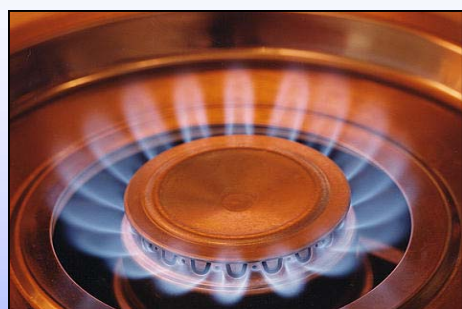




Annual Report 2011



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

Safe, Reliable, & Quality Services



Commissioners of the Public Service Commission of the District of Columbia

Chairman Betty Ann Kane (Center)
Commissioner Richard "Rick" Morgan
Commissioner Lori Murphy Lee



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.dcpsc.org

September 2012

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 2011 Annual Report of the Public Service Commission of the District of Columbia (PSC).

The 2011 Annual Report provides a detailed review of the PSC's work and accomplishments for that year. Most importantly, it provides an account to District ratepayers of how we worked to protect consumers by regulating local electric, natural gas, and telecommunications companies to ensure safe and reliable utility services at reasonable rates.

As the energy and telecommunications fields 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

Lori Murphy Lee
Commissioner

**L
E
T
T
E
R

T
O

T
H
E

M
A
Y
O
R**



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

PSC...People Serving the Community!

Public Service Commission of the District of Columbia 2011 Annual Report

Table of Contents

| | Page |
|--|------|
| Letter to the Mayor | 2 |
| Remarks from the Chairman | 3 |
| Mission Statement | 5 |
| Summary of 2011 Accomplishments | 6 |
| The Chairman and Commissioners and Their Staff | 11 |
| Organization of the Annual Report | 19 |
| Organizational Structure of the Public Service Commission | 20 |
| Offices of the Commission and Their Administrative Accomplishments | 21 |
| Formal Case Accomplishments | 39 |
| Key Results | 77 |
| Key Outcomes | 91 |
| Index of Formal Case Accomplishments | 111 |
| Index of Key Results | 114 |
| Index of Key Outcomes | 115 |
| Glossary of Acronyms | 117 |



Remarks from Chairman Kane



Each year, the Public Service Commission of the District of Columbia (PSC) strives to fulfill its mission that District residents, businesses, and governments are provided **safe, reliable** and **quality services** by electric, natural gas, and telecommunications companies.

The PSC staff has regulated and monitored the implementation of smart grid technologies, which will assist Pepco in transforming its aging infrastructure into a modernized “Smart Grid.” The PSC is also working on Broadband issues. The PSC is responsible for all interaction with the broadband service providers, including semi-annual data collection, which enable residential business, institutional, or government entities located within the District to use broadband Internet access services.

This information was used to build a National Broadband map as well as local interactive Internet broadband service maps to assist in finding “hotspots” of DC free WiFi service found in and around government facilities throughout the District.

The PSC also is dedicated to resolving disputes between customers and utility providers, and educates consumers and the general public about utility-related matters. The Commission expanded its website to provide consumers with information on the status of AMI deployment, updated customer choice information, new fact sheets, brochures, and pamphlets covering undergrounding, Smart Grid, and net metering issues. As a result, the number of website hits exceeded 1.2 million for the fiscal year. We expect this number to continue to grow as we add media streaming capabilities to the website, so the public, stakeholders, and Commission employees can watch Commission hearings live.

These are only a few examples of the numerous issues that challenge the PSC on a daily basis. The 2011 Annual Report highlights our work. However, none of this would be possible without our highly trained, professional, and committed staff.

As we move forward with our new challenges, the PSC remains focused on doing our part to improve the District’s future by working with the people we serve.

Betty Ann Kane
Chairman



Formal Case (FC) 1017– The PSC Held a Legislative-Style Hearing to Explore Dynamic Pricing and SOS Procurement Issues.



FC 1087– The PSC Held Community Hearings in all Eight Wards Regarding the Pepco Rate Case.



PSC staff donated canned food to the Food-2-Feed program during the holidays.



PSC Commissioners and staff visited the offices of the Pennsylvania-New Jersey-Maryland Interconnection (PJM) in Valley Forge.



Consumer Services staff being trained on new consumer complaint database.



PSC...People Serving the Community

MISSION STATEMENT

The mission of the Public Service Commission of the District of Columbia (PSC) 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 2011 ACCOMPLISHMENTS

The purpose of the 2011 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 2011 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**. We are truly proud of the PSC staff.



S
U
M
M
A
R
Y

O
F

2
0
1
1

A
C
C
O
M
P
L
I
S
H
M
E
N
T
S

Summary of 2011 Accomplishments

Formal Case Accomplishments

Electricity

Ensured Safe, Reliable, & Quality Service

- FC 766 - The PSC Addressed Pepco's System-Wide and Neighborhood Service Reliability.
- FC 982 - The PSC Established New Electricity Quality of Service Standards (EQSS).
- FC 982 - The PSC Launched an Inquiry Into Restoration of Service After Major Service Outages.
- FC 991 - The PSC Continued to Engage a Consultant to Conduct Manhole Inspections.
- FC 1026 - The PSC Granted OPC's Motion to Lodge the Shaw Engineering Consultants' PowerPoint Slides into the Record and Began Investigating the Feasibility of Selective Undergrounding in FC 766.
- FC 1062 - In Complying with a Court Order, the PSC Directed Pepco to Provide to OPC Documents Pepco Deemed to Be Confidential Regarding The Investigation of the February 20, 2009 and June 13, 2008 Power Outages Involving Substation 52.
- FC 1062 - The PSC Initiated an Investigation into Power Outages that Began on May 31, 2011 in the New York Avenue and First Street, N.E. Area in the District of Columbia.
- FC 1073 - The PSC Monitored Pepco's Construction of Two 230 kV Underground Transmission Lines.
- FC 1083 - The PSC Solicited Consultants to Address Smart Grid Policy Issues.

Regulated Monopoly Services

- FC 766 and 1076 - The PSC Directed a Management Audit of Transactions between Pepco. And Other PHI Affiliates.
- FC 813/945 - The PSC Approved the Updated Residential Aid Discount (RAD) Rider Used to Finance Discount Rates for Low-Income Electric Customers.
- FC 1075 - The PSC Reviewed Pepco's Annual Financing Report.
- FC 1087 - The PSC Began Its Consideration of Pepco's Application for a Rate Increase.

Fostered Competition

- FC 1017 - The PSC Announced Lower Standard Offer Service (SOS) Rates for Electricity Customers.
- FC 1017 - The PSC Approved A Reduction in Pepco's Transmission Rate.
- FC 1085 - The PSC Considered the Feasibility of Implementing a Purchase of Receivables Policy.
- The PSC Monitored the Wholesale and Retail Electricity Markets.

Conserved Natural Resources & Preserved Environmental Quality

- FC 945 - The PSC Finalized Sub-metering and Energy Allocation Rules.
- FC 945 - The PSC Certified Generators for the Renewable Energy Portfolio Standard.
- FC 945 - The PSC Approved a Revised Pepco Net Metering Contract and Rider Consistent with the Clean and Affordable Energy Act of 2008.
- FC 945 - The PSC Reviewed Electricity Suppliers' Fuel Mix Filings.
- FC 1017 - The PSC Held a Legislative-Style Hearing on June 16, 2011 to Explore Dynamic Pricing and Standard Offer Service (SOS) Procurement Issues.
- FC 1050 - The PSC Reviewed Pepco's First Small Generator Interconnection Annual Report.
- FC 1053 - The PSC Monitored Pepco's Decoupling Mechanism, Called a Bill Stabilization Adjustment (BSA).
- FC 1070 - The PSC Denied Pepco's Demand Response (DR) Program Proposal.

Summary of 2011 Accomplishments

- FC 1086 - The PSC Approved Pepco's Revised Direct Load Control Program.

Electricity

Educated Consumers & Informed the Public

- FC 1056 - The PSC Approved the Deployment Phase of the Advanced Metering Infrastructure (AMI) Task Force's Customer Education Plan.

Resolved Disputes

- FC 1092 - The PSC Began an Investigation of the Consumer Practices of Horizon Power and Light, LLC.
- FC 1094 - The PSC Began an Inquiry of Michael Petras Complaint Regarding Glacial Energy of D.C.
- FC 1097 - The PSC Initiated a Proceeding to Address Liberty Power's Complaint Against Pepco.

The PSC Participated in Federal Proceedings

- The PSC Participated in Federal Energy Regulatory Commission (FERC) Proceedings and Monitored PJM Interconnection, LLC (PJM) Activities to Ensure Just and Reasonable Rates.



Summary of 2011 PSC Accomplishments

Natural Gas

Ensured Safe, Reliable, & Quality Utility Services

- FC 977 - The PSC Monitored WGL's Quality of Service.
- FC 1027, GT 06-1, and GT 97-3 - The PSC Approved WGL's Revised Hexane Recovery Tariff and Monitored WGL's Replacement of Vintage Mechanical Couplings and Pipe.
- FC 1089 - The PSC Proposed Amendments to the Natural Gas Pipeline Safety Rules.
- GT 11-1 - The PSC Considered WGL's Application To Change the Methodology It Uses to Calculate Customers' Costs for the Installation of Service Pipes and Mains.

Regulated Monopoly Services

- FC 874 - The PSC Approved WGL's 2010 Gas Procurement Report (GPR).
- FC 989/1093 – The PSC Initiated a WGL Rate Case to Ascertain the Reasonableness of WGL's Rates.
- FC 1061 - The PSC Reviewed WGL's Annual Financing Report.
- FC 1079 - The PSC Denied WGL's Application for Reconsideration of a Revenue Normalization Adjustment and Closed the Case.
- FC 1081 - The PSC Denied WGL's Motion to Change Payment Options and Closed the Case.
- FC 1088 - The PSC Approved WGL's Financing Authority Application.
- FC 1091 - The PSC Opened an Investigation of WGL's Depreciation Study and Practices.
- GT01-1 - The PSC Required WGL and the Gas Procurement Working Group (GPWG) to Re-Evaluate the Company's Hedging Decisions.

Fostered Competition

- The PSC Monitored the Wholesale and Retail Natural Gas Markets.

Federal Grants

- The PSC Ensured Natural Gas Pipeline Safety through the Federal Pipeline Safety Grant in 2011.
- The PSC Completed the 2011 One-Call Grant Project to Prevent Damage to Underground Facilities.

Telecommunications

Ensured Safe, Reliable, & Quality Utility Services

- FC 990 - The PSC Ensured Fair and Open Local Telecommunications Competition at the Wholesale Level in 2011.
- FC 990 - The PSC Continued To Monitor Verizon's Service Quality.
- FC 990 - The PSC Updated the Enforcement Section 2703 of Chapter 27 of the DCMR Governing the Regulation of Telecommunications Providers.
- FC 1090 - The PSC Opened an Investigation into Verizon's Telecommunications Infrastructure.

Regulated Monopoly Services

- FC 988 - The PSC Revised the Telecommunications Universal Service Rules in Chapter 28 of Title 15 of the DCMR to, Among Other Things, Permit the Assessment of Voice over Internet Protocol (VoIP) Providers.
- FC 988 - The PSC Took Steps to Make Lifeline Eligibility Criteria Conform to the Residential Aid Discount (RAD) Criteria.
- FC 1059 - The PSC Reviewed Verizon's Long-Term Financing Report.

Summary of 2011 PSC Accomplishments

Regulated Monopoly Services *(continued)*

- FC 988 - The PSC Held a Telecommunications Relay Service (TRS) Advisory Board Meeting on May 27, 2011.

Fostered Competition

- FC 1057 - In 2011, the PSC Reviewed 23 Verizon Basic, Discretionary, and Competitive Service Pricing Filings and Took Action on Three of them Per Price Cap Plan 2008.
- TT 06-6 - The PSC Reviewed Five (5) Promotional Filings by Verizon in 2011.

Educated Consumers & Informed the Public

- FC 1084 - The PSC Approved Verizon's Plans to Discontinue the Distribution of its Residential White Pages Directories and Closed the Case.

The PSC Participated in Federal Proceedings

- The PSC Filed Comments in Several Federal Communications Commission (FCC) Proceedings.
- Broadband Mapping Grant - The PSC Surveyed Broadband Service Providers to Determine the Percentage of the District with Access to Broadband Services.

Multi-Utility

Ensured Safe, Reliable, & Quality Utility Services

- FC 712 - The PSC Took Steps to Establish Procedures for Applying Civil Forfeiture and Penalty provisions of the D.C. Code.

Regulated Monopoly Services & Fostered Competition

- FC 712 - The PSC Approved Mandatory Electronic Filing for Most Filings.
- FC 712 - The PSC Established the Utility Companies' 2012 Interest Rate To Be Paid on Customer Deposits.
- FC 813 and 988 - The PSC Established a Consumer Education Program to Educate Consumers about the Low-income Utility Discount Programs (UDP).
- FC 1009 - The PSC Adopted a New Affiliate Transactions Code of Conduct.
- ET 00-2, GT 00-2, TT 00-5 - The PSC Approved the Utility Companies' Rights-of- Way (ROW) Fees.
- FC 1078 - The PSC Directed WGL and Pepco to Revise Their Bill Formats.

The PSC has not confined its outreach activities to utility related matters. As good District neighbors, PSC staff donated food and money to District families in need during Thanksgiving. Staff also collected money, food, and clothing for Central Union Mission during the December holiday season.

A special thanks goes to the many employees who helped prepare the 2011 Annual Report.



Betty Ann Kane
Chairman

Betty Ann Kane became Chairman in March 2009 after serving as a Commissioner since 2007. Chairman 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.

Prior to joining the PSC, Chairman Kane was elected as an at-large member of the D.C. Board of Education in 1974 and re-elected in 1975. She was elected to three terms as an at-large member of the D.C. Council from 1978 to 1990. Her service on the D.C. Council included chairing the Public Services and Cable Television Committee, with legislative, budgetary and oversight responsibility for the PSC, the Office of the People's Counsel, Cable Television, and utility regulatory policy. Chairman Kane has also served D.C. Government as Executive Director of the D.C. Retirement Board and as government relations advisor for the D.C. Court System. As a government relations advisor for a Washington law firm, Commissioner Kane wrote the guidebook on telecommunications and cable television regulation for the National League of Cities and assisted local governments in influencing Congressional and Federal Communications Commission (FCC) decisions on telecommunications matters.

Chairman Kane is the Vice Chairman of the Mid-Atlantic Conference of Regulatory Utility Commissioners (MACRUC) and Chairman of its Telecommunications Committee. She also serves as Chairman of the North American Numbering Council and on the Federal-State Joint Conference on Advanced Services for the FCC, and is the Chairman of the National Regulatory Research Institute Board of Directors. She also is a member of the Telecommunications Committee of National Association of Regulatory Utility Commissioners (NARUC), and was appointed to the Virtual Working Group on Education, Training and Best Practices for The International Confederation of Energy Regulators (ICER).

Chairman Kane is a graduate of Middlebury College, Vermont, and also has a Masters Degree in English from Yale University, as well as specialized academic study in Telecommunications Regulation 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 speaking at Solar Home Tour & Fair.



Chairman Kane speaking at the 2011 Joint Utility Discount Day (JUDD).



Chairman Kane and PSC staff with the Georgian Delegation. The PSC hosts international delegations from around the world.

**C
H
A
I
R
M
A
N

K
A
N
E
.
S

O
F
F
I
C
E**



Richard E. (Rick) Morgan
Commissioner

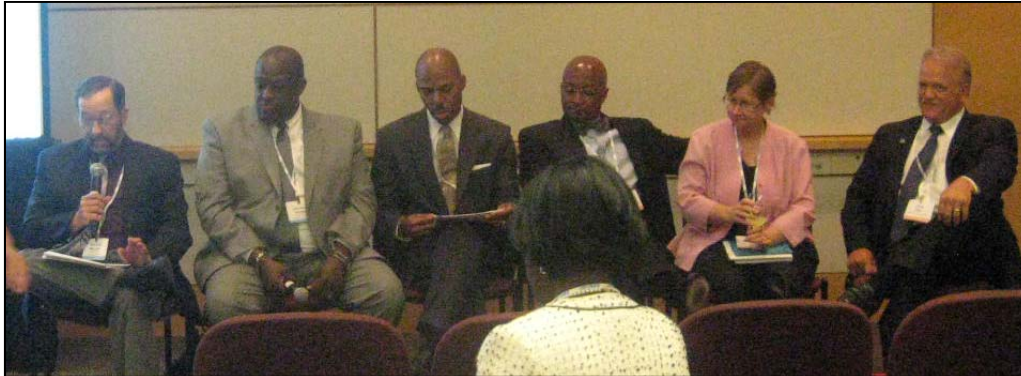
Richard E. (Rick) Morgan began a second four-year term on the District of Columbia Public Service Commission in July 2007. Commissioner Morgan serves as leader of the Task Force on Climate Policy of the National Association of Regulatory Utility Commissioners (NARUC). He is a member of NARUC's Energy Resources and Environment Committee and its Smart Grid Collaborative. He serves on the Association's Board of Directors. Commissioner Morgan currently serves as co-chair of the Electricity Committee of the Mid-Atlantic Conference of Regulatory Utility Commissioners (MACRUC) and has previously chaired the steering committee of the Mid-Atlantic Distributed Resources Initiative (MADRI). Commissioner Morgan chairs the Board of the Smart Meter Pilot Program, Inc. (SMPPPI), which oversees a smart metering pilot program in the District of Columbia, and he serves on the NARUC-FERC Collaborative on the Smart Grid. Commissioner Morgan represents the PSC on the Advisory Board for the newly created Sustainable Energy Utility (SEU), in accordance with the Clean and Affordable Energy Act of 2008.

Before joining the PSC, Commissioner Morgan spent 12 years with the U.S. Environmental Protection Agency, where he focused on climate policy and emissions trading. Previously, Commissioner Morgan spent five years on the staff of the PSC, where he helped to develop policies on energy conservation and resource planning. During his 40 years in the field of energy policy and utilities, Commissioner Morgan has authored numerous publications on electric power. He holds a Master of Public Policy degree from the University of Maryland and a B.A. in Economics from Antioch College.

Office of Commissioner Richard E. Morgan



Commissioner Morgan (seated center) and his Staff.
(L to R) Technical Advisor Daniel Cleverdon and Executive Assistant LaWanda Hale



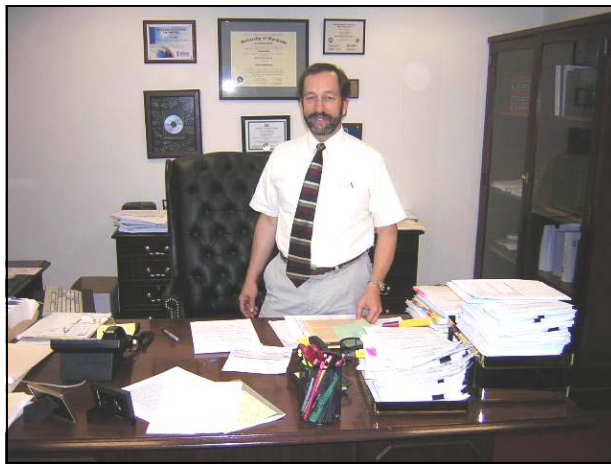
Commissioner Morgan, Chairman of the Smart Meter Pilot Program, Inc. (SMPPPI) Board, speaks about PowerCentsDC with other SMPPPI Board Members at the National Action Plan Coalition Conference.



Commissioner Morgan with PSC staff at the 2011 Joint Utility Discount Day (JUDD).

A Pictorial Tribute to Commissioner Richard “Rick” Morgan— Thanks for 16+ Years of Service as Staff and Commissioner!

C
O
M
M
I
S
S
I
O
N
E
R
M
O
R
G
A
N



Commissioners presiding over E911 Hearing.



Commissioner Morgan traveled to Athens, Greece to speak at the World Forum on Energy Regulation in 2009.



Commissioner Morgan chairing the Sustainable Energy Utility (SEU) Working Group.



Commissioner Morgan speaking at Employee Appreciation Luncheons.



Commissioner Morgan and PSC staff celebrating their June birthdays.



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



Commissioner Morgan, Chairman of the Smart Meter Pilot Program, Inc. (SMPPPI) Board, at the PowerCentsDC Press Conference with other SMPPPI Board Members.



Commissioner Morgan and staff visiting a wind farm.



In 2008, Commissioner Morgan traveled to China as a part of a U.S. Delegation, organized by the Regulatory Assistance Project and funded by the Energy Foundation.



**Lori Murphy Lee
Commissioner**

Lori Murphy Lee joined the District of Columbia Public Service Commission in March of 2009. Commissioner Lee is 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). Ms. Lee is also a member of both the Electricity Committee and the Subcommittee on Utility Marketplace Access for NARUC. She serves as Treasurer for the Organization of PJM States, Inc. (OPSI) and 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 is also a member of the Mid-Atlantic Conference of Regulatory Utilities Commissioners (MACRUC).

Ms. Lee has over 15 years of legal experience in the federal government and private sector. 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 speaking attending a National Association of Regulatory Utility Commissioners (NARUC) Conference.



Commissioner Lee and PSC staff volunteering at the 2011 Joint Utility Discount Day (JUDD).



Commissioner Lee meeting with a Nigerian visitor.

Organization of the Annual Report

The 2011 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 proceedings in 2011.

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:

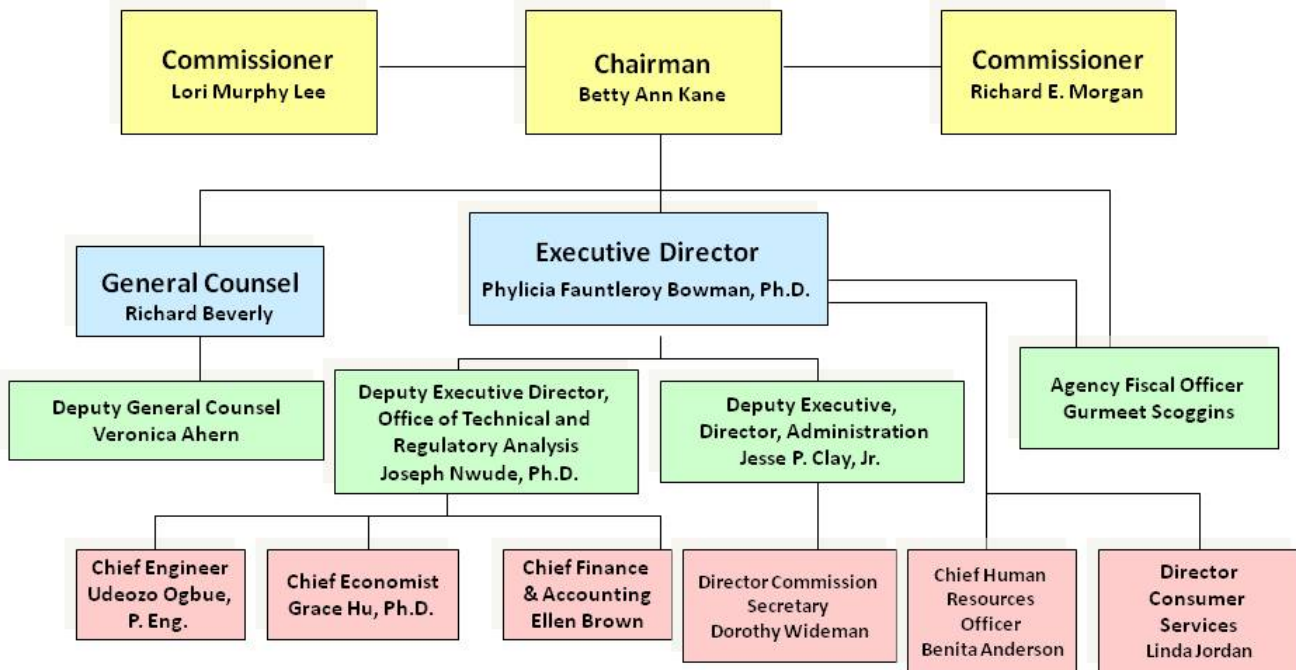
- Ensure Safe, Reliable, and Quality Utility Services;
 - Regulate Monopoly Services;
 - Foster Competition;
 - Conserve Natural Resources and Preserve Environmental Quality;
 - Resolve Disputes; and
 - Educate Consumers and Inform the Public.
- **Key Results Performance Measures** that graphically convey how well the PSC performed in 2011. Indicators of performance include 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 through 2011.

