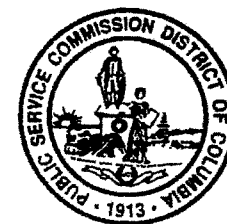


Retail Electric Competition: Exploring Consumers Choices



Public Service Commission of the
District of Columbia

Angel M. Cartagena, Jr.
Chairman

March 29, 2001

THE COMMISSION

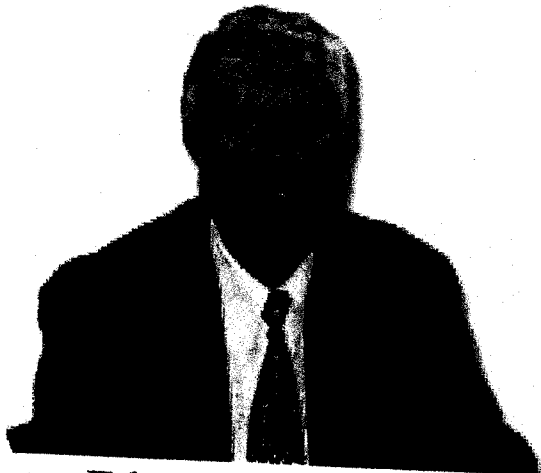


The Public Service Commission of the District of Columbia was established by Congress in 1913 as an independent District Government agency to regulate the electric, gas and telephone companies in the District.

PUBLIC SERVICE COMMISSION



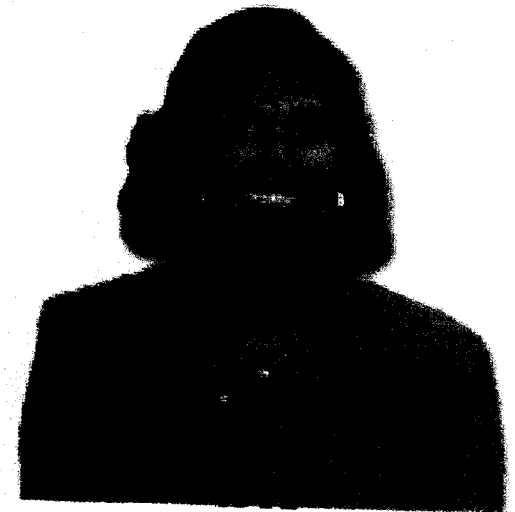
COMMISSIONERS



Edward M. Meyers
Commissioner



Angel M. Cartagena, Jr.
Chairman



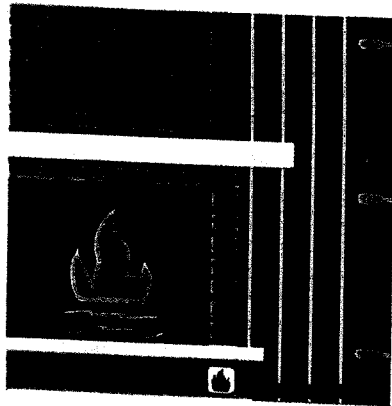
Agnes M. Alexander
Commissioner

MISSION STATEMENT

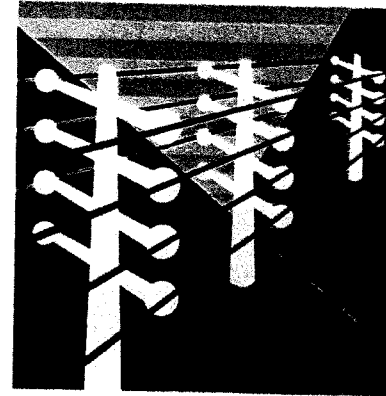


- For District of Columbia utility consumers, we promote the availability, reliability, affordability, and quality of energy and telecommunications services. We also promote the provision of utility services that are safe, universally available, and foster economic development.
- We do this by:
 - Fostering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

Our Job at the Commission



Gas



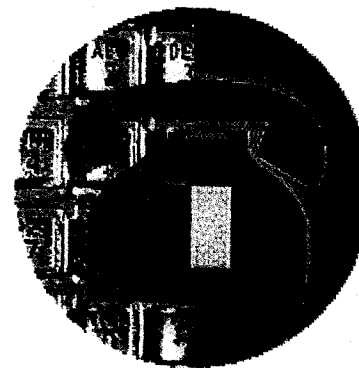
Electricity



Customer Service



**Pay
Telephones**



Telecommunications

Commission Outreach Activities

FY 2000 and FY 2001 YTD

Staff participated in a total of 90 outreach activities including:

- Joint Utility Discount Day
- Town Hall Meetings
- Health Fairs
- Advisory Neighborhood Commission Meetings
- Civic Association Meetings
- Project Harvest



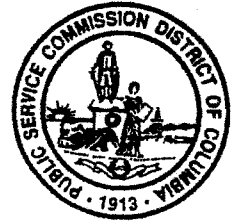
PSC Media Activities



- Staff participated in 9 media interviews between October 2000 and March 2001 and the topics focused on energy deregulation, restructuring and high consumer bills
- NBC 4's "View Point" with Joe Krebbs
- D.C. Cable Channel 16 "Reporters Round Table"
- The Washington Informer
- Radio America
- Spanish Catholic Center Radio
- The Press of Atlantic City
- Wilmington News Journal (Delaware)

Future Goals

Community Outreach



- Increase the Number of Outreach Activities
- Diversify Outreach Activities
 - Seniors
 - Spanish
- Increase the Number of Speaking Engagements of the Chairman & Commissioners
- Conduct Consumer Focus Groups
- Institute Consumer Advisory Panels
- Revise & Develop Issue Specific Brochures

Consumer Aggregation



- What is Aggregation?
 - A larger entity shops on behalf of many smaller customers
- Types of Consumer Aggregation
 - Consumer-Owned Electric System
 - Municipal Aggregation
 - Buyer's Association or Organization
 - Private Aggregator

What is Municipal Aggregation?

