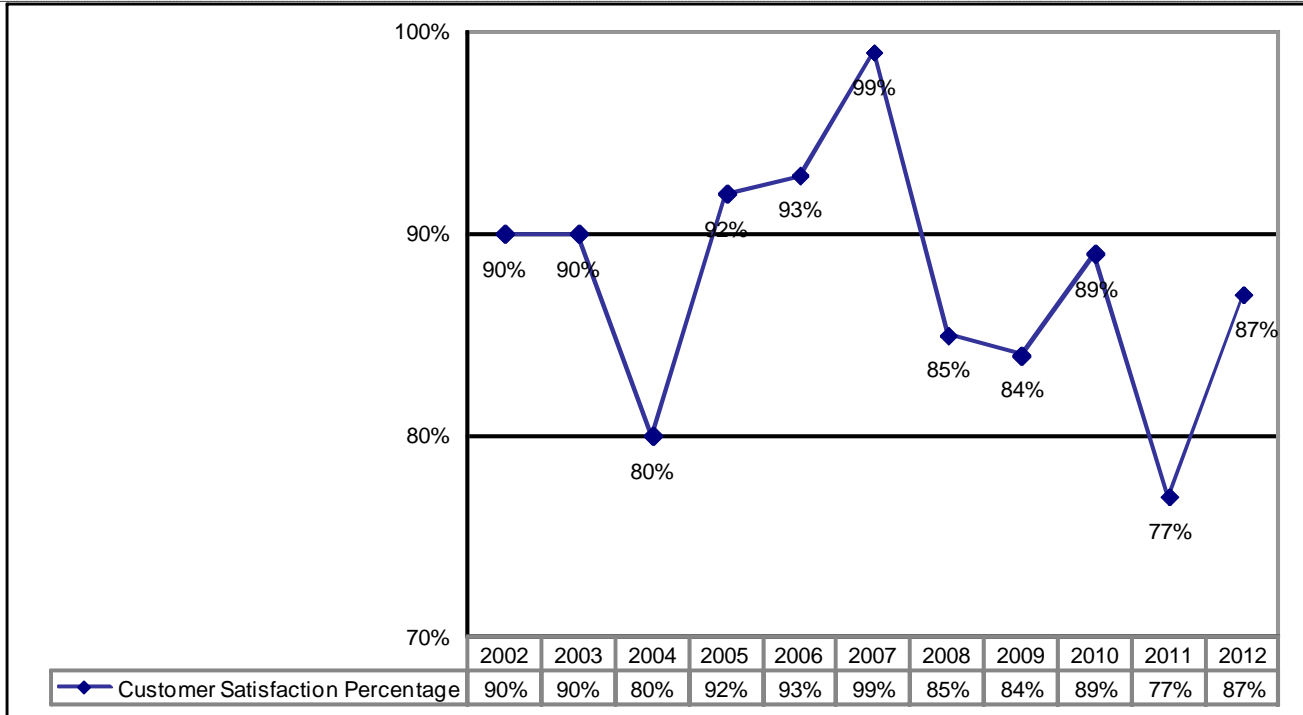
Source: PSC

Key Outcomes

Multi-Utility

Resolved Disputes

Customer Satisfaction With the PSC's Utility Complaint Mediation Services



Source: PSC Survey

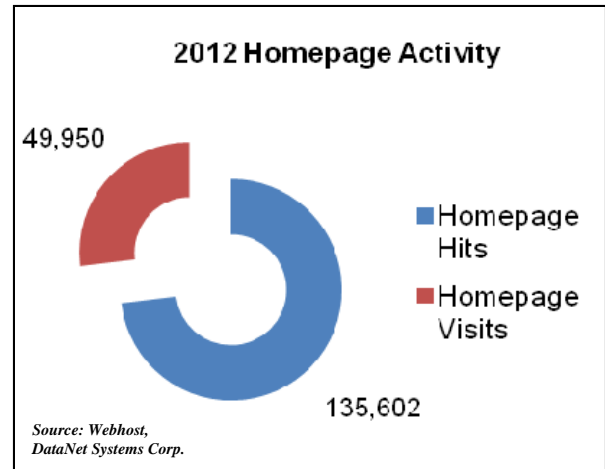
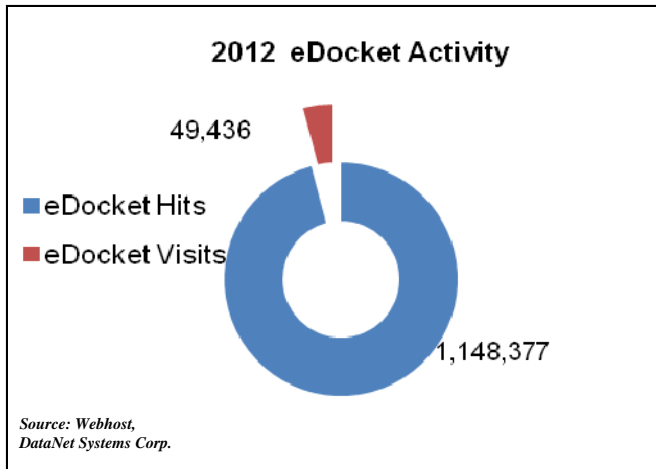
The PSC's Office of Consumer Services distributes customer service satisfaction forms to all complainants. In 2012, in response to the survey, 87% of respondents strongly agreed or agreed that they would contact the PSC again to resolve a question or a problem.