Organizational Structure

The PSC Chairman and Commissioners are appointed to four-year terms by the Mayor, with the advice and consent of the D.C. Council. Betty Ann Kane was nominated by Mayor Fenty and confirmed by the Council as Chairman effective March 3, 2009 for a term ending in June 30, 2010. Mayor Gray re-nominated her, and the Council confirmed her for a new term ending June 30, 2014. Her term as a Commissioner began in March 2007.

The 2011 organizational structure is depicted below. In 2011, 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.

2011 ORGANIZATIONAL STRUCTURE



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, Kim Lincoln-Stewart, Rick Herskovitz
 Standing (L to R): Sanford Speight, Tiffany Frazier, Chris Lipscombe, Veronica Ahern,
 Ken Hughes, Craig Berry, Talila Lewis, James Brown, Noel Antonio

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 for 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.

2011 OGC Administrative Accomplishments:

In 2011, OGC drafted 664 orders, 43 rulemakings, 46 deficiency letters, 11 advisory memoranda, 14 public notices, 5 PSC Notices of Agency Fund Requirements (NOAFRs) and 13 NOAFRs for the Office of the People's Counsel (OPC). Staff counsel also conducted 17 formal consumer complaint hearings. OGC's specific formal case accomplishments can be found by case under Formal Case Accomplishments.

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 2011, the PSC approved 7 TIAs, bringing the total approved as of the end year to 352. All PSC 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.



Attorney Lara Walt (left) chairing a Utility Discount Program (UDP) Working Group.



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



Attorney Kim Lincoln-Stewart speaking to a Chinese Delegation.



Legal staff participated in the 2011 Joint Utility Discount Day (JUDD).



**M
O
T
I
V
A
T
E
D

C
U
S
T
O
M
E
R
|

&

R
E
S
U
L
T
S
|

O
R
I
E
N
T
E
D

S
T
A
F
F**

Office of the Executive Director (OED)



Executive Director, Dr. Phylicia Fauntleroy Bowman (seated right) with office staff.
Executive Assistant Aminta Daves and Dr. Phylicia Fauntleroy Bowman

The Office of the Executive Director (OED) is comprised of the Executive Director (ED) and her Executive Assistant. The Executive Director 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 Executive Director 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 program side of the agency's budget and financial management.

2011 OED Administrative Accomplishments:

Outreach: Oversaw the preparation of the 2010 Annual Report and participated in outreach events. Arranged meetings and prepared PowerPoint presentations for 8 foreign delegations.

Budget: Prepared responses to questions and testimony for the D.C. Council's oversight and FY 2013 budget hearings. Oversaw the assessments of telecommunications and energy service providers for the PSC's and OPC's FY 2011 operating budgets. Worked with the Agency Fiscal Officer on monthly spending reports.

Performance Management: Drafted the FY 2012 Performance Plan and tracked the PSC's accomplishments in the FY 2011 plan. Finalized report on process improvement project and implemented recommendations that were approved by the Commissioners.

Formal Case Matters: Maintained the PSC's formal case tracking reports. Developed and maintained new tracking reports that link formal case progress with the schedule for open meetings.

ARRA Grant Management: With the filling of all five positions funded by an American Recovery and Reinvestment Act of 2009 (ARRA) grant, prepared quarterly reports to the U.S. Department of Energy as it tracked each state public service commission's performance.

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.

Seated (L to R): Aminta Daves, Dr. Bowman, Dr. Joseph Nwude (OTRA), Brinda Westbrook (OCMS)
Standing (L to R) Gurmeet Scoggins (AFO), Benita Anderson (OHR), Dr. Jesse P. Clay, Jr. (ODEDAM), Veronica Ahern (OGC) , and Linda Jordan (OCS)



Dr. Bowman (standing) speaking to the Moldovian Delegation.



Dr. Bowman (far right) celebrating the 20th anniversary of Joint Utility Discount Day (JUDD) with some of its founders.



Dr. Bowman and Aminta Daves participating in the 2011 Joint Utility Discount Day (JUDD).



M
O
T
I
V
A
T
E
D

C
U
S
T
O
M
E
R

|

&

R
E
S
U
L
T
S

|

O
R
I
E
N
T
E
D

S
T
A
F
F

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): Udeozo Ogbue, Dr. Grace Hu, Dr. Joseph Nwude, and Ellen Brown
 Standing (L to R): Felix Otiji, John Howley, Ahmadou Bagayoko, Dr. Roger Fujihara, Donald Jackson, Rodney Wilson, Brian Doherty, Timour Skrynnikov, Virgil Young, Bernadette Francis, Manmohan Singh, and Dr. William English
 (Not Pictured: 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, economic, engineering, and financial issues in formal cases that are before the PSC. In addition, OTRA Staff monitors 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 it 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

2011 OTRA Administrative Accomplishments:

In 2011, OTRA Staff submitted 504 advisories through memoranda and e-mails; performed 183 natural gas pipeline safety inspections; and conducted 44 natural gas meter tests. Since OTRA Staff prepare technical advisory memoranda in formal cases, most of their accomplishments can be found under Formal Case Accomplishments.

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



OTRA staff participating in an evidentiary hearing.



OTRA staff welcoming the Bangladesh Delegation.



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



Commissioner Lee (left) and OTRA staff at the 2011 Joint Utility Discount Day (JUDD).

**M
O
T
I
V
A
T
E
D

C
U
S
T
O
M
E
R
|

&

R
E
S
U
L
T
S
|

O
R
I
E
N
T
E
D

S
T
A
F
F**

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.

2011 OHR Administrative Accomplishments:

Recognition: Celebrated employee achievements through the Employee Appreciation Day Awards Ceremony, held during National Public Service Recognition Week.

Staffing: Filled four vacant positions and reduced the vacancy rate by 36% (from 11 to 7 vacancies). Participated in the District Government's Classification Reform Project for the purpose of revising job specifications in position descriptions. Six employees attended job specification meetings and eight attended orientation sessions. Verified D.C. residency/domicile certifications and completed quarterly hiring, hard-to-fill, EEO, and financial disclosure reports.

Summer Youth: Arranged one summer youth with (1) career development training within multiple offices of the PSC, (2) field trips, (3) computer/resume writing workshops, and (4) other projects by which the youth could sharpen his existing skills and learn new skills. The youth attended Project Aspiration through Howard University and prepared and conducted for PSC employees a PowerPoint presentation that summarized his experiences at the agency.

Training: Conducted/coordinated a lunchtime retirement training session with ING (followed by one-on-one employee sessions), a Fitness Fair, and a White House tour. Arranged and tracked employee training through the District Government's Learning Management System utilizing PeopleSoft. All required Management Supervisory Service (MSS) training was completed. OHR staff attended USDA Graduate School training, a career expo at the National Building museum, Family and Medical Leave Act training, and webinars on affirmative action recruiting under the new Office of Federal Contract Compliance Programs and best practices for social media recruitment. They also attended several D.C. Government-sponsored workshops such as an HR summit, and training on modifications to D.C. Government hiring practices and payroll supervisors' time and attendance. One HR staff attended the NARUC-sponsored

rate school in Lansing, Michigan.

Personnel/Payroll: Worked with the D.C. Department of Human Resources and the Office of Pay and Retirement Services to resolve multiple personnel, payroll, and leave issues for PSC employees, and tracked and processed restored leave requests. Completed quarterly leave balance reports for PSC employees, and leave used reports for office directors.

Policies/Procedures: Drafted time and attendance and emergency telework policies.

Performance Management: Ensured supervisors and staff prepared their FY 2012 Individual Performance Plans (IPPs) and conducting the FY 2011 performance evaluation. Prizes were awarded for the first three submissions.

Each year, OHR coordinates the Employee Appreciation Ceremony to recognize new staff and the contributions of PSC staff.



M
O
T
I
V
A
T
E
D

C
U
S
T
O
M
E
R
|
&

R
E
S
U
L
T
S
|
O
R
I
E
N
T
E
D

S
T
A
F
F

Office of Consumer Services (OCS)



Director of Consumer Services, Linda Jordan (seated center), and her Staff
 Seated (L to R): Annette Johnson, Linda Jordan, and Patricia Walker
 Standing (L to R): Damon Patterson, Kellie Armstead, Troy Haliburton, Karen Nurse,
 Margaret Moskowitz, Aaron Aylor, and Maurice Smith

The **Office of Consumer Services (OCS)** serves as the public relations arm for the PSC and 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 the 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.

2011 OCS Administrative Accomplishments:

Mediated Complaints and Responded to Inquiries:

- Investigated and resolved 1,628 complaints and 220 inquiries from consumers, including 15 complaints and inquiries from Spanish-speaking consumers;
- Conducted 63 informal consumer complaint hearings;
- Docketed 19 consumer complaints for formal hearings;
- Scheduled and witnessed 15 natural gas and 123 electric refereed meter tests;
- Conducted 3 master-metered apartment inspections;
- Conducted 4 consumer complaint site visits;
- Saved District consumers \$73,232.34 in disputed charges through the investigation and mediation process; and
- Prepared quarterly and annual reports on complaints and inquiries. (The results are used

Administered the Outdoor Payphone Program:

- Continued to regulate 11 Payphone Service Providers (PSPs);
- Collected \$3,600 in certification and registration fees;
- Renewed the registration of 62 existing payphones;
- Conducted 707 compliance inspections of payphone sites in all 8 wards of the District;
- Conducted 25 Authorized Payment Location (APL) inspections;
- Issued a comprehensive report on the status of payphones and PSP's compliance with the PSC's payphone rules;
- Responded to 5 payphone complaints and inquiries; and
- Replied to 25 calls received on the Payphone hotline number.

Educated Consumers & Informed the Public:

- Scheduled and attended 112 outreach events at civic association meetings, neighborhood festivals, and other community functions;
- Participated in the planning and implementation of the 2011 Joint Utility Discount Day (JUDD), which served **6,328** District residents with access to low-income utility discount benefits; and
- Created 7 new Fact Sheets and updated existing fact sheets with current information.

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.



Annette Johnson inspecting an Authorized Payment Location (APL).



OCS staff preparing outreach bags.



Margaret Moskowitz (center) mediating an informal consumer complaint.

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 programs, and how to choose their energy supplier or telephone service provider.



Sophia Pryce speaking consumer at Mayor's Budget Town Hall Meeting.



Kellie Armstead with Mat McCollough of the Office of Disability Rights at the Mayor's Disability Expo.



Commissioner Lee, Chairman Kane, and OCS staff at Green DC Day.



Patricia Walker and Aminta Daves at the Central Union Food Distribution.



Alphonso Harris and Aaron Aylor delivering PSC food donations to Food 2 Feed.



Each year, OCS recruits PSC Staff volunteers for Utility Discount Day (JUDD) to sign-up District consumers for utility discounts that are mandated by the PSC.



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



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

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.

Contracts and Procurements

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

2011 ODEDAM Accomplishments:

In 2011, ODEDAM accomplished the following:

- Maintained the centralized contract filing system;
- Maintained the vendor database;
- Advertised and solicited procurement opportunities, including the implementation of office-related security measures;
- Maintained the Contracts and Procurement webpage on the PSC's website;
- Ensured the PSC exceeded its goal to procure goods and services from Certified Business Enterprises (CBE);
- Procured large wall monitors to provide information on the PSC to visitors and guests in the lobbies and hearing room;
- Upgraded the audio-visual equipment in the PSC's hearing room.
- Procured and installed new servers; and

- Executed twenty-two contracts and ninety-eight procurements.

Other Administrative Areas

- Implemented media streaming so the public and stakeholders can watch PSC hearings on their computers;
- Managed vehicle administration program and leased one new vehicle;
- Handled facility related issues;
- Implemented the One Fund Program;
- Managed telephone administration;
- Managed the Imprest (petty cash) Fund;
- Oversaw the PSC's compliance with the Mayor's customer service standards;
- Managed administrative concerns in conjunction with the Agency Fiscal Officer; and
- Implemented new internal electronic eProcurement and eInvoice systems for processing purchase orders and invoices.



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

Office of the Commission Secretary (OCMS)



Commission Secretary, Dorothy Wideman (seated), and her Staff
Standing (L to R): Alphonzo Harris, Brinda Westbrook, Hazel Doe, Brian Scarpelli,
Mavis Oudkerk, Stacey Durham, Kanu Obioha, and Doris Wilson.

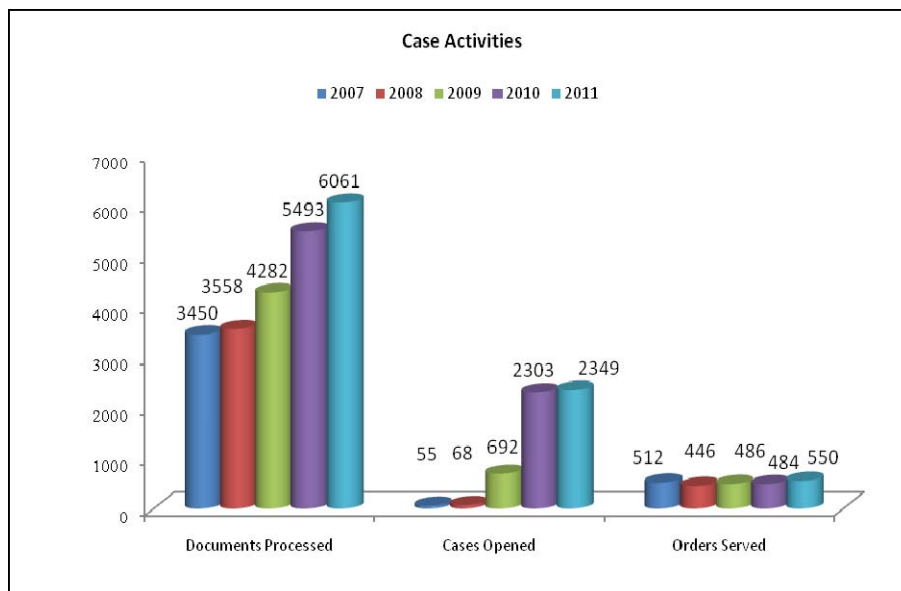
The Office of the Commission Secretary (OCMS) maintains the official files and records of the PSC and manages the content and updates to the PSC’s website. OCMS serves as the keeper of official documents, files, and records, by ensuring the safety and integrity of the records, and providing appropriate access to records and files. In addition, OCMS assists the PSC with the conduct of evidentiary, community, and public interest hearings.

2011 OCMS Accomplishments:

In 2011, the PSC scheduled 8 community hearings, one in every ward in the District and 5 days of evidentiary hearings for the Pepco rate case in FC 1087, two legislative style hearings (FC 766 and FC 982) and (FC Nos. 991, 1017 and 1056). OCMS distributed testimony and exhibits to the Commissioners and staff, prepared witness lists, and provided daily updated documents to the Commissioners, staff, and parties throughout the evidentiary hearing. In compliance with the new “Open Meeting Act of 2011” passed by the D.C. Council, OCMS arranged for the PSC to hold 17 open meetings, where the Commissioners announced the issuance of orders rendering their decisions in formal cases. The hearings are streamed so the public and stakeholders can view the proceedings from their computers.

In 2011, OCMS opened 2,349 new cases, of which 78.50% or 1,844 cases were for the Renewable Energy Portfolio Standards Program (RPS), and processed 6,061 documents, of which 43.77% or 2,653 pleadings were RPS pleadings filed with the PSC by applicants, respondents, interveners, and interested persons. Pursuant to the Distributed Generation Emergency Amendment Act of 2011, dated August 1, 2011, the PSC had to decertify 1,426 solar energy facility facilities not located within the District that had been certified between February 1, 2011, and August 1, 2011,

and any solar facilities with a capacity larger than 5 MW regardless of the date certified. See [Order No. 16529](#). The PSC also denied all applications for certification as eligible renewable energy standards generating facilities of solar energy facilities not located within the District, nor in locations served by a distribution feeder serving the District, pending before the PSC on August 1, 2011. See [Order No. 16528](#).



OCMS provided 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 for visitors to agency offices. Staff successfully handled 5,474 telephone calls to the PSC's primary telephone number and directed 1,348 visitors to agency offices for public hearings and meetings with Commissioners and staff.

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 shows the PSC Homepage received 53,329 visits and 141,483 hits between January 1, 2011 and December 31, 2011. Likewise, data reflect 66,151 visits and 1,142,053 hits to eDocket. The other content groups received 130,364 visits and 1,354,520 hits.

Between January 1, 2011 and December 31, 2011 website users viewed 638 actions that the PSC directed of parties to cases, interested persons and the public. The information is available on the PSC-Directed Activities Calendar on the navigation bar on the PSC's Homepage. Available since 2006, the calendar now includes a search function feature that allows users to search by PSC case numbers.

During the same time period, the media streaming section received 31,873 visits and 1,020,109 hits. Website videos include:

- FC 1087 Prehearing Conference, September 8, 2011;
- District Regulators Offer Live Video Streaming of Hearings to the Public, September 8, 2011;
- PSC Legislative-style Hearing, FC 766 and FC 982 and FC 991 on February 10, 2011;
- Councilmember Yvette Alexander’s Hearing – Parts 1 & 2, February 11, 2011;
- Oversight Hearing with Councilmember Yvette Alexander, March 14, 2011; and
- PSC Open Meetings, May 4, 2011 – December 16, 2011.

The media streaming section is located at the bottom of the homepage.

Other Activities

OCMS staff also played 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. Staff tracked activities associated with each standard. Between January 1, 2011 and December 31, 2011, staff answered and directed 5,474 telephone calls as requested, and processed and responded to 253 Contact Us requests and received 251 written correspondences through the U.S. Postal System.

In addition, 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.



Dorothy Wideman (seated right) with staff.
Standing (L to R): Marvin Briggs and Arick Sears; Seated (L to R): Suhasini Cherukuri and Dorothy Wideman



OCMS is responsible for coordinating and organizing the Commission’s Open Meetings.

**M
O
T
I
V
A
T
E
D

C
U
S
T
O
M
E
R
|

&

R
E
S
U
L
T
S
|

O
R
I
E
N
T
E
D

S
T
A
F
F**

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 formulation, justification, and execution of the PSC's annual operating budget and the tracking of expenditures in conformance with the budget. AFO staff are formal employees of the Office of the Chief Financial Officer (OCFO), under the direction of D.C. CFO, Dr. Natwar Gandhi. 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 and that the budgets are adequate and consistent with the agency's funding needs. For FY 2011, 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 D.C. marketplace. The PSC's expenditures for Special Purpose Revenue were \$9.3 million in FY 2009, \$9.6 million in FY 2010, and \$9.2 million in FY 2011. Grant funds are obtained through the Federal Government. Total grant-funded expenditures were \$124,679 in FY 2009, \$220,413 in FY 2010 and \$509,051 in FY 2011. In addition, the agency expended \$69,569 in FY 2010 and \$50,431 in intra-District funds in FY 2011.

Table 1.0 – Budget Summary

| 2011 Budget Summary | | | | | | | |
|---|----------------------------|----------------------------|-----------------------|----------------------------|-------------------------------------|-------------------|--------------------------------|
| Comptroller Source Group | FY 2009 Actual Exp. | FY 2010 Actual Exp. | FY 2011 Budget | FY 2011 Actual Exp. | FY 2011 Budget/Actual Change | (%) Change | FY 2012 Proposed Budget |
| 0011-REGULAR PAY - CONT FULL TIME | 4,599 | 4,927 | 4,976 | 4,854 | 122 | 3% | 5,309 |
| 0012-REGULAR PAY - OTHER | 979 | 1,008 | 1,272 | 1,203 | 69 | 5% | 1,229 |
| 0013-ADDITIONAL GROSS PAY | 3 | 25 | 30 | 29 | 1 | 3% | 0 |
| 0014-FRINGE BENEFITS - CURR PERSONNEL | 969 | 1,079 | 1,145 | 1,103 | 42 | 4% | 1,301 |
| Subtotal Personnel Services (PS): | 6,550 | 7,039 | 7,423 | 7,189 | 234 | 3% | 7,839 |
| 0020-SUPPLIES AND MATERIALS | 46 | 43 | 65 | 31 | 34 | 52% | 40 |
| 0030-ENERGY, COMM. AND BLDG RENTALS | 1 | 2 | 2 | 2 | 0 | 0% | 2 |
| 0031-TELEPHONE, TELEGRAPH, TELEGRAM, ETC | 82 | 76 | 69 | 74 | -5 | -7% | 80 |
| 0032-RENTALS - LAND AND STRUCTURES | 1,789 | 1,517 | 1,607 | 1,607 | 0 | 0% | 1,671 |
| 0033-JANITORIAL SERVICES | 0 | 0 | 0 | 0 | 0 | 0% | 2 |
| 0035-OCCUPANCY FIXED COSTS | 0 | 9 | 0 | 0 | 0 | 0% | 8 |
| 0040-OTHER SERVICES AND CHARGES | 262 | 453 | 652 | 389 | 263 | 40% | 347 |
| 0041-CONTRACTUAL SERVICES - OTHER | 348 | 601 | 447 | 350 | 97 | 22% | 204 |
| 0050-SUBSIDIES AND TRANSFERS | | | | | | | 0 |
| 0070-EQUIPMENT & EQUIPMENT RENTAL | 248 | 181 | 150 | 148 | 2 | 1% | 182 |
| Subtotal Non-Personnel Services (NPS): | 2,776 | 2,882 | 2,992 | 2,601 | 391 | 13% | 2,536 |
| Gross Funds | 9,326 | 9,921 | 10,415 | 9,790 | 625 | 6% | 10,375 |

Table 2.0 – Funds by Revenue Type

| FTEs | FY 2009 Actual FTEs | FY 2010 Actual FTEs | FY 2011 Budgeted FTEs | FY 2011 Actual FTEs | FY 2011 Budget/Actual Change | (%) Change | FY 2012 Proposed Budgeted FTEs |
|-------------------------|----------------------------|----------------------------|------------------------------|----------------------------|-------------------------------------|-------------------|---------------------------------------|
| Special Purpose Revenue | 57.4 | 64.8 | 67.1 | 66.3 | 0.8 | 67.1 | 67.2 |
| Federal Grant Funds | 1.0 | 1.1 | 5.5 | 4.2 | 1.3 | 5.5 | 5.4 |
| Gross Funds | 58.4 | 65.9 | 72.6 | 70.5 | 2.1 | 72.6 | 72.6 |

Formal Case Accomplishments

Electricity

Ensured Safe, Reliable, & Quality Utility Services

FC 766 – The PSC Addressed Pepco’s System-Wide and Neighborhood Service Reliability.

One of the top priorities of the PSC is ensuring that Pepco provides reliable electric service in the District at a reasonable cost to ratepayers. To that end, the PSC requires Pepco to file a series of annual, semi-annual, quarterly, and monthly reports so that the PSC can monitor Pepco’s performance and institute corrective actions as necessary.

The PSC’s reliability initiatives in 2011 centered on two separate but related approaches in FC 766.