- Municipality procuring electric power and related services on behalf of the residents of their community. A municipal aggregator need not own physical facilities.
- Two types of Municipal aggregation:
 - Opt-in and Opt-out



Opt-In

- Opt-in requires customers to affirmatively elect to be a part of the aggregation pool at the start of the programs by mailing a consent form back to the municipal aggregator.
- Customers would not become a member of aggregated pool unless a written authorization is received.



Opt-Out

- Opt-out requires residents to provide written notification only if they wish to be excluded from the aggregated group.
- The Opt-out feature gives consumers the option of not participating in the program by opting out prior to enrollment.

Benefits of Aggregation (Consumer Leverage)



- Reduction of Costs
 - through greater bargaining power
- Geographic concentration of consumers
- Ability to influence policy-making
- More desirable Load Shape
 - Combining various customer groups will result in usage patterns that are more attractive to suppliers.
- Ability to enter into long-term agreements
 - Municipalities can negotiate favorable terms and conditions for electric service on behalf of their citizens



Benefit of Aggregation (Cont.)

- Opportunities for Multiple Services
 - A. Metering
 - Advanced metering services will be more affordable for consumers
 - B. Other Services
 - Electric suppliers may offer packages (such as telephone, energy efficiency, internet access etc.)

Benefit of Aggregation (Cont.)



- Provides additional choice and can jumpstart competition
 - A respected and accountable municipal aggregator can foster small-consumer participation in the early days of competition.

Electric Retail Competition and Consumer Protection Act of 1999

- Section 105 Licensing Requirements
 - All the suppliers/aggregators need to apply for a license from the Commission.
 - The applicants need to submit proof of financial integrity, proof of compliance with all applicable federal and D.C. environmental laws, proof of technical and managerial competence etc.
 - The Commission shall require an applicant to post a bond or other similar instrument, if the Commission believes such requirement is necessary.

Section 115 Aggregation Program



- The Mayor may develop and administer a municipal aggregation program or municipal aggregation programs for the purchase of electricity supply by D.C. ratepayers.
- The Mayor, in conjunction with the Commission, shall issue regulations governing a municipal aggregation program.
- The Act requires OPC to provide assistance to any person seeking to implement a customer-based aggregation program.

Section 115 Aggregation Program



- The Commission may adopt any reasonable regulations relating to customer-based aggregation programs.

Standard Offer Service (SOS) Provider



- PEPCO will continue to serve as standard offer service provider between now and January 1, 2005
- Customers who do not participate in the municipal aggregation program or do not choose an alternative provider will continue to receive service from PEPCO for four years.

SOS Provider Continued



- According to the Act, the Commission needs to implement competitive bidding process to select default service provider prior to July 1, 2004.
- The new SOS provider should start to provide service on January 1, 2005.

Implementation of the Act



- Commission has adopted interim supplier/aggregator certification standards
- Specifically, we
 - (a) adopted a case-by-case approach to ensure the financial integrity of an applicant;
 - (b) protect consumers from potentially unscrupulous suppliers, by providing two different bonds, financial integrity bonds and deposit and prepayment bonds.
 - (c) Financial Integrity bond is set at \$50,000 for suppliers and \$10,000 for brokers and aggregators
- Six suppliers/aggregators were approved.

Commission-Approved Electrical Suppliers

Company	Business Address	Telephone Number	Type of Service
Allegheny Energy Supply	Roseytown Road RR 12, Box 1000	(888) 232-4642	Commercial
AOBA Alliance	1050 17 th Street, NW Washington, DC 20005	(202) 296-3390	Commercial
First Energy	395 Ghent road Akron, OH	(800) 977-0500	Commercial
Pepco Energy Services	1825 K Street, NW Suite 400 Washington, DC 20006	(800) Energy9 (800) 363-7499	Residential
Washington Energy Consortium	3504 Northridge Drive Baltimore, MD 21208	(866) 602-1001	Commercial
Washington Gas Energy Services, Inc.	950 Herndon Pkwy Suite 280 Herndon, VA 20170	(888) 884-9437	Commercial



Commission's Actions

- The Commission also
 - (1) approved a low-income aggregation program recommended by the Working Group (December 29, 2000 Order)
 - (2) adopted the Working Group's interim consumer protection standards in September 18, 2000 Order
 - (3) adopted the Working Group's interim aggregation standards in its February 8, 2001 Order



Commission Actions (Cont.)

- February 8, 2001 Order (Order No. 11913)
 - An aggregator needs to obtain an electric supplier license from the Commission.
 - An aggregator needs to comply with the Commission specified customer protection standards
 - Encourage the Working Group to continue to work towards developing methods for effective aggregation and to submit a recommendation to the Commission regarding aggregation programs for residential and small business customers by June 1, 2001.
- The Commission will further consider these standards through rulemaking process.



Future Tasks

- Continue to work with Mayor's Office, OPC, and others to develop a municipal aggregation program
- Evaluate Working Group's recommendations on aggregation programs.
- Issue final regulations regarding customer protection, licensing, and aggregation.

THANK YOU!