Key Outcomes

Multi-Utility

Educated Consumers and Informed the Public

Number of Hits & Visits on e-Docket & PSC Homepage in 2012



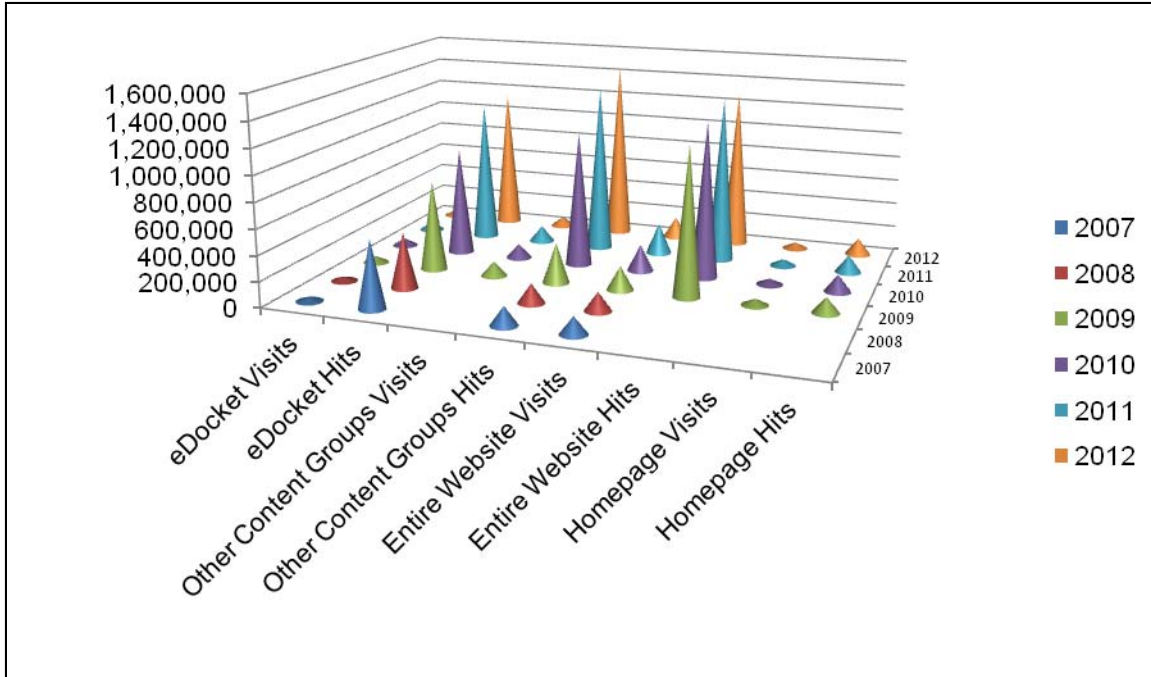
The PSC's electronic case filing system, eDocket, provides interested persons and the public with 24-hour access to all electronic records maintained by OCMS. From January 1, 2012 to December 31, 2012, eDocket received 1,148,377 hits. The PSC Homepage received 49,950 visits and 135,602 hits between January 1, 2012 and December 31, 2012.