- The PSC reviewed Pepco’s reliability reporting, including its 2011 Annual Consolidated Report (ACR), to determine Pepco’s progress in ensuring system-wide reliability.
- The PSC initiated an inquiry into Pepco’s reliability performance, focusing on the most problematic neighborhoods in each of the District’s 8 wards.

The PSC’s two-pronged approach to Pepco reliability – system-wide and neighborhood – is a novel effort to focus attention on both overall reliability performance and the particular impact of outages in the most susceptible neighborhoods in the District.

Pepco’s Annual Consolidated Report (ACR)

The most comprehensive document on electric reliability issues is Pepco’s Annual Consolidated Report (ACR) that it files in mid-February of each year. The ACR covers all aspects of electric reliability issues including Pepco’s service reliability performance as measured by System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), and Customer Average Interruption Duration Index (CAIDI). SAIFI measures the average number of customer outages for an electric distribution sys-

tem; SAIDI measures the average duration of system outages; and CAIDI measures the average duration of outages per customer.

On February 28, 2011, Pepco filed its 2011 ACR, providing information on the status of Pepco’s ongoing activities as well as activities planned for the future, for maintaining and improving its system reliability. On May 24, 2011, OPC filed its comments. After reviewing the record, PSC Staff filed its report on June 24, 2011. On July 27 2011, the PSC requested comments on the Staff Report. OPC and Pepco filed comments on September 16 and 23, respectively.

On November 30, 2011, the PSC issued [Order No. 16623](#), in which the PSC approved Pepco’s 2011 ACR. In the same order, the PSC directed Pepco to (a) include in the 2012 ACR an update of budgets and schedules of conversion projects; (b) provide information on vegetation management budgets and activities; (c) identify the reliability-based performance indicators used to analyze, report and review progress toward reliability goals; and (d) provide information on the 16 least performing feeders by neighborhoods served.

The PSC also required that Pepco use District of Columbia-only reliability data in future Consolidated Reports. This requirement was necessary to reflect reliability in the District, rather than reliability over the entire District/Maryland Pepco system. Comparisons of District-only calculations of SAIDI, SAIFI and CAIDI with system-wide calculations will be made in future Consolidated Reports. Finally, the PSC required that Pepco provide additional information regarding its reliability performance in the District’s Most Susceptible Neighborhoods.

The PSC Neighborhood Initiative

In May 2011, in [Order No. 16347](#), the PSC announced its two-pronged reliability policy for

electric distribution service in the District. Since then, the PSC has taken a number of steps to implement the second prong of its policy and identify those neighborhoods in the District where reliability is particularly problematic. Once this identification is complete, the PSC will consider specific ways in which reliability problems in those neighborhoods can be solved.

On July 7, 2011, the PSC issued [Order No. 16426](#) in which it approved Pepco's decision to identify neighborhoods in each Ward that are most susceptible to outages by analyzing the performance of the electric circuits (feeders) located in those neighborhoods. These are known as Most Susceptible Neighborhoods. In the same order the PSC

propounded a series of questions to Pepco concerning equipment failures, distribution automation, and vegetation management in those Most Susceptible Neighborhoods. Pepco's responses were received on August 9, 2011. In addition, the PSC has taken steps to identify Pepco's strategic or other plans to diagnose, remediate and/or prevent future occurrences of equipment faults or interference between vegetation and overhead power lines on the feeders associated with Pepco's Most Susceptible Neighborhoods. The ultimate goal is to find the most feasible, least-cost outage remediation methods for problem neighborhoods.

FC 982 - The PSC Established New Electricity Quality of Service Standards (EQSS).

On July 7, 2011, in [Order No. 16427](#), the PSC modified its Electricity Quality of Service Standards (EQSS). The EQSS establishes rules and requirements for ensuring that Pepco and electricity generation suppliers operating in the District of Columbia meet adequate levels of quality and reliability in the electricity service provided to District residential, business, and government customers.

On October 6, 2010, the PSC tasked the Productivity Improvement Working Group with examining the existing EQSS rules. Subsequently, the PSC issued two Notices of Proposed Rulemaking containing the new rules, which were ultimately adopted on July 7, 2011 and went into effect on July 22, 2011.

The new rules establish aggressive SAIDI and SAIFI reliability performance standards for Pepco, designed to enforce continuous improvement in electric service reliability through 2020. At that point, Pepco will have reached the top tier of electric distribution systems. In addition, the PSC provided that calculations of the SAIFI and SAIDI indices should be based on D.C.-only, rather than Pepco system-wide, data. The new rules also hold Pepco accountable for improving reliability by imposing forfeitures and penalties pursuant to D.C. Code §34-706 and § 34-1508.



Formal Case Accomplishments

Electricity

Ensured Safe, Reliable, & Quality Utility Services

FC 982 – The PSC Launched an Inquiry Into Restoration of Service After Major Service Outages.

On January 26, 2011, the D.C. metropolitan area suffered a snow and ice storm that left 32,000 D.C. customers without power, and in many cases, heat, for several days. The PSC quickly convened a legislative-style hearing to question Pepco about matters relating to reliability and restoration. In her opening statement, Chairman Betty Ann Kane noted the three priorities of the PSC: the public interest in reliable electric power distribution service; the public interest in reasonable rates; and the public interest in a financially secure utility. The hearing was the first step in balancing those priorities. The Commissioners interrogated Pepco about its storm readiness and preparation activities and its restoration efforts, including its use of “mutual assistance crews” from other utilities.

After the hearing, the PSC determined that a further inquiry into the restoration of service after the major service outage was necessary. On March 18, 2011, in [Order No. 16262](#), the PSC asked a series of questions concerning the estab-

lishment of major service outage benchmarks, comparable to the EQSS benchmarks established for “blue sky” or non-major outages. These would establish a specified period of time within which service must be restored to a specified percentage of customers after a major service outage. The PSC also asked whether the definition of major service outage (“customer interruption occurrences and durations during time periods when 10,000 or more D.C. customers are without service and the restoration effort takes more than 24 hours”) continues to be appropriate. [Order No. 16262](#) also asked whether the PSC should require Pepco to submit a major storm restoration plan and what its content should be.

Parties submitting comments on the PSC inquiry into major service outages included Pepco, OPC, AARP and the D.C. Office of the Chief Technology Officer. The PSC expects to act on the major service outage proposals in 2012.



FC 982- Legislative Style Hearing regarding the January 26, 2011 snow storm.



FC 991 - The PSC Continued to Engage a Consultant to Conduct Manhole Inspections.

To address reliability issues with Pepco’s underground system, in 2011, the PSC continued to engage the Siemens engineering consulting firm to conduct an independent assessment of Pepco’s manhole inspections and remedial actions. Siemens submitted its 6th report to the PSC in June

2011 and it was filed on the record on September 1, 2011. Parties were given twenty-one (21) days to file comments or objections. On October 6, 2011, the PSC received comments from Pepco on the report. On December 21, 2011, in [Order No. 16654](#), the PSC directed Pepco to implement the recommendations and directives contained in the Order.

FC 1026 – The PSC Granted OPC’s Motion to Lodge the Shaw Engineering Consultants’ PowerPoint Slides into the Record and Began Investigating the Feasibility of Selective Undergrounding in FC 766.

Over the last few years, several communities in the District have asked the PSC to investigate the feasibility of burying overhead power lines and telephone cables so as to minimize service outages, especially during storms, and to improve the appearance of the neighborhoods. In this proceeding, the PSC reviewed and analyzed previous undergrounding studies conducted by Pepco. On March 12, 2009, the PSC entered into a technical services contract with Shaw Consultants International, an engineering firm, to conduct an independent study of the feasibility and reliability implications of undergrounding power lines in the District of Columbia or portions thereof. The consulting firm conducted the study and submitted a final report on July 2, 2010. On July 19, 2010, the PSC issued a Public Notice announcing the completion of the study. Three entities, OPC, Pepco, and the Palisades Citizens Association, filed comments on the Shaw study. The comments were generally support-

ive of the study, which recommended a “targeted” or “selective” approach to undergrounding, rather than the wholesale approach, which is viewed as prohibitively expensive. On September 10, 2010, Shaw Engineering Consultants presented a set of PowerPoint slides to brief stakeholders and the public on the results of its study. On September 20, 2010, OPC filed a motion to lodge the PowerPoint slides into the record of the case. On February 11, 2011, the PSC granted OPC’s motion in [Order 16204](#).

In the interim, Pepco identified “Selective Undergrounding” as one of six elements for improving reliability in its Comprehensive Reliability Plan, filed on September 30, 2010 in FC 766. In its 2011 Annual Consolidated Report (ACR), also filed in FC 766 in February 2011, Pepco identified two possible locations for selective undergrounding. Through data requests, the PSC questioned Pepco on its methodology for selecting feeders for undergrounding in that proceeding. The PSC’s investigation into selective undergrounding will continue in 2012.



FC 1026- Shaw Consultants conducting a briefing on the study of the feasibility and reliability of undergrounding power lines.



FC 1026- Dr. Nwude conducting a briefing on the study of the feasibility and reliability of undergrounding power lines.



Formal Case Accomplishments

Electricity

Ensured Safe, Reliable, & Quality Utility Services

FC 1062 – In Complying with a Court Order, the PSC Directed Pepco to Provide Documents Pepco Deemed to Be Confidential to OPC Regarding the Investigation of the February 20, 2009 and June 13, 2008 Power Outages Involving Substation 52.

The PSC opened this case on June 17, 2008 in [Order No. 14834](#) for the purpose of initiating an investigation of a power outage that occurred on June 13, 2008 and affected as many as 12,000 customers in the downtown area of the District where most of Pepco's lines are underground. Pepco indicated that the "preliminary" cause of the outage was the shutdown of substation No. 52.

While the investigation was underway, on Friday, February 20, 2009, at approximately 5:30 a.m., a power outage occurred in Northwest Washington (including the Shaw neighborhood and parts of downtown) affecting more than 4,000 customers as well as a number of traffic signals. Pepco reported that underground feeders connected to substation No. 52 were taken out of service due to equipment failure. All repairs and switching to normal operations were completed at 2:52 a.m. on Monday, February 23, 2009. Because the February 20, 2009 outage involved the same substation that was the subject of the June 13, 2008 outage, the PSC, in [Order No. 15635](#), issued December 22, 2009, initiated an investigation of the February 20, 2009 outage and incorporated it into the same docket as its investigation of the June 13, 2008 outage.

Although Pepco replaced the switches that contributed to the June 14, 2008 and February 20, 2009 outages, during the course of the proceeding OPC had requested a number of documents and information to Pepco, including, *inter alia*, a request for

true-to-size copies of a diagram of [Pepco's] substation No. 52 and a diagram of the relay protection scheme for each of the supply transformers at that substation. Pepco declined to provide OPC with copies of the diagrams, asserting that the requested information was confidential and was being withheld for legitimate national security reasons. On June 7, 2010, the PSC, ruling on an OPC motion to compel production of the requested documents, directed Pepco to allow OPC personnel to review the requested documents in person at the Company's offices, but prohibited any copying and/or removal of any of the documents from the offices. OPC appealed this ruling to the D.C. Court of Appeals (Court) in October, 2010. The appeal was subsequently consolidated with a similar appeal from another PSC Order at Court Docket Nos. 10-AA-1223 and 10-AA-1504. The Court, in an Order issued June 23, 2011, vacated the PSC orders and remanded the cases with instructions that, among other things, the PSC determine whether orders limiting OPC to inspection of the documents in Pepco's offices are necessary to protect the documents from disclosure to the public. On remand, the PSC issued [Order No. 16647](#) on December 20, 2011 granting OPC's motions to compel and directing Pepco to produce the requested documents to OPC.



FC 1062 – The PSC Initiated an Investigation into Power Outages that Began on May 31, 2011 in the New York Avenue and First Street, N.E. Area in the District of Columbia.

In a petition filed on June 2, 2011, OPC requested the PSC open an investigation into the causes of unplanned electricity outages, including the causes of certain cable failures that began on May 31, 2011 in the Pepco service territory which includes the New York Avenue and First Street, N.E. area in the District of Columbia. PSC Staff and OPC issued data requests to Pepco pertaining to the outage. By [Order No. 16432](#),

issued July 8, 2011, the PSC granted OPC’s petition. The petition requested that the PSC continue the inquiry that was already underway, and incorporate the investigation into FC 1062. The PSC also directed Pepco to propose a comprehensive plan for examining its network to ensure that its underground cables are adequately sized for existing and future loads. Pepco’s comprehensive plan was filed on August 8, 2011, and its “Final Report” on the May 31, 2011 power outage was filed on August 29, 2011. The PSC will issue an order regarding the May 31, 2011 outage in 2012.

FC 1073 – The PSC Monitored Pepco’s Construction of Two 230 kV Underground Transmission Lines.

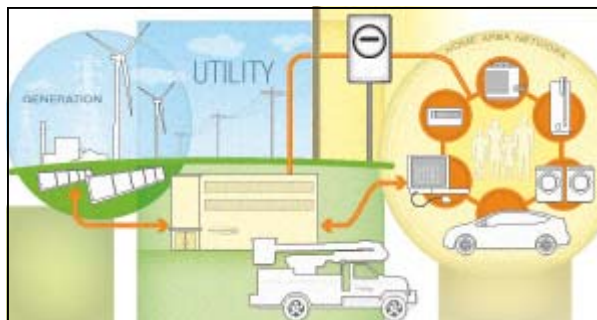
On March 31, 2009, Pepco filed a formal notice of plans to construct two 230 kV underground transmission circuits between the Company’s Benning Station ‘A’ located in the District and the Ritchie Road Substation No. 123, located in Seat Pleasant, Maryland. On September 23,

2009, the PSC issued [Order No. 15553](#) ruling that Pepco had sufficiently demonstrated the reasonableness, safety, and need for the transmission lines, so the Company could proceed with getting permits and constructing the lines. PSC [Order No. 15553](#) also directed Pepco to file quarterly status reports on the project. In 2011, PSC reviewed each of the reports. The expected completion date for the construction of the lines is June 2012.

FC 1083 – The PSC Solicited Consultants to Address Smart Grid Policy Issues.

In [Order No. 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; 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.



Formal Case Accomplishments

Electricity

Regulated Monopoly Service

FC 766 and 1076 – The PSC Directs a Management Audit of Transactions between Pepco and Other PHI Affiliates.

On March 2, 2010, the PSC issued [Order No. 15710](#) in FC 1076 wherein, among other things, the PSC approved Pepco's proposed \$41.3 million in expenses related to transactions between Pepco and other Pepco Holdings Incorporated (PHI) affiliates, including the PHI Service Company (PHISCO). The PSC found that the PHISCO charges reduced Pepco's costs through economies of scale and ultimately reduced costs to ratepayers.

However, the PSC noted it was concerned about the level of costs that PHISCO was incurring and then allocating to Pepco. The PSC indicated that it would order a management audit of the transactions between Pepco and its affiliates. Accordingly, on December 10, 2010, the PSC issued [Order No. 16087](#) directing Pepco to procure the services of a contractor, subject to the PSC's approval of an RFP and the PSC's selection of the contractor, to conduct an independent management audit of the service company costs allocated to Pepco in the District. The PSC required Pepco to pay for the audit and it directed Pepco to file a draft RFP for approval within 90 days from the date of the Order.

On December 15, 2010, OPC filed a motion to clarify [Order No. 16087](#), questioning whether the audit was identical to an audit the PSC directed Pepco to conduct in FC 1053 by [Order No. 14712](#). Simultaneously, in FC 766, OPC requested that the PSC conduct a full-scale management and operations audit of Pepco to determine the quality of performance and identify areas for productivity improvement as required by Section 522.1 of Chapter 15 of the District of Columbia Municipal Regulations (15 DCMR Section 522.1).

On December 27, 2010, Pepco filed its opposition to OPC's motion, arguing that the management audit required by the PSC in [Order No. 16087](#) satis-

fied the provisions of 15 DCMR Section 522.1. In addition, Pepco proposed that, prior to ordering an additional audit requested by OPC in FC 766, the PSC should first review a recent, similar audit of the management and operations functions of Atlantic City Electric (ACE) and PHI conducted by Overland Consulting (Overland Audit). Pepco argued that the Overland Audit already covered the management and operations areas that OPC proposed and it was premature, at best, for OPC to suggest that the management audit will not address the issues OPC proposes in its motion.

Moreover, on January 10, 2011, Pepco requested that the PSC reconsider, or in the alternative, clarify [Order No. 16087](#). Pepco argued that the PSC erred because the audit directed in [Order No. 16087](#) was similar to and duplicative of the audit directed by the PSC in [Order No. 14712](#) in FC 1053. In response to that Order, Pepco had procured the services of KPMG to conduct an audit of PHI's compliance with the Cost Allocation Manual (CAM) and the Code of Conduct and, along with its benchmarking study submitted in FC 1076, submitted it had substantially complied with the requirements of [Order No. 14712](#). Alternatively, Pepco argued that the PSC should clarify the scope of the [Order No. 16087](#) audit after reviewing related, recent audits conducted by it including the Overland Audit and a 2009 Federal Energy Regulatory Commission audit of PHI (FERC Audit), its service companies, and associated companies.

On March 7, 2011, in response to OPC's and Pepco's motions, the PSC issued [Order No. 16231](#) (docketed in FC 1076 and 766), clarifying the nature of the audits it had directed. The PSC explained that the primary intent of the [Order No. 16087](#) management audit was to review the operating effectiveness of the service company and of Pepco. The PSC explained that the contractor should perform a comprehensive audit of both Pepco's and the PHISCO's major organizational

areas, functional processes, procedures, and internal workings. This should include an examination of executive management and corporate governance, organizational structure, strategic planning, finance, accounting and property records, distribution and operations management, human resources, customer services, external relations, and support services. In addition, the contractor should examine financial controls and integrity, corporate accountability, and standards of conduct. The contractor should provide a final audit report that will contain the results of the examination and recommendations for improvement.

The PSC concluded that, contrary to Pepco's claims, the audit directed in [Order No. 14712](#) in FC 1053 (e.g. the KPMG Audit) will not satisfy the PSC's efforts to determine the reasonableness of the Service Company costs or Pepco's operating efficiency.

In addition, the PSC denied OPC's motion to conduct a management audit in accordance with 15 DCMR Section 522.1. The PSC explained that the management audit sought by OPC would be dupli-

FC 813/945 - The PSC Approved the Updated Residential Aid Discount (RAD) Rider Used to Finance Discount Rates for Low-Income Electric Customers.

On September 20, 2010, the PSC issued [Order No. 15986](#) directing Pepco to file a new Residential Aid Discount (RAD) surcharge to reflect the program funding requirements necessitated by the Residential Aid Discount Subsidy Stabilization Act of 2010 (RADSA). The RAD surcharge funds discounts on electric rates for low-income consumers. In [Order](#)

FC 1075 – The PSC Reviewed Pepco's Annual Financing Report.

Pepco filed its Annual Financing Report on February 9, 2011. The PSC reviewed the Report and no action was required.

cative of the [Order No. 16087](#) audit. That is, the PSC concluded that the scope of the [Order No. 16087](#) management audit addressed OPC's request for a full-scale management and operations audit, since the management audit will examine the quality of performance and identify areas for improvements in Pepco's management and operations.

Pursuant to the PSC's directives, Pepco filed three audits in 2011, namely the Overland Audit, the KPMG Audit and the FERC Audit, on March 18, March 28, and May 3, 2011, respectively. Pepco filed the draft RFP on April 18, 2011. After reviewing Pepco's draft RFP and the various audit reports, on October 14, 2011 the PSC issued [Order No. 16585](#), directing Pepco to revise its RFP in accordance with a PSC-revised Scope Of Work (SOW). Pepco will file its revised RFP in early January 2012.

[No. 15986](#), the PSC also directed Pepco to file its first RAD surcharge update (true-up) in January 2011. On January 31, 2011, Pepco filed an application to update its RAD surcharge. On March 18, 2011, the PSC issued a Notice of Proposed Rulemaking (NOPR) concerning Pepco's RAD surcharge and directed all parties to file comments within (30) days. No party filed any comments. On May 5, 2011, the PSC approved the surcharge in [Order No. 16357](#). A Notice of Final Rulemaking was issued in *D.C. Register* on May 13, 2011.



Formal Case Accomplishments

Electricity

Regulated Monopoly Service

FC 1087 – The PSC Began Its Consideration of Pepco’s Application for a Rate Increase.

On July 8, 2011, Pepco filed an application with the PSC requesting authority to increase existing retail rates for electric distribution service in the District of Columbia by \$42 million, which would represent an increase of approximately 10.2% in Pepco’s distribution revenues. The requested rates were designed to collect \$456 million in total distribution revenues. Pepco proposed an overall rate of return of 8.64%, an increase from the 8.01% authorized in FC 1076, its last rate case.

Pepco’s proposal would translate to a 5.27% increase for a typical residential customer who uses 750 kilowatt-hour of electricity per month, or roughly \$5 a month. Pepco stated that it was seeking to raise distribution rates because its revenue growth has not kept pace with its growth in operating costs and rate base.

On customers’ bills, distribution service rates are separated from generation (energy production) and transmission rates. Pepco is the sole distributor of electricity in the District, thus the PSC sets Pepco’s distribution rates in a rate case.

Pepco’s application asserts that regulatory lag has denied the Company the opportunity to earn its PSC-authorized rate of return. To address this problem, Pepco proposed establishing a Reliability Investment Recovery Mechanism (RIM) and a prospective rule change allowing for utilities to use fully forecasted test periods in future rate cases.

Pepco stated that the RIM would allow the Company to invest in replacing or upgrading its aging infrastructure and then subsequently recover those costs through a rider designed for each rate schedule, while a fully forecasted test period would allow Pepco to account for known and measurable changes farther into the future and set rates that reflect the expected input price inflation for the effective rate period. Pepco also sought cost recovery of, among other things, its investments in Advanced Metering Infrastructure (AMI) that are not covered by the federal American Recovery & Reinvestment Act (ARRA), including the cost of the new AMI meters, costs associated with the AMI Communications Network and related software, and costs associated with the early retirement of non-AMI meters.

Other features of Pepco’s proposal were: (1) increasing the minimum monthly customer charge from \$6.65 per month to \$10.40 for the standard (R) class and an increase from \$6.65 to \$12.39 for All-Electric residential (AE) class; (2) maintaining the same rates for low-income RAD customers; (3) continuing to apply the Bill Stabilization Adjustment (BSA); and (4) changing Street Light (SL) and Traffic Signal (TS) volumetric kWh charge to a Customer Charge and Per-Lamp Charge. The Company also proposed a major storm allowance discount for SL and TS, similar to what is being applied to the BSA.

The PSC plans to conduct evidentiary hearings on Pepco’s rate application from January 30, 2012 through February 3, 2012.



FC 1087- The PSC held a pre-hearing conference on Pepco’s rate case.

Fostered Competition

FC 1017 - The PSC Announced Lower Standard Offer Service (SOS) Rates for Electricity Customers.

Based on the outcome of Pepco's competitive bidding process, the Company filed its proposed Standard Offer Service (SOS) electricity supply rates with the PSC on January 28, 2011. The SOS program is the default source for electrical energy for customers who have not chosen to purchase power through a certified competitive provider. After PSC staff found errors in Pepco's filing, Pepco filed a revised version on February 22, 2011. On March 11, 2011, the PSC issued [Order No. 16248](#) approving the new rates, which became effective on June 1, 2011.

FC 1017 – The PSC Approved A Reduction in Pepco's Transmission Rate.