Key Outcomes

Multi-Utility

Educated Consumers & Informed the Public

Trends in Website Hits and Visits, 2007-2012



	2007	2008	2009	2010	2011	2012
eDocket Visits	30,075	32,773	51,554	59,347	66,151	49,436
eDocket Hits	538,226	444,171	721,267	871,637	1,142,053	1,148,377
Other Content Groups Visits	N/A	N/A	115,398	114,992	130,364	78,210
Other Content Groups Hits	149,666	154,648	321,276*	1,085,418*	1,354,520*	1,445,780*
Entire Website Visits	135,516	148,869	190,650	212,509	253,429	167,849
Entire Website Hits	N/A	N/A	1,177,798	1,252,855	1,333,029	1,285,689
Homepage Visits	N/A	N/A	50,310	47,292	53,329	49,950
Homepage Hits	N/A	N/A	123,822	136,617	141,483	135,602

N/A: Not Available
 Includes Additional Content Groups compared to previous years, 2007 & 2008
 Source: Webhost, DataNet Systems Corp.

Tracking data shows the PSC Homepage received 49,950 visits and 135,602 hits between January 1, 2012 and December 31, 2012. Likewise, data reflects 49,436 visits and 1,148,377 hits to eDocket. The other content groups received 78,210 visits and 1,445,780 hits.

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FC No. 766	The PSC Reviewed Pepco's Petition for Approval of its Criteria for Selective Undergrounding.	41
FC Nos. 813 and 945	The PSC Approved a Reduction in the Low-Income Residential Aid Discount (RAD) Surcharge Paid by Non-RAD Customers.	45
FC No. 982	The PSC Finalized its Investigation of Pepco's Restoration Efforts After Hurricane Irene.	41
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FC No. 1017	The PSC Approved Lower Standard Offer Service (SOS) Rates for Electric Customers.	47
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Glossary of Acronyms