On July 11, 2011, Pepco filed a request to decrease its transmission rates by \$4.5 million based on its application of the FERC-approved formula. On August 10, 2011, in response to a PSC staff data request, Pepco identified an error in the Telecommunications Network Service (TN) peak load contribution and revised its TN rate. On September 2, 2011, Pepco filed an erratum to the August 10, 2011 filing by correcting a labeling error for a tariff

FC 1085 – The PSC Considered the Feasibility of Implementing a Purchase of Receivables Policy.

On January 11, 2011, Clean Current Green Energy Solutions, a competitive electric generation supplier, submitted a formal proposal to the PSC to implement a Purchase of Receivables (POR) program through Pepco in the District. Generally, POR programs permit or require the electric or gas utility to purchase the receivables of retail electricity/gas suppliers at a discount rate equal to the utility's actual uncollectible rate. Under POR, the risk for collecting unpaid debt is shifted from suppliers

The new residential rates reflect a reduction in the cost of electricity for SOS customers from 10.9 cents per kWh in the summer to 9.3 cents per kWh and the rates declined from 10.2 cents per kWh to 8.8 cents per kWh in the winter. As a result, the average residential SOS customer saw a decrease in their electric bills of 10.2% or about \$9.95 per month based on 685 kWh/month. Small commercial SOS customers' energy supply bills decreased 7.8%, or about \$21.05 per month for the average user. Since the average total residential SOS bill (including the cost of electricity and Pepco's distribution charges) was about \$88, the electricity portion of the average residential SOS bill declined from \$72.14 to \$62.20.

page number. Subsequently, the PSC issued a Notice of Proposed Rulemaking (NOPR), which appeared in the D.C. Register on September 30, 2011. Comments were due October 31, 2011. No comments were filed.

On November 21, 2011, the PSC issued [Order No. 16618](#), approving Pepco's request. A Notice of Final Rulemaking (NOFR) was published in the D.C. Register on November 25, 2011. SOS customers received an overall transmission rate decrease of \$4.5 million beginning on December 1, 2011.

to the utility, which alternative suppliers argue will enhance competition.

On May 5, 2011, the PSC published a Notice of Inquiry (NOI) into the adequacy of the current method of allocating payments between Pepco and competitive electricity suppliers. The NOI sought comment on whether, and to what extent, the PSC's rules should be revised to permit or require POR for retail electric generation suppliers. Comments and reply comments were filed by the interested parties subsequent to the NOI. The PSC will continue its study of the proposed POR policy in 2012.

Formal Case Accomplishments

Electricity

Fostered Competition

The PSC Monitored the Wholesale and Retail Electricity Markets.

The PSC participates in a number of regional organizations in order to monitor the wholesale market where most electricity generators serving the District are located. One of those organizations is the Organization of PJM States Inc. (OPSI), which was established on May 13, 2005. OPSI is an inter-governmental organization of utility regulatory agencies in 13 states and the District. These 14 jurisdictions are wholly or partly in the service area of PJM, a regional transmission operator (RTO) approved by the Federal Energy Regulatory Commission (FERC). PJM operates the high-voltage electric transmission grid and wholesale electricity market within its service area. OPSI's activities include, but are not limited to, coordinating data/issues analyses and policy formulation related to PJM, its operations, its Independent Market Monitor, and related FERC matters. In the past, OPSI has submitted numerous filings to the PJM Board and FERC. In December 2011, along with other state commissions and government entities, the PSC joined a new regional group called the Independent State Agencies Committee (ISAC). The purpose of the ISAC is to provide PJM with inputs and scenarios for transmission planning studies. PJM will provide the ISAC with the impacts of the inputs and scenarios on a transmission expansion plan.

The PSC also monitors electric retail prices (including generation and transmission) of alternative suppliers and makes this information available on its website. Comparisons can be made with respect to the generation and transmission components of Pepco's Standard Offer Service (SOS). The PSC has also made available calculators on its website that allow customers to compare the SOS

retail generation and transmission prices with those offered by alternative suppliers.

Through monthly reports to the PSC, Pepco provides information on customer choice in the District for residential and non-residential customers. The share of residential enrollment with alternative suppliers increased over the past year, rising to 7.7% of residential customers in December 2011 compared to 4.4% in December 2010. Alternative suppliers also experienced an increase in their share of commercial customers—from 30.6% in December 2010 to 32.9% in December 2011.

In 2011, the PSC also experienced an increase in the number of electricity suppliers applying to serve customers in the District—with 32 applications submitted in 2011 compared to 22 in 2010. During 2011, the PSC approved 27 alternative electricity supplier applications—bringing the total number of approved alternative suppliers to 81.



Conserved Natural Resources & Preserved Environmental Quality

FC 945 - The PSC Finalized Sub-metering and Energy Allocation Rules.

On October 22, 2008, the D.C. Council enacted the Clean and Affordable Energy Act (CAEA). The CAEA, among other things, requires the PSC to promulgate Sub-metering and Energy Allocation (SEA) rules for non-residential rental units in the District of Columbia. Sub-metering allows a landlord, property management firm, or other multi-tenant non-residential property to bill tenants for individually measured utility usage.

In order to comply with the CAEA, the PSC prepared draft Sub-metering and Energy Allocation (SEA) rules and issued them for comment by order

FC 945 – The PSC Certified Generators for the Renewable Energy Portfolio Standard.

In 2005, the D.C. Council enacted the Renewable Energy Portfolio Standard Act (REPS Act), which established a Renewable Energy Portfolio Standard (RPS) through which a minimum percentage of District electric providers' supply must be derived from renewable energy sources beginning January 1, 2007, with an ultimate target of 11% by 2022. Renewable energy sources are separated into two categories, Tier I and Tier II, with Tier I resources including solar energy, wind, qualifying biomass, methane, geothermal, ocean, and fuel cells, and Tier II resources including hydroelectric power other than pumped storage generation, and waste-to-energy.

On October 22, 2008, the Clean and Affordable Energy Act of 2008 became law. This legislation, among other things, amended the REPS Act and changed the definition of solar energy to provide eligibility for solar thermal applications that do not generate electricity, raised the RPS requirements to 20 percent by 2020, and increased certain alternative compliance fees. The PSC addressed the appropriate changes in a Notice of Final Rulemaking that appeared in the D.C. Register on October 2, 2009.

on April 21, 2009. After reviewing the parties' comments, the PSC modified the draft rules and published a Notice of Proposed Rulemaking (NOPR) on December 18, 2009. On May 27, 2011, the PSC published a subsequent NOPR in the D.C. Register with additional modifications to the draft SEA rules. AOBA, Pepco, and WGL filed comments in response to the May 27, 2011 NOPR. Pepco also filed reply comments.

On November 3, 2011, the PSC adopted Chapter 44 of Title 15 of the District of Columbia Municipal Regulations ("D.C.M.R."), the Sub-metering and Energy Allocation rules, which became effective on November 11, 2011.

On October 20, 2011, the Distributed Generation Amendment Act (DGAA) of 2011 became law. The legislation amended D.C. Official Code Sections 34-1431 through 1439 of the Renewable Energy Portfolio Standard. In particular, the legislation generally disallowed most new solar energy systems located outside of the District from being certified by the PSC for the RPS program, after January 31, 2011—although solar energy systems located outside of the District that were certified prior to February 1, 2011 were "grandfathered" and remained eligible under the RPS program. In addition, this legislation increased the solar RPS requirement from 2011 through 2023 (up to 2.5 percent by 2023 as opposed to 0.4 percent by 2020), disallowed the certification of solar energy systems larger than 5 megawatts (MW) in capacity, amended the solar compliance fees for 2011 through 2023, and changed the eligibility requirements for solar thermal systems. The PSC will address these statutory revisions in a NOPR amending the RPS rules to be issued on January 13, 2012. The amendments to the RPS rules will become effective upon publication in the D.C. Register in 2012.

Pursuant to the DGAA, in [Order No. 16528](#) (issued September 9, 2011), the PSC denied all applica-

(Continued on page 51)

Formal Case Accomplishments

Electricity

Conserved Natural Resources & Preserved Environmental Quality

(Continued from page 50)

tions of solar energy facilities seeking certification as eligible District of Columbia renewable energy standards generating facilities, which were not located within the District, nor in locations served by a distribution feeder serving the District, and pending before the PSC on August 1, 2011. Moreover, in [Order No. 16529](#), issued on September 9, 2011, the PSC decertified 1,426 solar energy facilities not located within the District, or in locations served by a distribution feeder serving the District, and certified by the PSC between February 1, 2011, and the effective date of the Act, August 1, 2011, as well as any solar facilities with a capacity larger than 5 MW regardless of the date certified.

In 2011, the PSC received 1,846 renewable generator applications—primarily involving the certification of solar generators for the RPS program. As of December 31, 2011, there were 2,676 solar en-

ergy systems (including both solar photovoltaic and solar thermal) approved for the District's RPS program, with 439 located within the District. The total reported capacity associated with the approved solar energy systems is about 22.4 MW, with about 3.5 MW in the District.

In addition, as of December 31, 2011, there were 2,755 renewable generator applications eligible for the District's RPS program. Of the facilities approved, 2,738 (about 99 percent) use Tier I resources (including biomass, methane from landfill gas, solar, and wind) and 17 (roughly 1 percent) use Tier II resources (including hydroelectric and municipal solid waste). These renewable generators may be certified in other states that have an RPS requirement as well, so the renewable energy credits associated with the generating capacity are not necessarily fully available to meet the District's RPS.

FC 945 – The PSC Approved a Revised Pepco Net Metering Contract and Rider Consistent with the Clean and Affordable Energy Act of 2008.

On December 22, 2010, the PSC issued [Order No.](#)

[16084](#), rejecting Pepco's net metering contract and directing Pepco to file a revised contract. Pepco filed the revised contract on January 6, 2011 and it filed another revised version on February 2, 2011. On April 8, 2011, the PSC issued [Order No. 16300](#), approving the revised contract and associated rider.



FC 945 - The PSC held a status conference on Pepco's energy efficiency programs.

FC 945 – The PSC Reviewed Electricity Suppliers’ Fuel Mix Filings.

The 1999 Electric Retail Competition Act requires each licensed electricity supplier doing business in the District to report to the PSC and its customers every six months on the fuel mix of the electricity it sells in D.C., including renewable resources. The PSC is also charged with establishing regulations regarding fuel mix disclosure, as appropriate, and determining whether it is feasible for electricity suppliers to provide such fuel mix information.

In addition, the Omnibus Utility Amendment Act of 2004, which became effective on April 12, 2005, required the PSC to determine whether it is feasible for electricity suppliers to disclose emission information every six months. On May 19, 2005, the

FC 1017 - The PSC Held a Legislative-Style Hearing on June 16, 2011 to Explore Dynamic Pricing and SOS Procurement Issues.

On June 3, 2011, the PSC issued a Notice of Legislative-Style Hearing on Standard Offer Service (SOS) issues to be held on June 16, 2011. The purpose of the hearing was to obtain input from various stakeholders, including retail and wholesale electric generation suppliers, on issues related to the potential integration of dynamic pricing and the SOS procurement process for electric generation services. The hearing also was designed to explore the opportunities available to alternative retail electric generation suppliers to provide dynamic pricing rate designs to customers in D.C. Pepco, OPC, Washington Gas Energy Service (WGES), the Retail Energy Supply Association (RESA), Constellation, and NextEra Energy participated in the hearing. The Apartment and Office Building Association (AOBA) and American Association of Retired Persons (AARP) were not present at the hearing but filed comments prior to the hearing. Clean Currents, an alternative electric generation supplier, filed comments after the hearing. On June 30, 2011, Pepco and RESA filed follow-up responses to the questions raised in the hearing.

PSC issued [Order No. 13589](#) that directed all active electricity suppliers to disclose emissions information for carbon dioxide, nitrogen oxide, and sulfur dioxide semi-annually as required by D.C. Law. Suppliers were instructed to file this information in June and December of each year, along with their fuel mix information.

Pepco and the alternative electric generation suppliers serving the District filed fuel mix reports in June and December of 2011. The PSC Staff reviewed the filings and posted the information on the PSC’s website. In addition, every two years beginning July 1, 2003, the PSC is required to report fuel mix information to the D.C. Council. The PSC submitted a report to the D.C. Council on June 30, 2011.

The key topics addressed at the hearing included:

- The potential use of a Critical Peak Rebate for default SOS customers and the resulting rate implications;
- The sharing of information regarding dynamic pricing programs with wholesale SOS bidders;
- Dynamic pricing and its impact on wholesale SOS bidding;
- The identification of ways to incent alternative electric generation suppliers to offer dynamic pricing rate designs;
- Information needed for alternative electric generation suppliers to provide Critical Peak Pricing and Time-of-Use pricing rate design options.

A transcript of the hearing was docketed in the case.

Formal Case Accomplishments

Electricity

Conserved Natural Resources & Preserved Environmental Quality

FC 1050 – The PSC Reviewed Pepco’s First Small Generator Interconnection Annual Report.

On February 13, 2009, the PSC published District of Columbia Small Generator Interconnection Rules (DCSGIR) in the D.C. Register. The DCSGIR sets forth the standards and procedures for customers with on-site generation to interconnect safely with Pepco’s electric distribution system. The DCSGIR requires, among other things, that Pepco submit annual reports on interconnection

implementation with the PSC so that the regulatory agency can monitor the Company’s progress in generator interconnection.

Pepco filed its first Annual Report on August 30, 2011. On November 3, 2011, the PSC issued [Order No. 16601](#) identifying deficiencies in the Annual Report and directing Pepco to revise the report. Pepco filed its revised Annual Report on November 14, 2011. The PSC will issue an order on the revised Annual Report in early 2012.

FC 1053 – The PSC Monitored Pepco’s Decoupling Mechanism, Called a Bill Stabilization Adjustment (BSA).

Pepco implemented the PSC-approved Bill Stabilization Adjustment (BSA) beginning with customers’ bills received in January 2010. In September 2009, the PSC had approved a BSA that resulted in a slight lowering of residential consumers’ distribution rates to reflect a small 50 basis point reduction in Pepco’s return on equity. The BSA eliminates the disincentive for Pepco to promote energy efficiency programs that help customers reduce their electricity usage and drive down electricity supply

costs, which are the largest portion (75% to 80%) of a bill. Previously, there was a disincentive for Pepco to encourage conservation because Pepco’s revenue was generally linked with electricity consumption by ratepayers.

The amount of the BSA adjustment changes from month to month. Distribution rates will decline if Pepco receives more revenue per customer than the PSC approved and rates will increase when Pepco receives less revenue per customer than the PSC has approved.

FC 1070 - The PSC Denied Pepco’s Demand Response (DR) Program Proposal and Closed the Case.

On December 17, 2009, in [Order No. 15629](#), the PSC directed Pepco to file a Demand Response (DR) Program Plan that assumed implementation of Advanced Metering Infrastructure (AMI). Accordingly, on January 20, 2010, Pepco filed its proposed plan and the Company proposed to collect DR costs not subsidized by federal stimulus funding through

a surcharge mechanism on the distribution portion of customers’ bills. The Maryland PSC had already approved Pepco’s use of this same approach. On March 12, 2010, the PSC published a Notice of Proposed Rulemaking in the D.C. Register inviting public comment on Pepco’s proposal. OPC and Pepco filed comments and reply comments, respectively.

On December 20, 2010, in [Order No. 16109](#), the

PSC denied Pepco’s proposal, while simultaneously inviting Pepco to file a revised application that requested that the PSC approve a regulatory asset to recover AMI-related DR costs. The PSC denied Pepco’s application on the grounds that the regulatory framework in the District is different than in Maryland. The D.C. Council did not authorize a surcharge to recover costs for AMI-dependent DR. In the absence of such authorization, a surcharge is arguably a change in rates that would require a separate process in the context of a general rate case. Moreover, Pepco’s other AMI-related costs are, by law, recovered through a

regulatory asset so it is reasonable to allow Pepco to recover AMI-related DR in the same fashion.

On June 15, 2011, Pepco filed its revised Residential Air Conditioner Direct Load Control Program (DLC Program) with updated tariff pages, including a new Rider “R-DLC” – Residential Direct Load Control. Subsequently, Pepco’s DLC Program tariff filing was transferred to FC No. 1086. On July 8, 2011, in [Order No. 16433](#), the PSC notified the parties of its intent to close FC 1070. The case was closed ten days thereafter.

FC 1086 – The PSC Approved Pepco’s Revised Direct Load Control Program.

On June 15, 2011, Pepco filed its Revised Residential Air Conditioner Direct Load Control (DLC) Program with updated tariff pages, including a new Rider R-DLC—Residential Direct Load Control. The Company stated that the DLC Program updated its previous filing to respond to the PSC’s request to establish a regulatory asset to cover the costs for the proposed program. Further, the Company stated the DLC Program was designed to be deployed in an environment where AMI meters are in place for all distribution customers.

On June 24, 2011, the PSC published a Notice of Proposed Rulemaking in the D.C. Register requesting comments on Pepco’s DLC filing. After reviewing the comments from parties, in [Order](#)

[No. 16602](#) (issued November 3, 2011), the PSC approved Pepco’s revised DLC Program and directed the Company to file a DLC education plan. Pepco was also directed to file quarterly reports for the DLC Program and to submit a formal evaluation report after two years of program implementation. The updated tariff pages for the DLC filing became effective upon publication of a Notice of Final Rulemaking in the D.C. Register on November 11, 2011.

Pepco filed its Demand Response Education Plan on December 5, 2011, in response to [Order No. 16602](#). On December 28, 2011, in [Order No. 16665](#), the PSC granted OPC’s motion for an extension of time to file comments on the Company’s plan. The PSC will act upon Pepco’s filing in 2012.



Formal Case Accomplishments

Electricity

Educated & Informed the Public

FC 1056 - The PSC Approved the Deployment Phase of the Advanced Metering Infrastructure (AMI) Task Force's Customer Education Plan.

On August 4, 2011, the PSC, in [Order No. 16484](#), approved Campaign I, covering smart meter deployment, of the Advanced Metering Infrastructure (AMI) Task Force's Customer Education Plan. At the PSC's direction, the AMI Task Force filed a more detailed version of Campaign II, covering the activation of smart meters on November 1, 2011, and the PSC requested public comments. These

education efforts were the result of a collaborative process with participation from staff members from PSC, OPC, the Sustainable Energy Utility (SEU), District Department of the Environment (DDOE), and Pepco, as well as representatives of Politics and Prose's Climate Action Committee and AARP-DC. The PSC has continued to monitor Pepco's installation of smart meters and refined various reporting requirements so as to remain informed about installation efforts and possible obstacles and delays.

Resolved Disputes

FC 1092 – The PSC Began an Investigation of the Consumer Practices of Horizon Power and Light, LLC.

On October 18, 2011, OPC submitted a petition to investigate customer solicitation calls from Horizon. In its filing, OPC stated that it had received numerous calls over the previous three months from residential consumers, many of whom were senior citizens, complaining of aggressive telephone solicitations from ostensibly representatives of Horizon. On October 19, 2011, Horizon filed a response to OPC's petition, stating that it has strict

documented processes, rules and agreements that all employees, representatives and third-party vendors must follow. On October 27, 2011, Horizon informed the PSC by e-mail that it had conducted its own investigation and was taking affirmative steps to address and remediate any inappropriate actions by its agents and employees.

On November 3, 2011, the PSC issued [Order No. 16603](#) inviting public comment on Horizon's responses. Horizon filed reply comments on December 2, 2011. The PSC will continue this investigation in 2012.

FC 1094 – The PSC Began an Inquiry of Michael Petras' Complaint Regarding Glacial Energy of D.C.

On October 25, 2011, Michael Petras e-mailed the PSC requesting an investigation of Glacial Energy

of D.C. (Glacial) and making a series of allegations concerning business practices of Glacial's affiliates. The PSC began an inquiry into whether there was any validity to Petras' claims. It is expected that the PSC will determine whether there should be an investigation of Glacial in 2012.

FC 1097 – The PSC Initiated a Proceeding to Address Liberty Power's Complaint Against Pepco.

On November 16, 2011, Liberty Power Corporation (Liberty) filed a complaint against Pepco alleging that Pepco violated Section 13(g) of its Tariff as

well as Section 107(c) of the Retail Electric Competition and Consumer Protection Act of 1999 by unilaterally registering National Presbyterian Church to receive Standard Offer Service (SOS) without its consent. The PSC will issue an order addressing the complaint in 2012.

The PSC Participated in Federal Proceedings

The PSC Participated in Federal Energy Regulatory Commission (FERC) Proceedings and Monitored PJM Interconnection, LLC (PJM) Activities to Ensure Just and Reasonable Rates.



Retail electric generation prices in the District are based substantially on wholesale prices established in the PJM region where most generators serving the District are located. Thus, the PSC monitored a number of

FERC proceedings and participated in several others to ensure the regional markets served the best interests of the District. Several of the PSC's activities in 2011 in that regard are summarized below.

A. FERC Docket ER11-3322 – Measurement of Performance of Capacity Demand Response During Emergency Dispatch.

On April 7, 2011, PJM Interconnection, LLC (PJM) submitted a filing at FERC proposing to clarify, in its tariffs, the capacity values (i.e., the performance measurement standards) applicable to load reductions made in the delivery year by demand response (DR) resources that have offered and cleared in PJM's capacity market. PJM proposed that, for a load reduction to be recognized as having satisfied its capacity commitment, the load reduction must result in a metered load that is less than the customer's Peak Load Contribution (PLC). PJM asserted that these changes be made effective in order to ensure that consumers in the PJM region will pay only for capacity reductions that are actually delivered to PJM and that the amounts of capacity PJM procures through Reliability Pricing Model (RPM) will continue to be adequate to maintain reliability in the PJM region.

In an Order issued June 3, 2011, the FERC accepted and suspended PJM's filing for a five-month period to become effective November 7, 2011, subject to refund, and the outcome of a

technical conference. The technical conference was held on July 29, 2011. Following the technical conference, interested parties, including the D.C. PSC, submitted written comments. The D.C. PSC's filing supported PJM's proposed tariff changes. In an Order issued November 4, 2011, FERC accepted PJM's filing, effective November 7, 2011, subject to certain conditions.

B. FERC Docket ER11-4628 – Price Responsive Demand (PRD).

On September 23, 2011, PJM submitted for FERC approval proposed revisions to the PJM Open Access Tariff (Tariff), the Amended and Restated Operating Agreement of PJM (Operating Agreement), and the Reliability Assurance Agreement among Load Serving Entities in the PJM Region (RAA) to recognize and support, at the wholesale level, the development of Price Responsive Demand (PRD)—enabled by advanced meters and dynamic retail rate structures – by states in the PJM region. The proposed revisions address PRD both in the context of PJM's forward capacity market (known as the RPM) and PJM's day-ahead and real-time energy markets. The proposals will allow load serving entities (LSE's) and other market participants to commit that PRD loads will be reduced to specified levels when prices rise during emergency conditions, and for PJM to rely on those promised load reductions to reduce the capacity level targeted for procurement in the RPM forward auctions.

The D.C. PSC filed comments on October 14, 2011 in support of PJM's well-structured proposal to advance the integration of PRD into wholesale markets. The D.C. PSC urged FERC to approve PJM's proposed changes to the Tariff, Operating Agreement and RAA.

In an Order issued on December 14, 2011, FERC accepted and suspended PJM's proposed tariff changes subject to refund and the outcome of a FERC staff technical conference to be held in early 2012.

Formal Case Accomplishments

Natural Gas

Ensured Safe, Reliable, & Quality Utility Services

FC 977 – The PSC Monitored WGL’s Quality of Service.

At the end of 2009, the PSC issued [Order Nos. 15548](#) and [15630](#), which adopted final rules governing reporting requirements for natural gas quality of service in the District and which provided a compliance reporting format.