AARP - American Association of Retired Persons	IBEW - International Brotherhood of Electrical Workers
ACOC - Affiliate Transactions Code of Conduct	ICC - Interstate Commerce Commission
ACR - Annual Consolidated Report	ILEC - Incumbent Local Exchange Carrier
AE - All-Electric	IRS - Internal Revenue Service
AES - Alternative Electric Supplier	ISDN - Integrated Services Digital Network
AFGE - American Federation of Government Employees	ISO - Independent System Operator
AFO - Agency Fiscal Officer	JUDD - Joint Utility Discount Day
AGS - Alternative Commodity Gas Supplier	kV - kilovolts
AMI - Advanced Metering Infrastructure	KWH - Kilowatt Hour
ANOPR - Amended Notice of Proposed Rulemaking	LAN - Local Area Network
AOBA - Apartment and Office Building Association	LDC - Local Distribution Companies
ARRA - American Recovery and Reinvestment Act	LEC - Local Exchange Carrier
BSA - Bill Stabilization Adjustment	LIDT - Liquid Immersed Distribution Transformers
BTM - Behind-The-Meter	LIHEAP - Low-Income Housing Energy Assistance Program
CAIDI - Customer Average Interruption Duration Index	LSDBE - Local, Small, Disadvantaged Business Enterprise
CAM - Cost Allocation Manual	LSE - Load Serving Entities
CAP - Customer Assistance Program	MACRUC - Mid-Atlantic Conference of Regulatory Utility Commissioners
CAEA - Clean and Affordable Energy Act of 2008	MADRI - Mid Atlantic Distributed Resources Initiatives
CBOR - Consumer Bill of Rights	MBE - Minority Business Enterprise
CITO - Chief Information Technology Officer	MMU - Market Monitoring Unit
CLEC - Competitive Local Exchange Carrier	MOU - Memorandum of Understanding
CUB - Consumer Utility Board	MSS - Management Supervisory Service
CY - Calendar Year	MUD - Multi-Utility Discount
DCEMA - District Emergency Management Agency	NARUC - National Association of Regulatory Utility Commissioners
DCG - D.C. Government	NECA - National Exchange Carriers Association
DCHR - D.C. Office of Human Resources	NGTF - Natural Gas Trust Fund
DCSGIR - District of Columbia Small Generator Interconnection Rules	NEM - Net Energy Metering
DCUSTF - D.C. Universal Service Trust Fund	NGQSS - Natural Gas Quality of Service Standards
DDOE - District Department of the Environment's Energy Office (formerly District of Columbia Energy Office)	NOAFR - Notice of Agency Fund Requirements
DGAA - Distributed Generation Amendment Act of 2011	NOFR - Notice of Final Rulemaking
DLC - Direct Load Control	NOI - Notice of Inquiry
DNP - Disconnect for Non-Payment	NOPR - Notice of Proposed Rulemaking
DR - Demand Response	NOPV - Notices of Probable Violation
EA - Electricity Application	NOVEC - Northern Virginia Electric Cooperative
EATF - Energy Assistance Trust Fund	NPV - Net Present Value
EEO - Equal Employment Opportunity	NRRI - National Regulatory Research Institute
EQSS - Electric Quality of Service Standards	NTIA - National Telecommunications Information Administration
ET - Electric Tariff	NULCA - National Utility Locators Contractors Association
ETC - Eligible Telecommunications Carrier	NYMEX - New York Mercantile Exchange
FC - Formal Case	OC - Offices of the Commissioners
FCC - Federal Communications Commission	OCFO - Office of the Chief Financial Officer
FERC - Federal Energy Regulatory Commission	OCMS - Office of the Commission Secretary
FEA - Federal Executive Agency	OCS - Office of Consumer Services
FOIA - Freedom of Information Act	OCTO - Office of the Chief Technology Officer
FPL - Federal Poverty Level	ODEDAM - Office of the Deputy Executive Director for Administrative Matters
FTE - Full-Time Equivalent	OED - Office of the Executive Director
FY - Fiscal Year (October 1—September 30)	OGC - Office of the General Counsel
GA - Gas Application	OHR - Office of Human Resources
GATS - Generation Attribute Tracking System	OIT - Office of Information Technology
GT - Gas Tariff	OMS - Outage Management System
G&T - Generation and Transmission	OPC - Office of the People's Counsel
GPC - Generation Procurement Credit	OPEIU - Office of Professional Employees International Union
GPR - Gas Procurement Report	
GPWG - Gas Procurement Working Group	
HVCA - High Volume Call Answering	

Glossary of Acronyms

RAA - Reliability Assurance Agreement	UNE - Unbundled Network Elements
RIM - Reliability Investment Recovery Mechanism	USDOT - US Department of Transportation
RPM - Reliability Pricing Model	USDA - U.S. Department of Agriculture
SEA - Sub-metering and Energy Allocation	USF - Universal Service Fund
SL - Street-Lighting	USTF - Universal Service Trust Fund
SOW - Scope of Work	Verizon - Verizon Washington, D.C., Inc.
T&D - Transmission and Distribution	VBS - Verizon Business Services
TA - Telecommunications Application	VLF - Very Low Frequency
TAC - Telecommunications Arbitration Case	VOIP - Voice Over Internet Protocol
TELRIC - Total Element Long Run Incremental Cost	WASA - Water and Sewer Authority
TIA - Telecommunication Interconnection Agreement	WCC - Watergate Complex Council
TPI - Telephone Penetration Index	WGL - Washington Gas Light Company
TRO - Triennial Review Order	WGES - Washington Gas Energy Services
TRS - Telephone Relay Service	WMATA - Washington Metropolitan Area Transit Authority
TS - Traffic Signal	
TT - Telephone Tariff	
UDP - Utility Discount Program	



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

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