Since the rules were established, including throughout 2011, WGL has been unable to comply fully with the natural gas leak and customer-reported odor complaint response times. Although the PSC has previously granted WGL’s waiver requests, the PSC, by [Order No. 16197](#), directed WGL to provide a detailed explanation for its failure to meet PSC rule 3702.2 and provide specific remediation

plans. In the same order the PSC held in abeyance WGL’s waiver request until the PSC had an opportunity to review the detailed explanation.

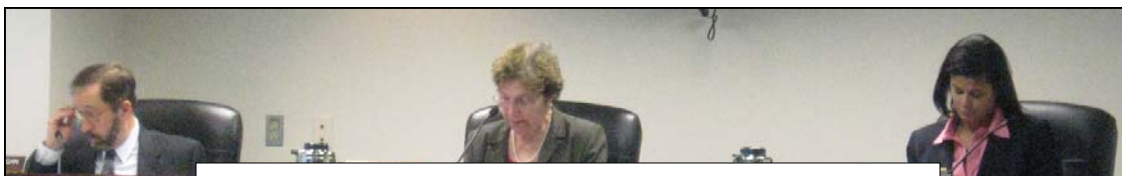
On February 22, 2011, WGL filed its response to [Order 16197](#). After reviewing it, the PSC, in [Order No. 16555](#) dated September 29, 2011 granted WGL’s request for waiver of PSC rule 3702.2 through September 30, 2011, and directed the Company to provide a date by which it expected to be able to achieve full compliance with the rule. On October 6, 2011 WGL filed a response to [Order No. 16555](#) and indicated that it was unsure when if ever it would be able to comply with this provision of the rule as it was presently written. WGL requested that the PSC modify the rule. The PSC expects to act upon WGL’s request in 2012.

FC 1027, GT 06-1, and GT 97-3 – The PSC Approved WGL’s Revised Hexane Recovery Tariff and Monitored WGL’s Replacement of Vintage Mechanical Couplings and Pipe.

In [Order No. 15627](#), issued on December 11, 2009, the PSC approved a Settlement Agreement between WGL and OPC regarding the recovery of hexane costs and the establishment of a program to encapsulate and replace vintage mechanical couplings and pipe (Program). In that Order, the PSC directed WGL to file a tariff containing a proposed mechanism for calculating the surcharge to cover the Program’s costs. In [Order No. 16534](#), issued on September 9, 2011, the PSC approved the tariff specifying how the Program surcharge, called the Plant Recovery Adjustment (PRA), is to be calculated each year.

WGL filed its first Annual Surcharge Filing for the PRA on September 16, 2011, as required under the Settlement Agreement. OPC filed comments on the Annual Surcharge Filing on October 24, 2011. WGL filed Reply Comments on November 3, 2011. In [Order No. 16619](#), issued on November 21, 2011, the PSC directed WGL to respond to several questions regarding the Annual Surcharge Filing. WGL filed its response on December 12, 2011. The PSC will release an order on this filing in 2012.

Also in [Order No. 15627](#), the PSC directed WGL to submit reports summarizing the progress of the Program each year. WGL submitted its second annual report on December 15, 2011. An order regarding this report will be issued in 2012.



FC 1027, GT 06-1, and GT 97-3 - The PSC approved WGL’s revised hexane recovery tariff.

FC 1089 – The PSC Proposed Amendments to the Natural Gas Pipeline Safety Rules.

On August 12, 2011, the PSC published in the D.C. Register proposed new rules governing natural gas pipeline safety. The PSC took this step in order to bring its rules into close conformance with the rules issued by the U.S. Department of Transportation for the transportation of natural and other gas

by pipeline. The PSC also sought to establish specific penalties for violations of natural gas pipeline safety rules. In September 2011, comments and reply comments were filed by the WGL and OPC. The PSC will consider the comments and continue the rulemaking in 2012.

GT 11-1 – The PSC Considered WGL’s Application To Change the Methodology It Uses to Calculate Customers’ Costs for the Installation of Service Pipes and Mains.

On May 25, 2011, WGL filed an application requesting authority to amend its tariffs to replace the 2-year revenue test methodology for calculating customers’ costs for the installation or extension of service pipes and mains with a 30-year Net Present Value (NPV) test. According to WGL, the proposed revision will benefit customers because they would be charged a lower, more appropriate price since the “30-year NPV test provides a much longer revenue stream to offset the life cycle costs of a new customer connection.” Use of the NPV test would also mean there would be no need to require deposits or issue refunds as a result of additional customer usage of the facilities. WGL claimed if its evaluation reflects a return equal to or greater than the authorized return on equity, the customer's request for a line extension or the Company's determination of a main extension can proceed without the customer having to contribute towards costs. On the other hand, if the return is less than the authorized return, the customer contribution would be required in an amount sufficient to meet the authorized return level, including an allowance for income taxes. WGL stated that although the 30-year NPV test incorporates more costs, the potential resulting contribution required from the customer would still be lower than that derived from using the two-year revenue test. By lowering up-front costs of obtaining utility service, District residents and business owners would ex-

pand their choice options.

The PSC issued a Notice of Proposed Rulemaking (NOPR), which was published in the D.C. Register on July 8, 2011. On July 20, 2011 and August 4, 2011, the Maryland-National Capital Building Industry Association and OPC filed comments, respectively. On December 8, 2011, after reviewing the parties’ comments, the PSC issued [Order No. 16637](#). In that order the PSC noted that there are many positive attributes in WGL’s tariff application that make it preferable to the current 2-year revenue test. However, the PSC explained that there were several unanswered questions that WGL should address prior to a final PSC determination. In the Order, the PSC directed WGL to answer three (3) questions. On December 23, 2011, WGL filed its response to those questions. The PSC will issue a final order in 2012.



Formal Case Accomplishments

Natural Gas

Regulated Monopoly Service

FC 874 – The PSC Approved WGL’s 2010 Gas Procurement Report (GPR).

On November 15, 2010, WGL filed its Gas Procurement Report (GPR). This report is due to the PSC every other year. Comments were due on January 31, 2011 and reply comments were due on February 15, 2011. OPC filed comments on Janu-

ary 31 and WGL filed reply comments on February 14. After several meetings of the Gas Procurement Working Group (GPWG), the PSC Staff filed its report on September 15, 2011. The PSC approved the 2010 GPR in [Order No. 16613](#) that was issued on November 22, 2011. Meanwhile, WGL filed its off-year report on November 1, 2011.

FC 989/1093 – The PSC Initiated a WGL Rate Case to Ascertain the Reasonableness of WGL’s Rates.

The PSC monitors WGL’s earnings based on quarterly rate of return reports the Company files in FC 989. On the basis of these filings, on November 2,

2011, in [Order No. 16596](#), the PSC launched an investigation into the reasonableness of WGL’s rates by requiring WGL to file, by February 2, 2012, base rate information. The investigation will continue in 2012 and will include an evidentiary hearing, likely to occur in the fourth quarter of 2012.

FC 1061 – The PSC Reviewed WGL’s Annual Financing Report.

WGL filed its Annual Financing Report on November 30, 2011. The PSC reviewed the report and no action was required.



FC 1079 – The PSC Denied WGL’s Application for Reconsideration of a Revenue Normalization Adjustment and Closed the Case.

On December 21, 2009, WGL filed a request for the PSC to approve a decoupling mechanism called a Revenue Normalization Adjustment (RNA). The RNA is a billing adjustment mechanism that decouples the Company’s non-gas revenue collection from actual delivered volumes of gas. WGL proposed to compute the RNA on a monthly basis, creating either a credit or charge to be subtracted from or added to the monthly distribution charge for all firm and interruptible delivery service customers of WGL.

PSC, in [Order No. 16101](#), issued December 17, 2010, found that WGL’s RNA proposal was not in the public interest because WGL failed to present sufficient evidence to show that the RNA would avoid a distortion in the ratemaking structure that could, in turn, lead to an understatement or overstatement of WGL’s overall revenue requirement. By [Order No. 16101](#), issued December 17, 2010, the PSC declined to consider the RNA outside a fully litigated base rate case and denied WGL’s RNA proposal because it amounted to single issue ratemaking. On February 28, 2011, the PSC denied WGL’s application for reconsideration, finding that WGL’s arguments lacked merit. The case was closed on November 3, 2011 by [Order No. 16597](#).

Following the submission of testimony, evidentiary hearings, and the filing of briefs by the parties, the

FC 1081 – The PSC Denied WGL’s Motion to Change Payment Options and Closed the Case.

On June 18, 2010, WGL filed a tariff application requesting authority to change several payment options for customers such as phasing out the acceptance of cash payments at its walk-in office on Constitution Avenue because of security concerns, low volume, high costs, and the availability of more convenient alternatives. WGL also planned to engage a contractor to provide authorized alternative payment locations for WGL customers to pay their natural gas bills. In addition, WGL asked to be allowed to require the low-income Residential Essential Services (RES) program customers to be enrolled automatically in

the Company’s budget billing plan.

On September 1, 2011, after considering the case in a Notice of Proposed Rulemaking, the PSC issued [Order No. 16524](#), which denied WGL’s tariff application. The PSC found that ceasing to accept cash payments was not in the public interest and that proposed alternate payment arrangements were “obviously burdensome.” The PSC went on to find that WGL’s plan to enroll RES customers into its budget billing Plan would be more appropriately considered in a proposed amendment to the Consumer Bill of Rights than in a tariff-based rulemaking. The PSC closed the case on November 3, 2011 by [Order No. 16597](#).

FC 1088 – The PSC Approved WGL’s Financing Authority Application.

On July 18, 2011, WGL filed an application requesting a three-year authorization to issue and sell debt securities or preferred stock beginning October 1, 2011 and ending on September 30, 2014. The Company stated that it planned to use the proceeds from the financing for four primary purposes: (1) for the refunding of maturing long-term debt; (2) for advance refunding of long-term debt as market conditions permit; (3) for general corporate purposes, including capital expenditures, acquisition of property, working capital requirements and retirement of short-term debt; and (4) for the reimbursement of funds actually expended for any of those purposes.

ation. No other comments or objections were filed.

In [Order No. 16538](#), issued on September 9, 2011, the PSC approved WGL’s application with certain requirements. The PSC noted that historically it has allowed the Company considerable financing latitude. The PSC concluded that it was in the Company’s interest to issue debt at the lowest possible interest rates and under the best possible terms, and that the Company needed financing flexibility to be able to respond to market conditions as they arise. In order to keep the PSC advised of its financing activities, The PSC directed WGL to provide certain information within 60 days after the end of each fiscal year.

WGL also sought expedited review of its application under the PSC’s expedited review process in Chapter 35 of the PSC’s rules [15 DCMR 3500-3505 (2000)]. Pursuant to Chapter 35 of the PSC’s rules, a Notice of Proposed Rulemaking (NOPR) was published in the D.C. Register on July 29, 2011, inviting any comments or objections to the application to be filed no later than 30 days from the publication date.

The PSC also directed WGL to submit, within 30 days of a transaction authorized by [Order No. 16538](#), a brief description of the issuance, including the date and amount of the issuance, a short description of the type of securities issued, and the interest rate. The PSC also required WGL to submit copies of the instruments and/or agreements to the PSC unless they are publicly available, in which case WGL should state where and how the publicly available information can be obtained. Issuance costs, including but not limited to underwriters’ fees and legal expenses, as well as net proceeds and cost rates to the Company, should be reported to the PSC no later than 60 days following the transaction.

OPC filed comments on August 29, 2011, concluding that WGL’s request is in the public interest because overall it would lower the cost of capital for ratepayers. OPC also supported WGL’s request for expedited review of the appli-

Formal Case Accomplishments

Natural Gas

Regulated Monopoly Services

FC 1091 – The PSC Opened an Investigation of WGL’s Depreciation Study and Practices.

Pursuant to the Settlement Agreement in FC 1054, the PSC, in [Order No. 14694](#), issued on December 28, 2007, directed WGL to file a new depreciation study within six (6) months after the moratorium period. In accordance with that Order, WGL filed a depreciation study and associated work papers on August 8, 2011. On September 8, 2011, the PSC issued [Order No. 16539](#), opening FC 1091, a proceeding to investigate the depreciation practices of WGL. The PSC invited interested parties to comment within 45 days of the date of that Order, and reply comments were due 20 days thereafter.

On October 24, 2011, OPC filed its comments recommending that the PSC: (1) deny approval of the depreciation study and (2) conduct an independent study of WGL’s depreciation practices. On November 14, 2011, WGL filed its reply comments requesting that the PSC deny OPC’s two (2) recommendations. In addition, WGL requested that the PSC consolidate its investigation of the WGL’s depreciation practices into the Company’s pending rate case (FC 1093). WGL argued that, traditionally, the PSC has addressed depreciation rates for the Company as part of its base rate proceeding. The PSC is reviewing parties’ comments and WGL’s depreciation study and practices and will render its decision in 2012.

GT01-1 – The PSC Required WGL and the Gas Procurement Working Group (GPWG) to Re-Evaluate the Company’s Hedging Decisions.

On October 5, 2001, in [Order No. 12201](#), the PSC approved a WGL pilot Physical Hedging Program to reduce the volatility of natural gas prices during winter months. Each year thereafter, the PSC has required WGL to file an Annual Report on its pilot Physical Hedging Program and comments have been sought in order to consider possible changes to the program. Through Order Nos. [12201](#), [12327](#), [13654](#), [13870](#), [14231](#), [14755](#), [15275](#), and [15700](#), the PSC allowed the pilot Physical Hedging Program to continue through the 2010-2011 winter season.

On November 4, 2010, after receiving comments on the request, the PSC issued [Order No. 16042](#). In the Order, the PSC granted WGL’s request to make the physical hedging program permanent, approved expanding the time period for executing hedging transactions up to 3 years in advance, allowed the use of financial transactions for winter hedging, and granted the request to combine the storage injection and winter hedging programs. However, the PSC decided that the pilot Financial Hedging Program was to remain a pilot through the winter 2011-2012 season.

On April 29, 2009, WGL filed an application for approval of a permanent hedging program. In its application, WGL requested the PSC’s authorization to: (1) operate both its winter baseload hedging and its hedging of storage injection as permanent programs; (2) expand the time period for execution of hedging transactions up to 36 months prior to the flow date of the hedged gas; (3) allow for the use of financial transactions for winter baseload transactions; and (4) combine the two hedging programs (storage injection and winter baseload).

On December 21, 2011, the PSC issued [Order No. 16646](#), which directed WGL to continue to evaluate its hedging decisions in an effort to help minimize the incremental costs to ratepayers and to provide the Gas Procurement Working Group (GPWG) with additional information and analysis on the costs and benefits of hedging programs. In the same order, the GPWG was directed to review: 1) how WGL’s hedging practices compare to other utilities in the region; 2) whether there are practices of other utilities that should be considered; and 3) is WGL aware of other jurisdictions that have identified specific costs and benefits to be used in the analysis of a hedging program.

Fostered Competition

The PSC Monitored the Wholesale and Retail Natural Gas Markets.



All D.C. natural gas residential and non-residential customers can choose their commodity gas supplier. The PSC monitors wholesale and retail natural gas prices of commodity natural gas suppliers and makes this information available on its website. The information is updated on a monthly basis. Comparisons can be made with respect to the costs of the natural gas commodity itself that flow through WGL's pipes and mains. that allows cus-

tomers to compare the commodity prices

WGL provides information on customer choice in the District for residential and non-residential customers. The share of residential enrollment with alternative suppliers increased slightly over the past year, with about 10 percent of residential customers enrolled in December 2011, compared to 9 percent in December 2010. Similarly, alternative suppliers' share of non-residential customers increased from 36 percent in December 2010 to 37 percent in December 2011.

The PSC continues to receive and approve new applications for alternative natural gas suppliers. In 2011, the PSC approved 10 alternative natural gas supplier applications—increasing the total number of approved suppliers to 38.

Federal Grants

The PSC Ensured Natural Gas Pipeline Safety through the Federal Pipeline Safety Grant in 2011.

The PSC's Natural Gas Pipeline Safety Program is designed to ensure that WGL, the sole natural gas distribution company in the District, is in compliance with federal and District gas pipeline safety regulations for the design, construction, operation, and maintenance of natural gas pipeline facilities. The program is partially funded and rigorously audited by the U.S. Department of Transportation (USDOT).

In 2011, PSC Staff performed on-site inspections of pipeline facilities; conducted office utility records inspections, including drug and alcohol records; conducted incident investigations to determine probable causes; developed enhanced regulations to facilitate pipeline safety; monitored the training and qualifications of pipeline operators; monitored WGL's integrity management activities; and promoted pipeline safety through public education programs. PSC Engineering Staff con-

ducted 535 natural gas pipeline safety inspections and refereed 44 natural gas meter tests. PSC Engineering Staff monitored WGL's implementation of its Plan for the minimization of natural gas leaks through the encapsulation and replacement of vintage mechanical couplings.

Data on the trends in the number of inspections and other performance measures can be found in the Key Outcomes section under Ensured Public Safety and Reliability.



Formal Case Accomplishments

Natural Gas

Federal Grants

The PSC Completed the 2011 One-Call Grant Project to Prevent Damage to Underground Facilities.

The 2011 One-Call Grant Project was completed on December 31, 2011. The purpose of the grant was to help reduce damage to underground facilities such as natural gas, electric, water and telephone lines.

The following tasks were undertaken by the One-Call Inspector as part of the 2011 One-Call Grant Project: (A) conducted field inspections of underground facility location markings, (B) examined and compared “locate” requests and responses to determine the extent and timeliness of responses to the request data reported by locators to the One-Call Center, (C) tested and verified the accuracy of markings performed by locators, (D) conducted inspections of excavation sites to assure that excavations are carried out in accordance with federal and District laws, and (E) verified the accuracy of maps and mapping technology used by underground facility locators to perform markings.

The Inspector conducted inspections of a sampling of 592 excavation sites. The objective of the excavator inspections was to enforce the District’s One-Call law regarding the responsibilities of excavators. Excavator inspections included both scheduled and unscheduled inspections of excavation sites. The excavation sites were inspected on a random basis over the course of six months. About 98% (580) complied with the District’s One-Call law (marked within 48 hours) and 99% of the markings were found to be accurate and in compliance with National Utility Locators Contractors Association (NULCA) guidelines. The Inspector spent approximately two (2) hours at each site. The District’s One-Call law requires adequate notification (48 hours prior to start of excavation) to the One-Call Center, adequate planning to avoid damage to underground facilities, and hand digging within a reasonable distance from the underground facility. All

the above-mentioned requirements were tested during excavation inspections.

Only 12 non-compliant markings were found in the District during the CY 2011 One-Call inspections. Most of the non-compliant markings were due to inclement weather and were corrected as WGL called the locator to complete the markings. All (100%) of the maps used by locators were accurate and correctly identified the underground facilities at all the 100 locations where the use of mapping was witnessed.

In addition to the above-mentioned One-Call Grant Project accomplishments, the PSC provided educational materials on the new 811 abbreviated dialing code to all excavators, District residents, and underground facility locators met during One-Call related field visits. The PSC also promoted the April 2011 National Safe Digging Month by issuing a District-wide bulletin/press release and a web site posting, and prepared the April National Safe Digging Month declaration and resolution by the Mayor and D.C. Council.



**Know what's below.
Call before you dig.**

Telecommunications

Ensured Safe, Reliable, & Quality Utility Services

FC 990 – The PSC Ensured Fair and Open Local Telecommunications Competition at the Wholesale Level in 2011.

The PSC requires Verizon to file a monthly Performance Assurance Plan (PAP) and Carrier-to-Carrier Report to ensure Verizon does not favor its own services over Competitive Local Exchange Carriers (CLECs) that lease space in Verizon’s network in order to serve retail customers in the District. The reports contain performance metrics to ensure there is fair and open competition at the wholesale level. PSC staff reviews each report to

determine if Verizon violated any of the standards. If it does, automatic penalties are invoked.

With one exception, Verizon was in compliance with the standards throughout 2011. The one exception was in August 2011. On October 18, 2011, Verizon filed a request for a waiver of the PAP rules due to its union strike and Hurricane Irene. The PSC issued [Order No. 16611](#) on November 30, 2011, approving the request. Thus, Verizon did not incur any penalties in 2011.

FC 990 – The PSC Continued To Monitor Verizon’s Service Quality.

Verizon has periodically failed the residential and/or business out-of-service clearing time quality of service standards over a number of years. In 2007, the PSC required Verizon to submit a remedial plan and the PSC monitored Verizon’s implementation of the plan by requiring the Company to file quarterly quality of service performance reports. On September 28, 2009, in [Order No. 15560](#), the PSC required Verizon to submit a revised remedial plan. The Company filed the plan on October 28, 2009.

medial plan. However, the Order also required Verizon to provide the “absolute number of out-of-service trouble tickets received, the number of out-of-service trouble tickets that were not cleared within 24 hours, and a categorization of the cause of each out-of-service trouble ticket in the affected month.”

During 2011, the PSC continued to monitor Verizon’s performance through the Company’s quarterly quality of service reports and third-party damage reports. Verizon claims many of the outages are caused by damage to its cables from third-party contractors. The PSC has required Verizon to report on the steps it is taking to educate these contractors and to seek reparations.

After monitoring Verizon’s quality of service performance based on the Company’s quarterly reports on August 24, 2010, the PSC issued [Order No. 15943](#), in which it approved Verizon’s revised re-

FC 990 – The PSC Updated the Enforcement Section 2703 of Chapter 27 of the DCMR Governing the Regulation of Telecommunications Providers.

On November 5, 2010, the PSC published a Notice of Proposed Rulemaking (NOPR) amending several sections of Chapter 27 of Title 15 of the District of Columbia Municipal Regulations, which contains the rules regarding the PSC’s regulation of telecommunications providers. The purpose of the amendments was to update the rules by making several small revisions throughout the Chapter.

Verizon was the only party to file comments and those comments addressed only two sections of the Chapter - 2703.1 and 2740. Section 2703 contains enforcement rules and Section 2740 contains rules governing the reporting of service outages, personal injuries, or death resulting from utility operations or maintenance. On the basis of Verizon’s comments, the PSC issued a second NOPR on April 15, 2011. The PSC re-noticed the April 2011 NOPR on August 5, 2011. On September 20, Verizon filed its comments after receiving PSC approval of its request for an extension of time. On October 14,

(Continued on page 65)

**T
E
L
E
C
O
M
M
U
N
I
C
A
T
I
O
N
S**

Formal Case Accomplishments

Telecommunications

Ensured Safe, Reliable, & Quality Utility Services

(Continued from page 64)

2011, the PSC issued [Order No. 16583](#), approving the proposed amendments to Section 2703 and many other sections but not Section 2740. The PSC published a Notice of Final Rulemaking in the D.C. Register on October 21, 2011.

On October 21, 2011, the PSC sought to amend Section 2740 of Chapter 27, the outage reporting rules pertaining to the confidentiality of reports filed with the PSC. The purpose of the amendment was to waive the outage reporting rules so reports will be filed only for outages that impact retail cus-

tomers. The NOPR elicited comments from Verizon and Comcast who filed comments on November 21, 2011. No reply comments were filed.

In the meantime, in [Order No. 16559](#), issued on September 29, 2011, the PSC waived portions of the rules requiring telecommunications service providers to file reports for only those outages affecting retail customers. On December 21, 2011, the PSC issued [Order No. 16653](#), extending the requirement that Verizon file outage reports only for ones that impact retail customers until March 21, 2012. The PSC will amend the rule permanently in 2012.

FC 1090 – The PSC Opened an Investigation into Verizon’s Telecommunications Infrastructure.

On August 26, 2011, OPC filed a petition to investigate the reliability of Verizon’s telecommunica-

tions infrastructure. Verizon filed its Answer and Motion to Dismiss on September 6, 2011. In [Order No. 16586](#), issued on October 14, 2011, the PSC opened an investigation into the quality of Verizon’s infrastructure. Filing of testimony and an evidentiary hearing will occur in 2012.

Regulated Monopoly Services

FC 988 – The PSC Revised the Telecommunications Universal Service Rules in Chapter 28 of Title 15 of the DCMR to, Among Other Things, Permit the Assessment of Voice over Internet Protocol (VoIP) Providers.

In two rulemakings in 2011, the PSC revised its telecommunications universal service rules to implement several statutory changes and to make the rules more user-friendly. The PSC published comprehensive changes in a Notice of Proposed Rulemaking (NOPR) that appeared in the D.C. Register on November 26, 2010. One of the revisions was to permit the assessment of Voice over Internet Protocol (VoIP) providers. On December 23, 2010, AT&T/Teleport (AT&T), and the District Department of the Environment, Energy Office (DDOE) filed comments. OPC and Verizon filed comments on December 27, 2010. Verizon filed reply comments on January 10, 2011. In [Order No. 16558](#),

issued September 29, 2011, the PSC finalized amendments to some of the sections of Chapter 28. The PSC published the NOFR in the *D.C. Register* on October 7, 2011.

On October 7, 2011, the PSC published another NOPR. No comments were filed so the rules were adopted in [Order No. 16625](#), issued November 30, 2011. The revisions to Sections 2803.1 through 2803.3 revised the reimbursement requirement, so that the D.C. Universal Trust Fund (DCUSTF) Administrator can reimburse Eligible Telecommunications Carriers (ETC) for all of the customers on the ETC list as long as 95% of these customers are also on the list of the agency responsible for certifying customer eligibility. The remaining amendments permitted the PSC to assess VoIP service providers for their share of the DCUSTF. The PSC published the NOFR in the D.C. Register on December 9, 2011.

FC 988 – The PSC Took Steps to Make Lifeline Eligibility Criteria Conform to the Residential Aid Discount (RAD) Criteria.

On November 22, 2010, the District Department of the Environment (DDOE) asked the PSC to change the eligibility criteria for Lifeline service, the landline telephone subsidy for low-income customers in D.C. so they are the same as the criteria for the Residential Aid Discount (RAD) for low-income electricity customers and the Residential Essential Service (RES) for low-income natural gas customers. The PSC had granted DDOE’s motion to change the eligibility criterion for participation in the RAD program from 150 percent of the federal poverty line to the highest income participation level authorized under LIHEAP in [Order No. 15986](#) issued September 20, 2010.

On January 7, 2011, Verizon filed a motion to file comments and its comments opposing DDOE’s request. DDOE filed reply comments on January

21, 2011. On March 17, 2011, the PSC issued [Order No. 16259](#), directing DDOE to file updated information supporting its proposal and requesting comments on DDOE’s submission. DDOE filed its response on May 5, 2011. Verizon filed comments on June 6, 2011 and DDOE filed reply comments on June 15, 2011. Verizon filed reply comments to DDOE on June 20, 2011. On June 24, 2011, DDOE filed a motion to strike Verizon’s June 20, 2011 reply comments and sur-reply comments. In [Order No. 16430](#), issued on July 8, 2011, the PSC denied DDOE’s motion while accepting DDOE’s sur-reply comments.

Because increasing the eligibility requirements for Lifeline service also may substantially increase the costs to non-subsidized telecommunications customers, on December 20, 2011, the PSC issued [Order No. 16650](#), directing DDOE to provide updated information within 30 days and allowing the parties to comments thereafter. Thus, this matter will continue to be addressed in 2012.

FC 988 – The PSC Held a Telecommunications Relay Service (TRS) Advisory Board Meeting on May 27, 2011.

The PSC is required to hold annual meetings of the Telecommunications Relay Service (TRS) Advisory Board. TRS refers to the telecommunica-

tions service to the deaf and hard-of-hearing. In 2011, the meeting was held on May 27, 2011. As a follow-up, the PSC conducted a survey of 40 TRS providers to obtain information on whether they offer soft dial tone service, which would permit calls to E911 service from a line that is otherwise disconnected.



Telecommunications Relay Service (TRS) Advisory Board Meeting.

FC 1059 – The PSC Reviewed Verizon’s Long-Term Financing Report.

Verizon filed its annual long-term financing report on February 22, 2011. The PSC reviewed the report and no action was required.



Formal Case Accomplishments

Telecommunications

Fostered Competition

FC 1057 – In 2011, the PSC Reviewed 23 Verizon Basic, Discretionary, and Competitive Service Pricing Filings and Took Action on Three of them Per Price Cap Plan 2008.

On September 28, 2008, the PSC approved Price Cap Plan 2008 in [Order No. 15071](#), to become effective on October 1, 2008. In accordance with the Plan, basic residential rates were frozen for two years. Thereafter, Verizon can increase basic residential and business rates to the lesser of 10% or

\$1.00 each year. Verizon is allowed to make changes to its discretionary and competitive services, without formal approval of the PSC, by filing a description of the changes and relevant cost support information on five days notice. The PSC does not set rates for competitive services. The PSC has established a 15% cap on rate increases for discretionary services.

Verizon made 23 basic, discretionary, and competitive service pricing filings in 2011. See below.

| No. | Docket Nos. | Eligible Customers | Verizon's Proposed Changes | Filing Dates | Effective Dates |
|-----|--------------|--------------------|---|-------------------|-------------------|
| 1 | FC1057-T-599 | Residential | Verizon proposed to terminate Message "B" service for new customers and grandfather the service to existing customers. | January 4, 2011 | January 5, 2011 |
| 2 | FC1057-T-601 | Business | Verizon revised the terms associated with the IntelliL-inQ PRI service. | January 19, 2011 | January 20, 2011 |
| 3 | FC1057-T-607 | Business | Verizon increased the monthly recurring rate for Business Message Rate service from \$17.95 to \$18.95. | February 1, 2011 | February 2, 2011 |
| 4 | FC1057-T-608 | Business | Verizon responded to billing errors on 2/1/2011 filings. Verizon indicated no bills were incorrectly charged and as a result no refund due. | February 3, 2011 | February 4, 2011 |
| 5 | FC1057-T-615 | Business | Verizon increased rates for services contained in its General Services Tariff. | February 17, 2011 | February 19, 2011 |
| 6 | FC1057-T-617 | Business | Verizon revised the Transparent LAN service in its Advanced Data Service. | February 23, 2011 | February 24, 2011 |
| 7 | FC1057-T-619 | Business | Verizon revised the terms associated with the solutions for business bundle service contained in its General Service Tariff. | March 3, 2011 | March 4, 2011 |

| | | | | | |
|----|--------------|---------------------------------|---|----------------|----------------|
| 8 | FC1057-T-620 | (Discretionary Services Basket) | Verizon increased its monthly recurring rates for services contained in its General Services Tariff. | March 3, 2011 | March 4, 2011 |
| 9 | FC1057-T-625 | Business | Verizon revised the terms associated with the Custom redirect service contained in its General Services Tariff. | March 31, 2011 | April 1, 2011 |
| 10 | FC1057-T-627 | Business | Verizon introduced a special offer for business customers who disconnect from Verizon or who change service. | April 12, 2011 | April 13, 2011 |
| 11 | FC1057-T-628 | Discretionary Services | Verizon revised tariff pages for Nonpublished Listing Service and Nonlisted Service. | April 15, 2011 | April 16, 2011 |
| 12 | FC1057-T-629 | Business | Verizon revised the terms contained in its General Services Tariff and introduced multi-line discounts associated with Solutions for Business service and revised the bundle discounts associated with the Regional Value and Regional Essentials services. | April 15, 2011 | April 16, 2011 |
| 13 | FC1057-T-631 | Business | Verizon revised terms contained in its General Services Tariff. | May 2, 2011 | May 3, 2011 |
| 14 | FC1057-T-636 | Business | Verizon provided 30 day notice to withdraw Central Office Local Area Network service. | June 1, 2011 | June 2, 2011 |
| 15 | FC1057-T-637 | Discretionary Services | Verizon increased the rate for Nonlisted service by 14.1% (from \$0.85 to \$0.97). | June 3, 2011 | June 4, 2011 |
| 16 | FC1057-T-638 | Residential and Business | Verizon extended the eligibility period for the Regional Essential discount offer and also introduced a new discount option for customers who enrolled on or after June 5, 2011. | June 3, 2011 | June 4, 2011 |
| 17 | FC1057-T-639 | Business | Verizon reduced the minimum line requirement for its CustoPAK and CustoFLEX 2100 services from two lines to one line. | June 3, 2011 | June 4, 2011 |

Continued on page 69

Formal Case Accomplishments

Telecommunications

Fostered Competition

Continued from Page 68

| | | | | | |
|----|--------------|---------------------------|--|--------------------|-------------------|
| 18 | FC1057-T-641 | Business | Verizon increased rates for the Series 1000, Series 2000, Series 3000 and Digital Data services. | June 30, 2011 | July 1, 2011 |
| 19 | FC1057-T-643 | Business | Verizon revised the Bundled Discount offering in its Tariff which changed the credit amount in the offer of a discount from \$20.00 to \$30.00. | July 15, 2011 | July 16, 2011 |
| 20 | FC1057-T-645 | Residential and Business | Verizon revised the Bundled Discount offering by introducing an option which allows customers who receive the FiOS Bundles to suspend their service for up to nine months without incurring a service fee. | July 22, 2011 | July 23, 2011 |
| 21 | FC1057-T-646 | Business | Verizon proposed to grandfather its FlexGrow and Enhanced FlexGrow services for existing customers. | September 30, 2011 | October 1, 2011 |
| 22 | FC1057-T-647 | Residential, and Business | Verizon proposed to add conditions when termination charges will not be assessed for business voice services. | November 23, 2011 | November 24, 2011 |
| 23 | FC1057-T-648 | Residential, and Business | Verizon Proposed to remove the Calling Card mechanized operator service feature, due to outdated equipment and lack of available replacement parts. | December 15, 2011 | December 16, 2011 |

First, the PSC acted upon Verizon's January 4, 2011 filing. The Company proposed to cease offering Message B service to new customers and to grandfather the service to existing customers. The PSC issued [Order No. 16140](#), dated January 10, 2011, suspending the application and directing the Company to respond, by January 25, 2011, to the following questions: (a) Explain the reasons why the mandates in Orders Nos. [15695](#) and [15777](#) render Message B service unnecessary; (b) Does Verizon intend to replace Message B service with a service that will permit customers to pay off arrear-

ages in basic local exchange service while retaining a limited basic local exchange service? If so, when does Verizon intend to file a tariff to offer this service? If not, why not? The PSC also directed Verizon to provide answers to these questions by January 25, 2011. Parties were given until February 10, 2011 to file comments on Verizon's response. Reply comments were due by February 25, 2011. Verizon filed its response on January 25, 2011. OPC filed a letter in lieu of comments on February 9. Verizon filed reply comments on February 24. On June 16, 2011, the PSC issued [Order 16704](#) approving Verizon's plan to terminate the service for new customers and to grandfather the service for existing customers.

Second, the PSC acted upon Verizon's March 3, 2011 filing in which it proposed increases in prices of several discretionary services. The PSC issued [Order No. 16296](#) on April 5, 2011, rejecting the proposed price increases for Nonpublished Listing Service and Nonlisted Service on the grounds a full year had not passed since the previous price increases.

Third, the PSC acted upon Verizon's June 3, 2011 filing. It contained a proposal to increase the rates for Nonpublished Listing and Nonlisted services. On July 8, 2011, the PSC issued [Order No. 16431](#), rejecting the proposed increase in the rate for Nonlisted service because the increase exceeded the 15% cap.

TT 06-6 – The PSC Reviewed Five Promotional Filings by Verizon in 2011.

Under Price Cap Plan 2004, the PSC allowed Verizon 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 2011, Verizon offered 5 business promotions as shown in the Table below.

| Verizon's Promotional Filings | | | | | |
|-------------------------------|-------------|--------------------|---|--------------|-----------------------------------|
| No. | Docket Nos. | Eligible Customers | Description of the Promotions | Filing Dates | Effective Dates |
| 1 | TT06-6-70 | Business | Offer a promotion for qualifying business customers who sign a two-year or three-year term commitment for new, upgraded, or renewed (for contracts expiring within 6 months) ISDN PRI Plus 10K or ISDN PRI Plus 20K with Local Distribution Channel Access Facility, offered in the Verizon General Services Tariff No. 203, will receive a 15% credit off of the monthly recurring rate for the duration of the agreement. All applicable PRI nonrecurring charges are waived for services ordered under this promotion. | July 7, 2011 | July 8, 2011 - September 28, 2011 |

Continued on page 71

Formal Case Accomplishments

Telecommunications

Fostered Competition

Continued from Page 70

| Verizon's Promotional Filings | | | | | |
|-------------------------------|-----------|----------|---|------------------|--|
| 2 | TT06-6-71 | Business | Offer a promotion for qualifying business customers who sign a two-year or three-year term commitment for new, upgraded, or renewed (for contracts expiring within 6 months) ISDN PRI Plus 10K or ISDN PRI Plus 20K with Local Distribution Channel Access Facility, offered in the Verizon General Services Tariff No. 203, will receive a 15% credit off the monthly recurring rate for the duration of the agreement. All applicable PRI nonrecurring charges are waived for services ordered under this promotion. | July 15, 2011 | July 17, 2011 - January 21, 2012 |
| 3 | TT06-6-72 | Business | Offer a promotion for qualifying business customers who upgrade their High Speed Internet to 7M or upgrade their FiOS data speed to 25125M or higher may receive a \$5.00 discount per month for 12 months. Existing Unlimited Expansion Line customers who subscribe to or upgrade to a new FiOS TV Prime or higher may receive a \$5.00 discount per month for 12 months. Purchasers of new Unlimited Expansion Lines resulting in two or more unlimited lines may receive a \$5.00 discount per month for a maximum of 36 months. | July 15, 2011 | July 17, 2011 - October 15, 2011 |
| 4 | TT06-6-73 | Business | Verizon proposed to offer a promotion for qualifying business customers who currently do not have local service with Verizon and sign up for local service with Verizon, or; change their existing local service from another local service provider to Verizon or; add any new lines to their local service. | October 14, 2011 | October 16, 2011 through January 14, 2012. |
| 5 | TT06-6-74 | Business | Verizon proposed to offer a promotion for qualifying business customers who purchase new Unlimited Expansion Lines and Data resulting in two or more unlimited lines may receive a \$5.00 per month credit for a maximum of 36 months. | October 14, 2011 | October 16, 2011 through January 14, 2012. |

Educated & Informed the Public

FC 1084 – The PSC Approved Verizon’s Plans to Discontinue the Distribution of its Residential White Pages Directories and Closed the Case.

On December 7, 2010, in [Order No. 16080](#), the PSC opened a proceeding to investigate Verizon’s application to change the method to be used for distributing residential white page directories. Specifically, Verizon filed notice that it intended to stop annual automatic delivery of paper copies of the directories to all customers. Instead, Verizon proposed to distribute the residential white pages directories through one of three methods: online access at Verizon’s website; delivery of a CD-ROM containing the residential white pages

directories upon request; or delivery of the printed copy upon request. Comments and reply comments on Verizon’s plans were filed in 2011.

In [Order No. 16269](#), issued on March 23, 2011, the PSC conditionally approved Verizon’s application, seeking comments on the one condition regarding customers who still wished to receive printed copies of the residential white pages. Comments were filed on April 7, 2011. On May 26, 2011, the PSC adopted [Order No. 16375](#) which finalized its approval of the application. The PSC closed this case by [Order No. 16486](#) on August 4, 2011.

The PSC Participated in Several FCC Proceedings

The PSC Filed Comments in Several Federal Communications Commission (FCC) Proceedings.

The PSC submitted several filings to the Federal Communications Commission (FCC) in 2011, focusing on proceedings involving Lifeline (the telephone universal service discount for low-income customers), broadband reporting requirements, and network outage reporting requirements. In the FCC proceeding seeking to modernize the Lifeline program, the PSC filed comments on April 18, 2011, April 21, 2011, August 19, 2011, and August 24, 2011. On April 14, 2011, the PSC filed comments seeking information about broadband deployment in the District of Columbia. On October 7, 2011, the PSC filed comments supporting the extension of the FCC’s outage reporting requirements to Voice over Internet protocol (VoIP) service providers and seeking access to information about District of Columbia outages. Finally, on December 28, 2011, the PSC filed a petition for reconsideration of a decision regard-

ing the recovery of lost Incumbent Local Exchange Carrier (ILEC) revenue in the FCC’s Order in its Connect America Fund; A National Broadband Plan for our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Inter-carrier Compensation Regime; Federal-State Board on Universal Service; Lifeline and Link Up; Universal Service Reform – Mobility Fund proceeding (USF/ICC Order).



Formal Case Accomplishments

Telecommunications

Federal Grant

Broadband Mapping Grant – The PSC Surveyed Broadband Service Providers to Determine the Percentage of the District with Access to Broadband Services.

In 2011, the PSC conducted two surveys of broadband providers pursuant to a Memorandum of Understanding between the PSC and the Office of the Chief Technology Officer (OCTO) that was initiated on December 1, 2009. OCTO had delegated to the PSC the responsibility for all interaction, including semi-annual data collection, with broadband service providers which enable residential, business, institutional, or government entities located within the District to use broadband Internet access services. OCTO, along with agencies in other states and territories, pursuant to grants from the State Broadband Data and Development Program, have been providing semi-annual broadband service availability data to assist the U.S. Department of Commerce's National Telecommunications and Information Administration (NTIA) to develop and construct a National Broadband Map (see: <http://broadbandmap.gov>), that was first released on February 17, 2011 and is updated approximately every six months.

The District also released interactive Internet broadband service maps in 2011, and they are also updated every six months. They can be found at BroadbandMap.dc.gov. There are several features found on the D.C. broadband maps that aren't found on the National Broadband Map such as the high-speed broadband service in all of the District's 25 branch libraries and the 250 hotspots of "DCfreeWiFi" service found in and around government facilities throughout the District.

Importantly, the D.C. broadband maps include estimates of the residential broadband service adoption rates by census tract. The broadband adoption data are critical to targeting and assessing governmental and other programs aimed at addressing the District's digital divide. Overall, the District-wide adoption rate has increased from 57.8% in December 2008 to 75.3% in June 2011. However, the range of adoption varies widely across the District; from nearly 100% adoption in more affluent neighborhoods to adoption rates below 40% in lower income areas.



Multi-Utility

Ensured Safe, Reliable, & Quality Utility Services

FC 712 – The PSC Took Steps to Establish Procedures for Applying Civil Forfeiture and Penalty Provisions of the D.C. Code.

On March 18, 2011, the PSC issued a Notice of Proposed Rulemaking (NOPR) that would amend Chapter 1 of Title 15 of the District of Columbia Municipal Regulations (DCMR) by establishing procedures for applying the civil forfeiture and penalty provisions of Title 34 of the D.C. Code. The NOPR clarified the PSC’s authority to impose forfeiture penalties and other sanctions on persons or utilities that fail to redress violations of rules, orders, or regulations issued, adopted, or approved by the PSC as authorized by the Fiscal Year 2011 Budget Support Act of 2010 (Act). The amend-

ment propounded in the Act cures the statutory deficiency in the PSC’s authority to adjudicate and impose civil penalties identified by the District of Columbia Court of Appeals in *Washington Gas Light Co. v. Public Service Commission of the District of Columbia*, 982 A.2d 691 (2009). On December 16, 2011, the PSC issued a second NOPR, which addressed comments filed by the local utilities and incorporated specific language addressing violations of reliability performance standards as authorized by the Fiscal Year 2012 Budget Support Act of 2011 (D.C. Law 19-21) and added a 30 day cure period before a Notice of Probable Violation could be issued. Comments on the second NOPR are due in January 2012.

Regulated Monopoly Services

FC 712 – The PSC Approved Mandatory Electronic Filing for Most Filings.

On December 31, 2010, the PSC published a Notice of Proposed Rulemaking (NOPR) in the D.C. Register for the purpose of making electronic filing mandatory for most filings with the PSC. Filings by consumers would not be required to be filed

electronically. In response to the NOPR, comments were filed by Pepco. On the basis of the comments, subsequent NOPRs were issued June 10, 2011 and September 23, 2011. The PSC adopted revised rules in [Order No. 16638](#), issued December 8, 2011 and the new rules became effective on December 16, 2011 when they appeared in the D.C. Register.

FC 712 – The PSC Established the Utility Companies’ 2012 Interest Rate To Be Paid on Customer Deposits.

Annually, the PSC establishes the interest rate that regulated utilities must pay customers on deposits. The interest rate is based on the average yield on one-year U.S. Treasury bills for September, October, and November of the preceding year. The

PSC set the calendar year 2012 rate in [Order No. 16648](#), issued on December 20, 2011. For 2012, the interest rate on customer deposits is 0.11%, which is lower than the 0.25% rate in 2011. The 2012 rate takes effect on January 15, 2012.



Formal Case Accomplishments

Multi-Utility

Regulated Monopoly Services

FC 813 and 988 – The PSC Established a Consumer Education Program to Educate Consumers about the Low-income Utility Discount Programs (UDP).

For the past several years, the Multi Utility Discount (MUD) Working Group and the D.C. Universal Service Trust Fund (DCUSTF) Working Group have been attempting to promote awareness of the four District of Columbia Utility Discount Programs (UDP); Lifeline for telephone customers, Residential Essential Service (RES) for natural gas

customers, Residential Aid Discount (RAD) for electric customers, and Customer Assistance Program (CAP) for water customers. In [Order No. 16615](#), the PSC approved the development of a new annual Consumer Education Program (CEP) to educate D.C. consumers about the four UDP available. The PSC determined that the new CEP would provide more outreach opportunities than Joint Utility Discount Day (JUDD), so the PSC determined that JUDD should be ended and replaced with the CEP.

FC 1009 – The PSC Adopted a New Affiliate Transactions Code of Conduct.

On February 1, 2011, the PSC issued [Order No. 16189](#) in which it adopted a new Chapter 39 of Title 15 of the District of Columbia Municipal Regulation (DCMR), entitled “Affiliate Transactions Code of Conduct (ACOC).” The new rules became effective on February 4, 2011 when they were published in the *D.C. Register*. The ACOC is a single set of rules addressing the relationship and conduct of regulated energy utilities and their unregulated affiliates in the context of the restructur-

ing of the D.C. retail electric and natural gas markets to permit competition. Specifically, the rules (a) prohibit favorable treatment of affiliates, (b) limit joint marketing, space and sales for core service affiliates (c) limit disclosure of information from the regulated company to the affiliate; and (d) prescribe cost allocating and accounting rules. The rules also require energy utilities to file annually a Cost Allocation Manual (CAM) that allocates and accounts for shared services between the utility and its affiliates. Previously, Pepco had filed its CAM in FC 1002.

FC 1078 – The PSC Directed WGL and Pepco to Revise Their Bill Formats.

On March 25, 2011, the PSC issued a Notice seeking public comments on PSC-proposed revisions to the format for Pepco’s and WGL’s residential bills. The Notice proposed three (3) changes: (a) add weather-related factors such as average temperature for 13 months; (b) enlarge the font size for PSC and OPC contact information; and (c) provide graphs showing trends over the 13 month period in usage, weather, and the number of billing days, or alternatively, provide this information on their websites. OPC, Pepco, and WGL filed comments

on April 25, 2011 and they, plus Verizon, filed reply comments on May 9, 2011. In Pepco’s reply comments, it requested a temporary stay of any decision until it submits a new bill format that it would like to implement across all of its jurisdictions.

After reviewing the record, the PSC issued [Order 16561](#) on September 29, 2011. In the order, the PSC directed WGL to implement certain changes to its bill within 180 days and to develop a plan for providing customers with graphical displays within 90 days of the order. The PSC granted Pepco’s

request for a temporary stay and Pepco was required to submit samples of its new bill format within 90 days of the order. The PSC did not require any changes to Verizon's bills at this time. The PSC also ordered Pepco and WGL to provide, on a quarterly basis, information on the number of customers requiring translation services, the languages required, the nature of each inquiry, and the

number of residential accounts that have signed up for "My Account" information on Pepco's and WGL's websites. WGL filed its first quarterly report on December 23, 2011. Pepco filed its report on December 28, 2011. Pepco's report also contained its sample bill formats. The PSC will act on Pepco's bill format in 2012.

ET 00-2, GT 00-2, TT 00-5 – The PSC Approved the Utility Companies' Rights-of-Way (ROW) Fees.

Pepco, WGL, and Verizon file proposed Rights-Of-Way (ROW) fees on an annual basis. Pepco's filing, called a Public Space Occupancy Surcharge, was submitted to the PSC on February 4, 2011. WGL files two documents – a surcharge factor and a reconciliation factor. WGL filed the surcharge factor on March 18, 2011 and the reconciliation factor on May 18, 2011. Verizon filed its proposed fees on July 8, 2011.

The companies file their surcharge/fees pursuant to D.C. Code, § 7-1076 (2000 Supp.) and §§502 (a) and (b) of the Public Rights of Way Occupancy Fees Amendment Act of 2000.

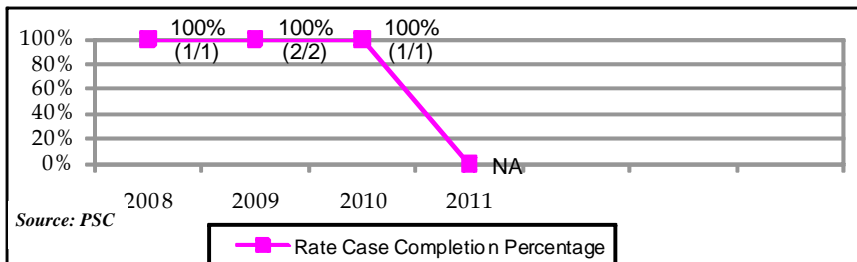
In 2011, the PSC found the proposed rates to be in compliance with the above-referenced law and with the appropriate tariff provisions. In [Order No. 16381](#), issued on June 1, 2011, the PSC approved Pepco's ROW surcharge; Order Nos. [16490](#) and [16587](#), issued on August 4, 2011 and October 14, 2011 respectively, approved WGL's two ROW filings. The PSC approved Verizon's surcharge in [Order No. 16604](#), issued on November 3, 2011.

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

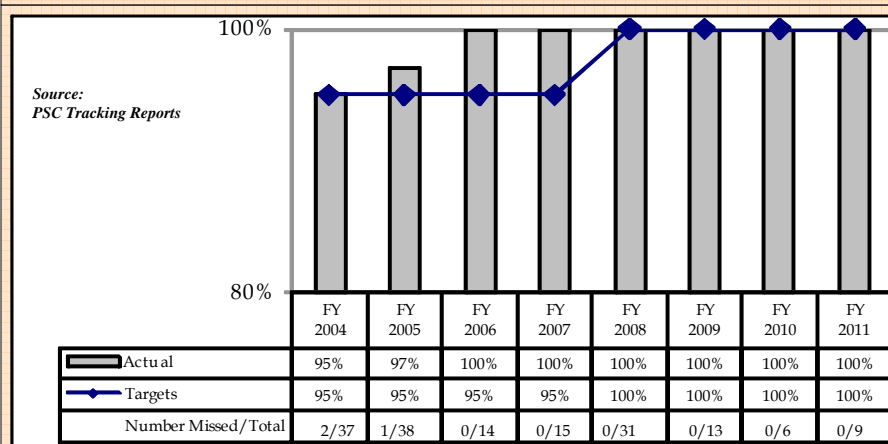
Electricity and Telecommunications
Percentage of Rate Cases Processed on a Timely Basis



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 in the last three years. The decision in 2010 was for a Pepco rate case—FC 1076. Although Pepco filed a rate case in July 2011, the PSC decision is not due until 2012.

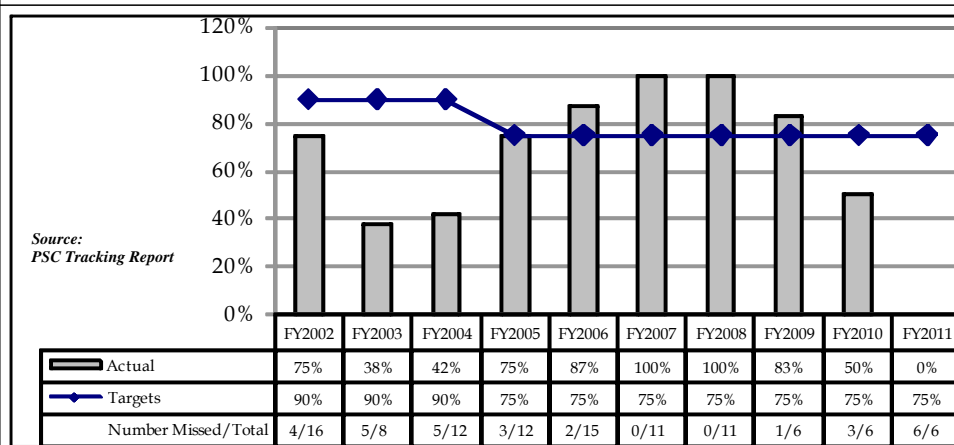
Telecommunications
Percentage of CLEC Applications Processed on a Timely Basis



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 2011, all CLEC applications were processed on a timely basis.

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



Target: Process 75% of tariffs in 120 days, including 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.

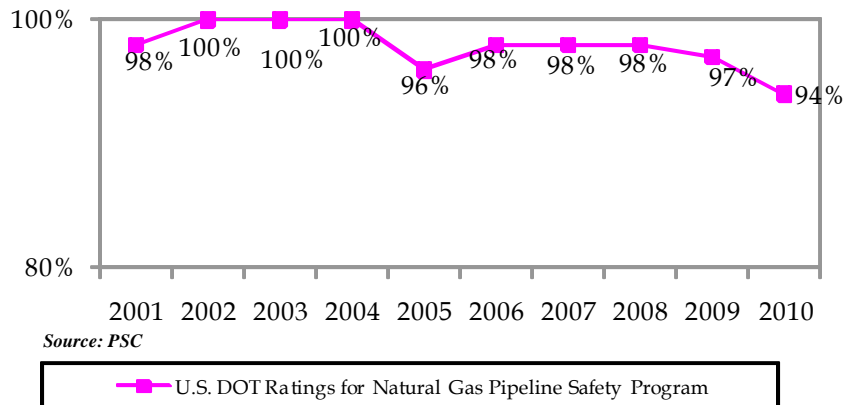
M U T U A L I T Y

Key Results

Performance Ratings

Natural Gas

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

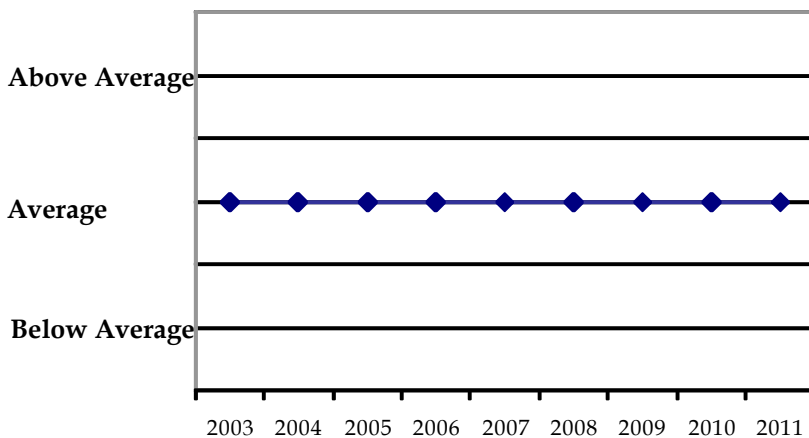


Target: Achieve at least a 90% score in the U.S. Department of Transportation's (USDOT) annual audit of the Natural Gas Pipeline Safety Program (NGPSP).

Performance: The PSC has consistently exceeded its target since 2001. This means the program achieved all requirements in the areas of facility, document and personnel inspections, staff training, reporting, and enforcement actions. The rating for the 2011 NGPSP will not be available until the fall of 2012.

Multi-Utility

Regulatory Research Associates (RRA) Ratings for the PSC



Source: Regulatory Research Associates

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.

Key Results

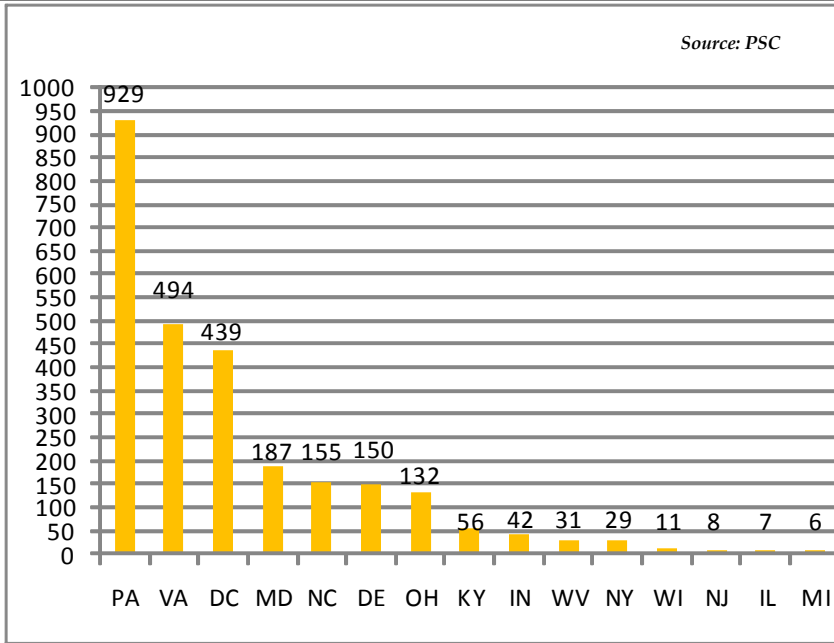
Electricity

Output

Conserved Natural Resources & Preserved Environmental Quality

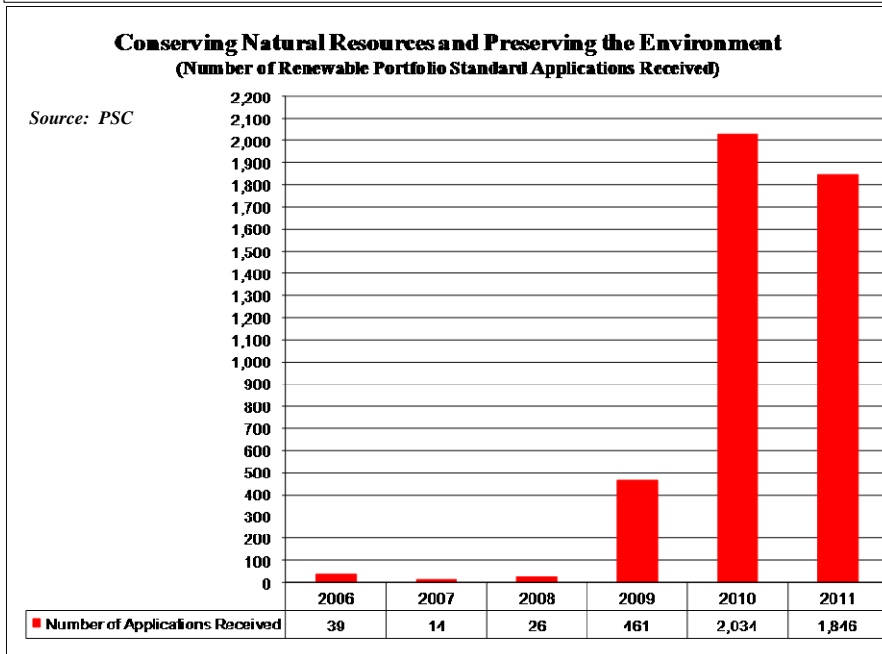
E
L
E
C
T
R
I
C
I
T
Y

Number of Solar Facilities the PSC Certified for D.C. & PJM States as of December 31, 2011



Based upon PSC certifications, the District has the third highest number of certified solar facilities within the PJM.

Number of Renewable Portfolio Standard Applications Received as of December 31, 2011



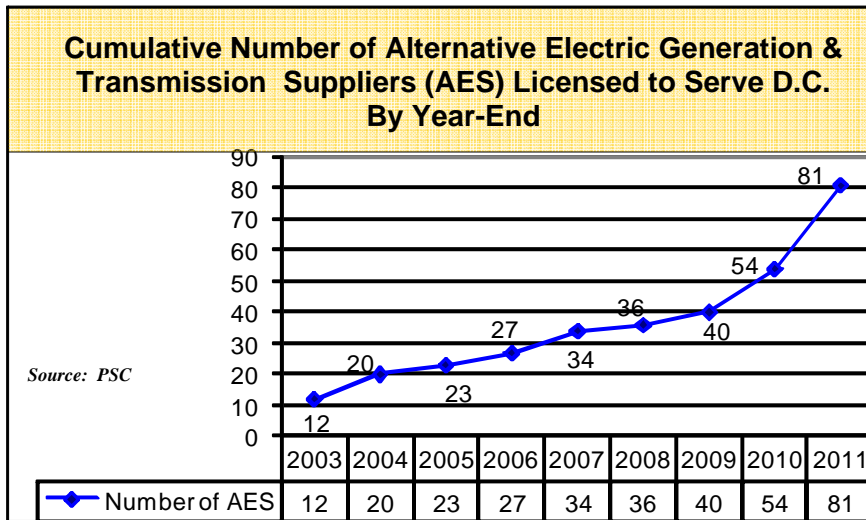
The number of Renewable Portfolio Standards applications decreased in 2011 after the D.C. Council restricted eligibility to facilities located in the District or serving the District.

Key Results

Electricity

Output

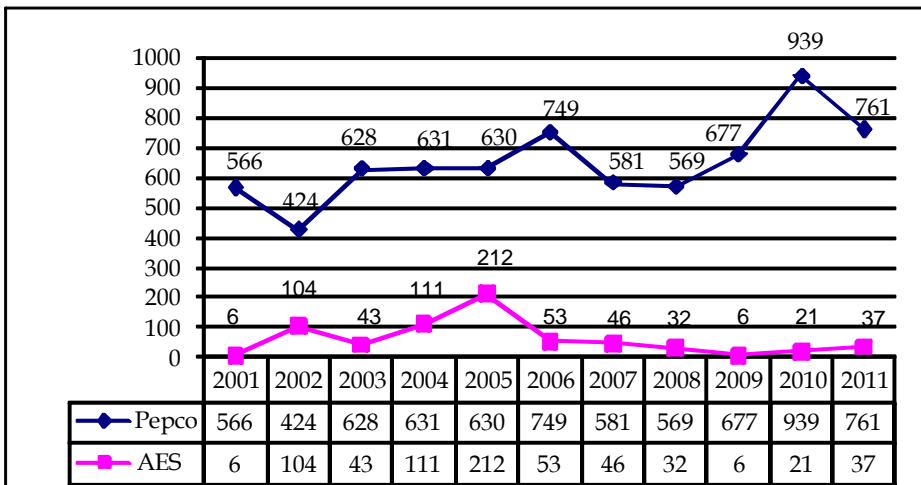
Regulated Monopoly Services & Fostered Competition



In 2011, the cumulative number of approved AES increased to 81.

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, they rose substantially in 2009 and 2010 due to a spike in high bill complaints. There was a substantial decline in 2011. The number of AES complaints and inquiries fell from 2005 through 2009 and then rose again in 2010 and 2011.

E
L
E
C
T
R
I
C
I
T
Y

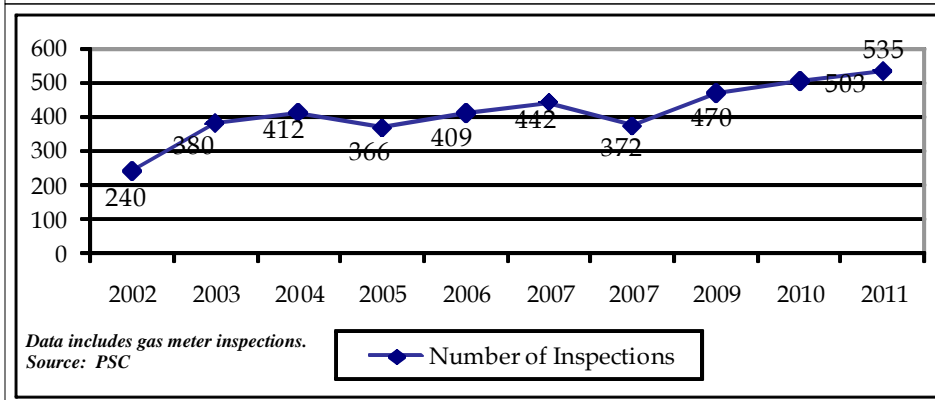
Key Results

Natural Gas

Output

Ensured Safe, Reliable, & Quality Utility Services

Number of Natural Gas Pipeline Safety Inspections Performed



Target: In 2011, the goal was to complete 500 inspections by the end of the calendar year.

Performance: In 2011, the PSC exceeded the target by conducting 535 natural gas safety inspections.

Monitoring Natural Gas Construction Projects in D.C.

| <i>Source: PSC</i> | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|----------|------|----------|----------|-----------|-----------|----------|---------|------|
| Number of Notices of Probable Violations | 5 | 0 | 5 | 7 | 8 | 4 | 0 | 1 | 0 |
| Number of Notices Concluded | 4 | 2 | 4 | 7 | 7 | 2 | 2 | 1 | 0 |
| Number of Penalties Assessed | 4 | 0 | 3 | 7 | 8 | 4 | 1 | 0 | 0 |
| Amounts of Assessments | \$25,000 | \$0 | \$20,000 | \$15,000 | \$345,000 | \$100,000 | \$20,000 | \$5,000 | \$0 |

No new Notices of Probable Violation (NOPV) were issued to WGL in 2011 while the PSC was in the process of revising its natural gas pipeline safety rules.

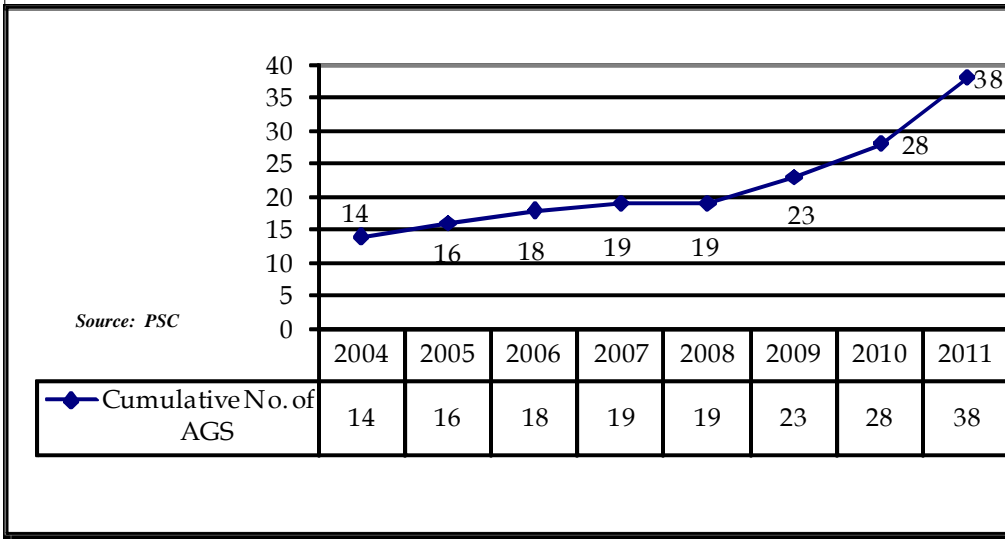
Key Results

Natural Gas

Output

Regulated Monopoly Services & Fostered Competition

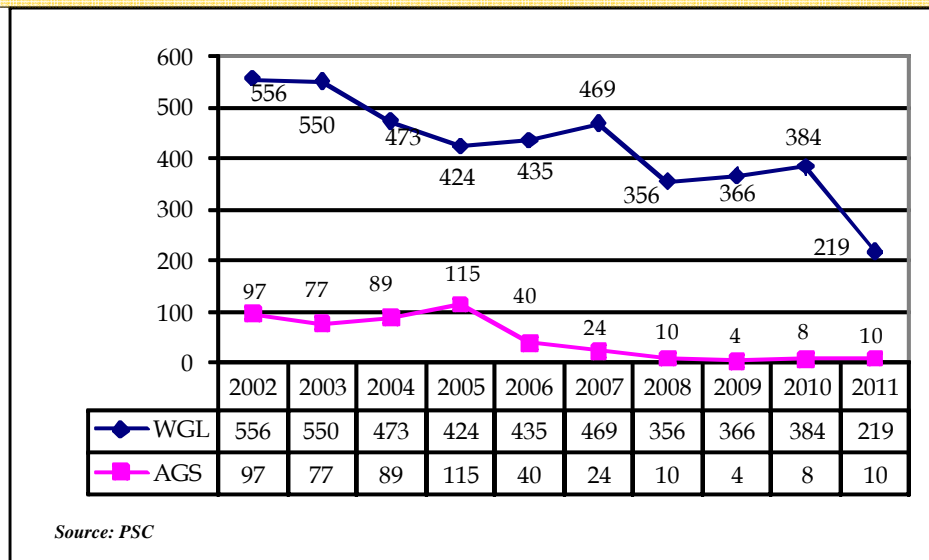
Cumulative Number of Alternative Commodity Gas Suppliers (AGS) Licensed to Serve D.C. By Year-End



In 2011, the cumulative number of approved Alternative Commodity Gas Suppliers (AGS) increased to 38.

Resolved Disputes

Number of Natural Gas Complaints & Inquiries



Natural Gas Complaints and Inquiries
In 2011, the number of complaints and inquiries regarding WGL decreased substantially. The number of AGS complaints and inquiries increased by only two.

N
A
T
U
R
A
L

G
A
S

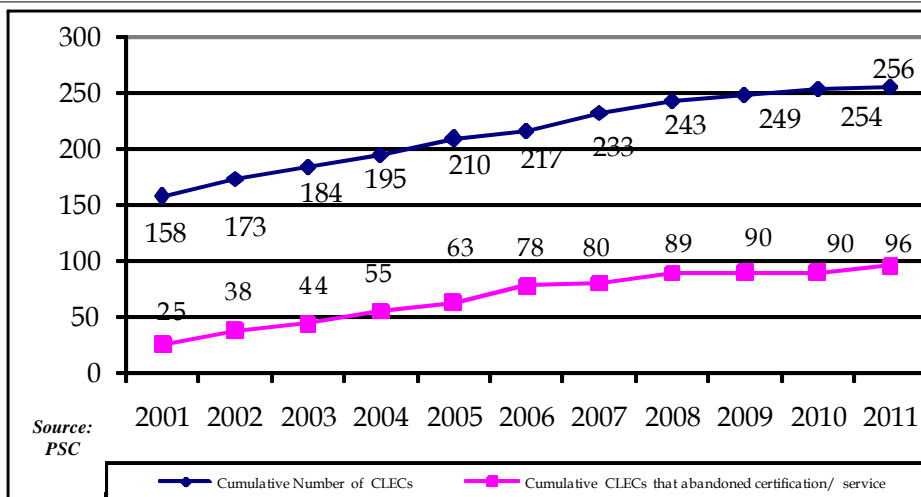
Key Results

Telecommunications

Output

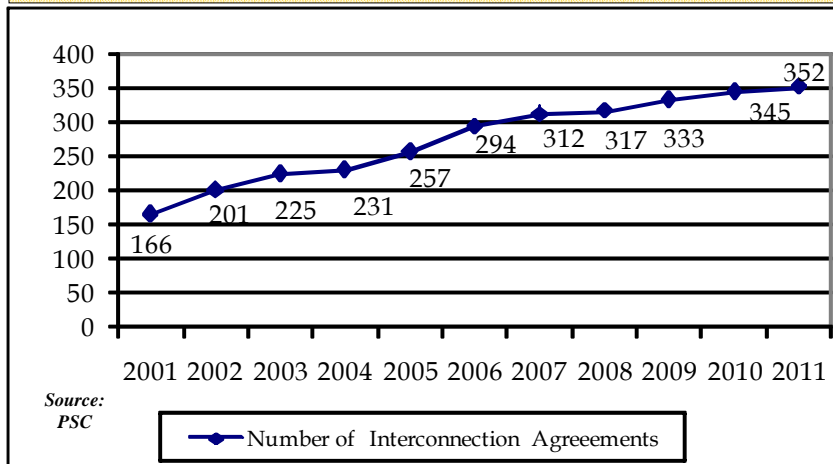
Regulated Monopoly Services & Fostered Competition

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



In 2011, the PSC approved two CLEC applications, bringing the cumulative total to 256. Six CLEC withdrawals occurred in 2011.

Cumulative Number of Interconnection Agreements Approved By Year-End



As of the end of 2011, the PSC had processed a cumulative total of 352 Telecommunications Interconnection Agreements (TIAs). Many of the current agreements are amendments to previous agreements.

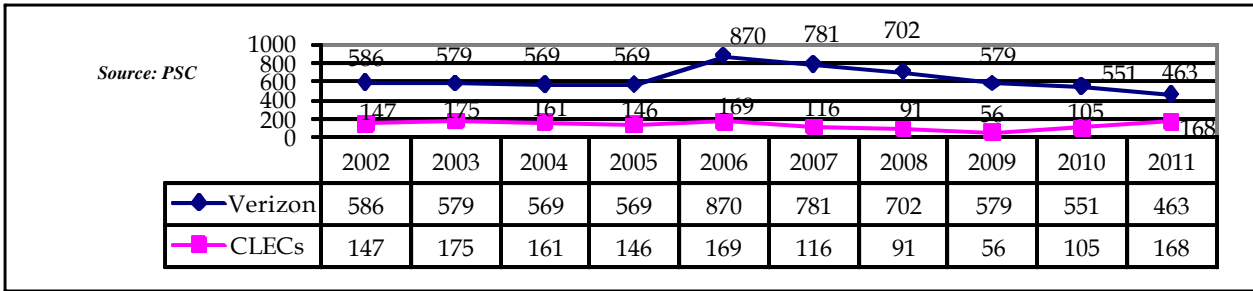
Key Results

Telecommunications

Output

Resolved Disputes

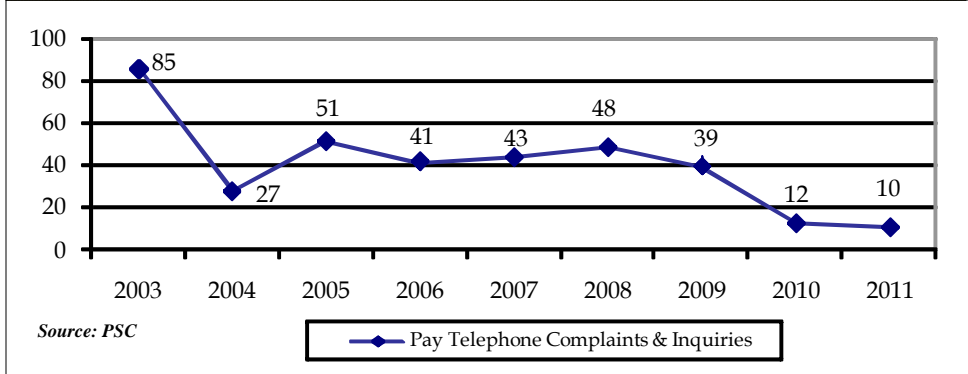
Number of Telephone Complaints & Inquiries



Verizon and CLECs

After peaking in 2006, the number of complaints and inquiries regarding Verizon’s telephone service steadily declined through 2011. The number of CLEC complaints and inquiries nearly doubled in 2010 and continued increasing in 2011. Most complaints were regarding billing and payment issues followed by service quality matters.

Number of Payphone Complaints & Inquiries



Payphones

In 2011, the number of payphone complaints and inquiries decreased by two.

TELECOMMUNICATIONS

Key Results

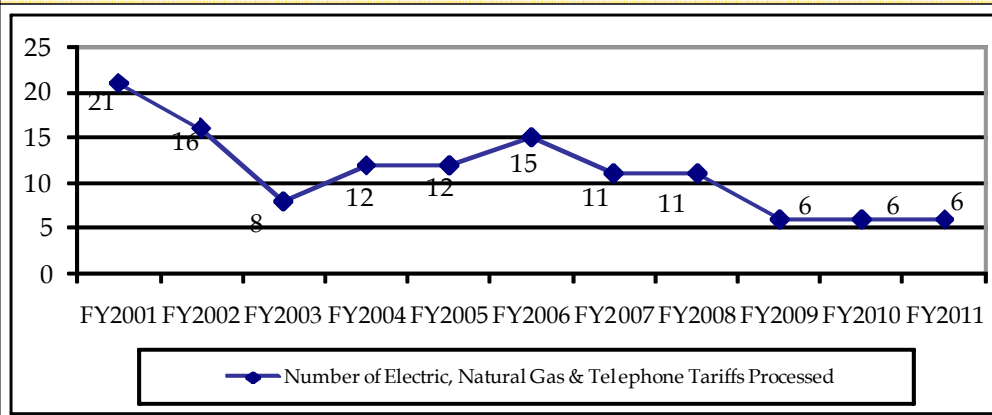
Multi-Utility

Output

Regulated Monopoly Services & Fostered Competition

M
U
L
T
I
-
U
T
I
L
I
T
Y

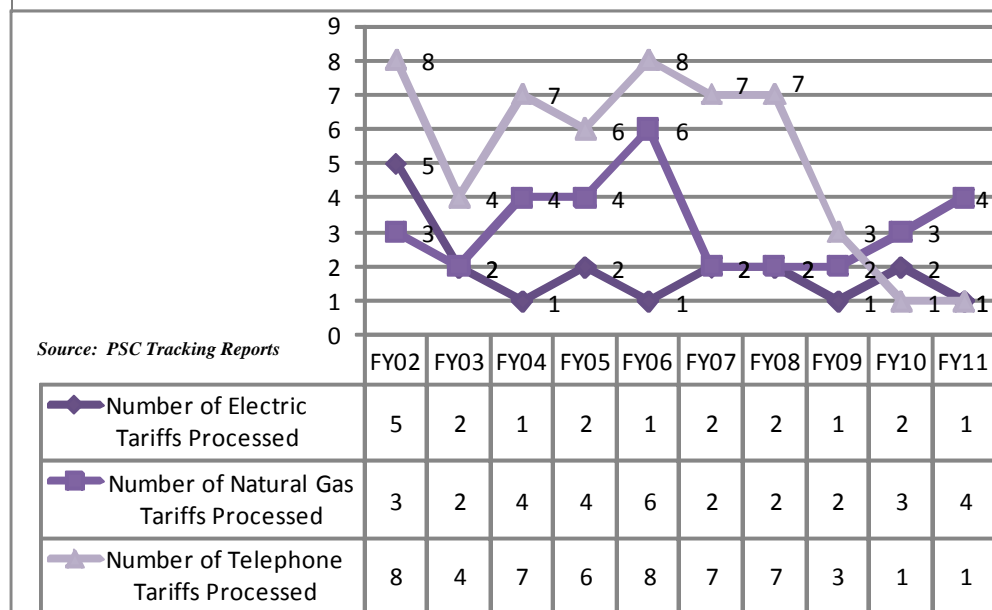
Total Number of Electric, Natural Gas, & Telephone Tariffs Processed



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 the PSC processed, peaked at 21 in FY 2001. In FY 2011, the PSC received and processed 6 tariffs.

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



Source: PSC Tracking Reports

In FY 2011, the number of natural gas tariffs increased while the number of electric tariffs decreased, and the number of local telephone tariffs remained the same.

Key Results

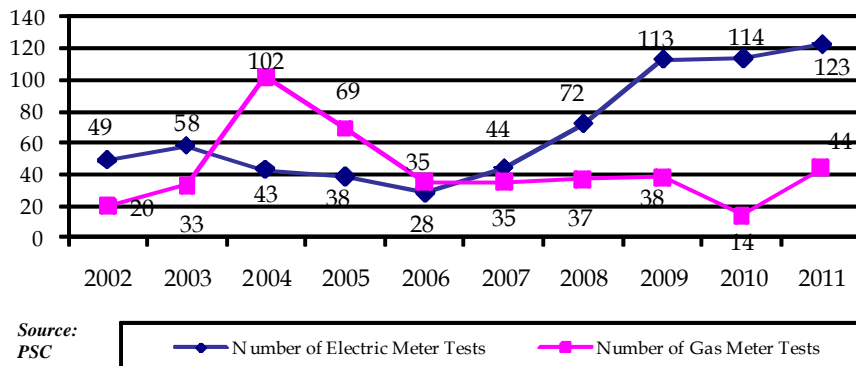
Multi-Utility

Output

Resolved Disputes

M
U
L
T
I
-
U
T
I
L
I
T
Y

Number of Electric & Natural Gas Meter Tests Witnessed



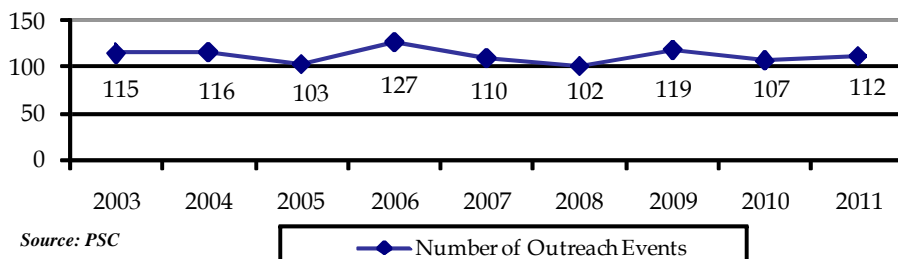
Meter Tests

In 2011, the number of electric meter tests increased slightly while the number of natural gas tests increased significantly.

Educated Consumers & Informed the Public

PSC Outreach Program

Number of Outreach Activities (Excluding Meter Tests)



Outreach Program

The PSC goal is to conduct 100 outreach activities (excluding meter tests) a year. In 2011, once again, the PSC exceeded its target.

Key Results

Multi-Utility

Output

The PSC Closed 15 Formal Cases in 2011.

| No. | Formal Case No. | Description | 2011 Activity | Closure Order No. | Date of Closure Order | Date of Closure Notice |
|--------------------|-----------------|---|--|-------------------|-----------------------|------------------------|
| ELECTRICITY | | | | | | |
| 1 | 869 | Pepco's Load Re-search Plan | Pepco filed its Annual Load Re-search Plan on November 29, 2011. Staff distributed its advisory memorandum on December 6, 2011. | 16643 | December 8, 2011 | December 29, 2011 |
| 2 | 1046 | Pepco's Financing Authority | None | 16643 | December 8, 2011 | December 29, 2011 |
| 3 | 1047 | Investigation of the Procurement Process for Standard Offer Service (SOS) | None | 16597 | November 3, 2011 | December 1, 2011 |
| 4 | 1049 | Implementation of Energy Policy Act of 2005 | None | 16310 | April 12, 2011 | December 7, 2011 |
| 5 | 1060 | Liquid Immersed Distribution Transformers (LIDT) | Pepco filed its annual report on May 2, 2011. | 16643 | December 8, 2011 | December 29, 2011 |
| 6 | 1066 | Pepco's Financing Authority | None | 16643 | December 8, 2011 | December 29, 2011 |
| 7 | 1070 | Pepco's Proposed Direct Load Control Program | The PSC issued Order 16109 on December 20, 2010, denying Pepco's proposal and inviting a revised proposal. A new case was opened for the revised proposal. | 16433 | July 8, 2011 | January 18, 2012 |
| 8 | 1082 | Investigation into the Reliability of Pepco's Distribution System | This issue is being addressed in several other cases. | 16293 | April 1, 2011 | April 13, 2011 |

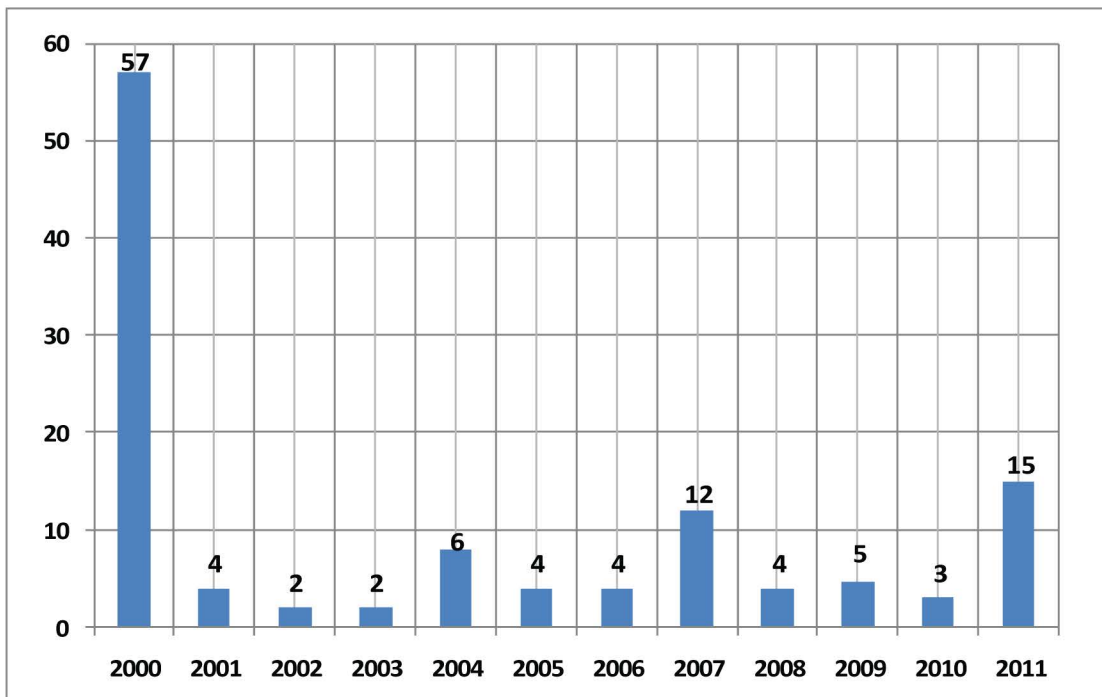
| No. | Formal Case No. | Description | 2011 Activity | Closure Order No. | Date of Closure Order | Date of Closure Notice |
|---------------------------|-----------------|---|--|-------------------|-----------------------|------------------------|
| NATURAL GAS | | | | | | |
| 9 | 1054 | WGL Rate Case – outstanding Issue of WGL’s failure to Provide the PSC With a Copy of its Outsourcing Agreement. | On March 7, 2011, the PSC filed a brief in Superior Court regarding the \$350,000 fine it imposed on WGL because the company failed to provide a document at the direction of the PSC. A hearing was held in Superior Court in September 2011. | 16350 | March 4, 2011 | May 5, 2011 |
| 10 | 1079 | WGL’s Revenue Normalization Adjustment (Decoupling Proposal) | On February 28, 2011, the PSC issued Order 16220, denying WGL’s motion for reconsideration. | 16597 | November 3, 2011 | December 1, 2011 |
| 11 | 1081 | WGL’s Request to Modify Customer Payment Options | On September 1, 2011, the PSC issued Order 16524, denying WGL’s request. | 16597 | November 3, 2011 | December 1, 2011 |
| TELECOMMUNICATIONS | | | | | | |
| 12 | 1040 | E911 Rate | None | 16228 | March 4, 2011 | December 7, 2011 |
| 13 | 1048 | Investigation of Telecommunications Providers Billing Systems | None | 16597 | November 3, 2011 | December 1, 2011 |
| 14 | 1080 | Investigation of Verizon’s Telecommunications Infrastructure | None | 16271 | March 23, 2011 | April 6, 2011 |
| 15 | 1084 | Verizon’s Request to Cease Delivery of White Pages Directories | On May 26, 2011, the PSC issued Order 16375, approving Verizon’s request. | 16486 | August 4, 2011 | January 18, 2012 |

Key Results

Multi-Utility

Output

Total Number of Formal Cases Closed by Year



In 2011, the PSC closed 15 formal cases, the second highest number. The highest number of formal cases closed is 57 in FY 2000.

Key Results

Multi-Utility

Output

The PSC Opened 14 Formal Cases and 6 New Dockets in 2011.

The PSC opened the following new cases and dockets in 2011:

Electric

- FC 1085 – Purchase of receivables policy*
- BE – E – Electricity suppliers billing error notifications (Includes Pepco)
- SO – E – Pepco’s non-major service outage reports
- FC 1086 – Pepco’s direct load control program*
- FC 1087 – Pepco rate case*
- FC 1092 – Investigation of Horizon Power’s marketing practices*
- FC 1094 – Michael Petras’ complaint re Glacial energy’s business practices*
- FC 1095 – Pepco’s notice to upgrade two underground transmission circuits*
- FC 1096 – Investigation into the regulatory treatment of electric charging stations*
- GD 101/1097 – Liberty Power complaint against Pepco*

Natural Gas

- FC 1088 – WGL’s financing authority*
- FC 1089 – Revisions to the Natural Gas Pipeline Safety Program rules*
- FC 1091 – WGL’s depreciation study*
- FC 1093 – WGL rate case*
- GT 11-1 – WGL’s service main installation tariff*
- GL – WGL’s leak reports
- BE – G – Natural gas suppliers’ billing error notifications (Includes WGL)

Telecommunications

- FC 1090 – Investigation of the reliability of Verizon’s infrastructure*
- BE – T – Telecommunications providers’ billing error notifications (Includes Verizon)
- SO – T – Telecommunications providers’ service outage reports

*Summaries of the 2011 activities in each of the cases can be found in the Formal Case Accomplishments section of the Annual Report.

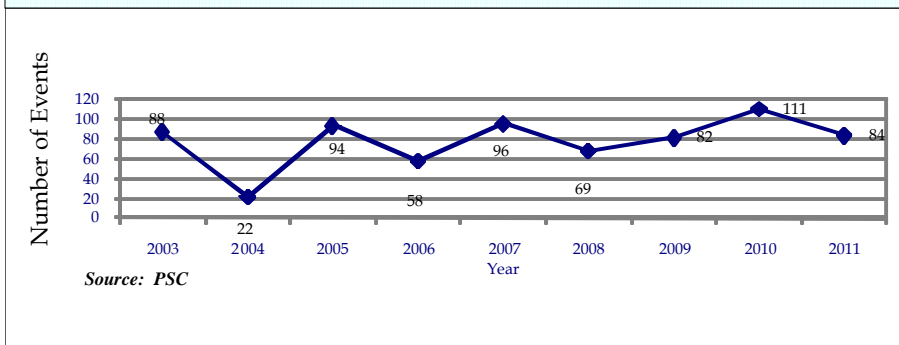
Key Outcomes

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

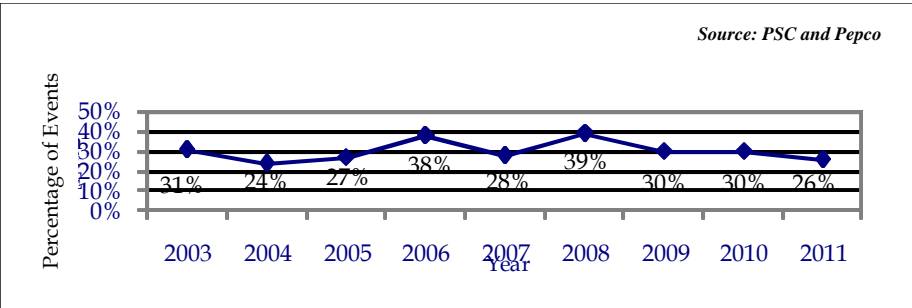
Ensured Safe, Reliable, & Quality Utility Services

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



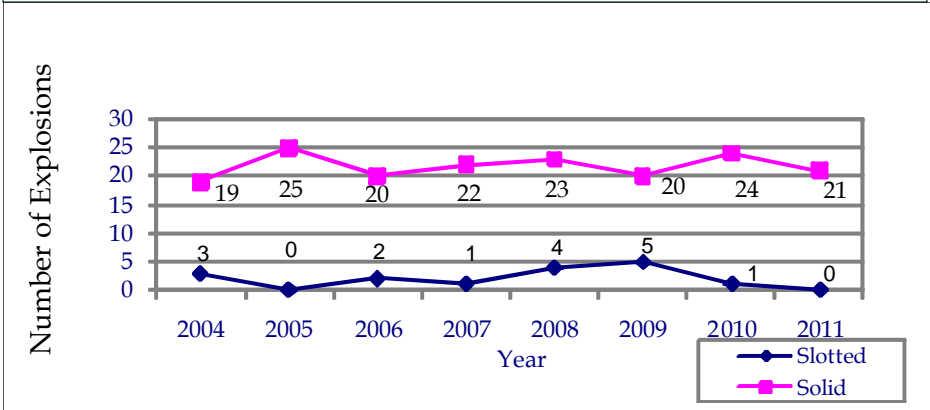
After rising to 111 in 2010, the number of manhole events declined to 84 in 2011.

Explosions as a Percentage of Total Events



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

Number of Explosions for Slotted vs. Solid Manhole Covers



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

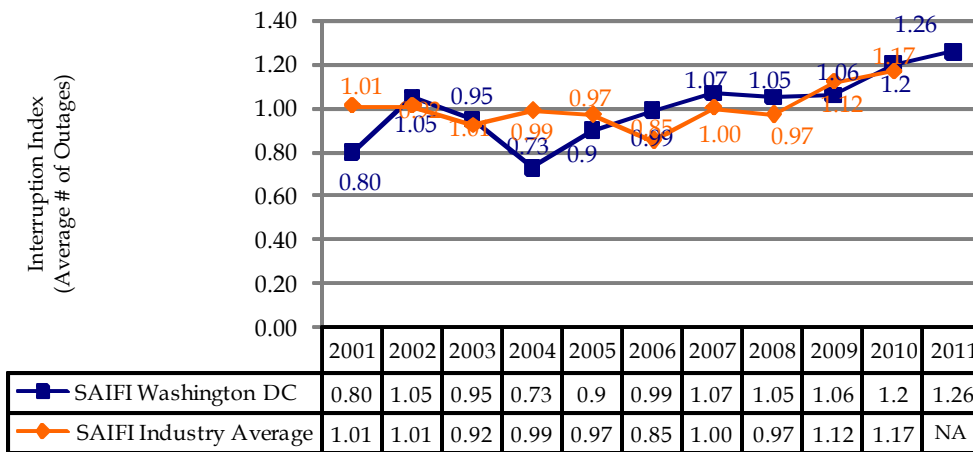
E
L
E
C
T
R
I
C
I
T
Y

Key Outcomes

Electricity

Ensured Safe, Reliable, & Quality Utility Services

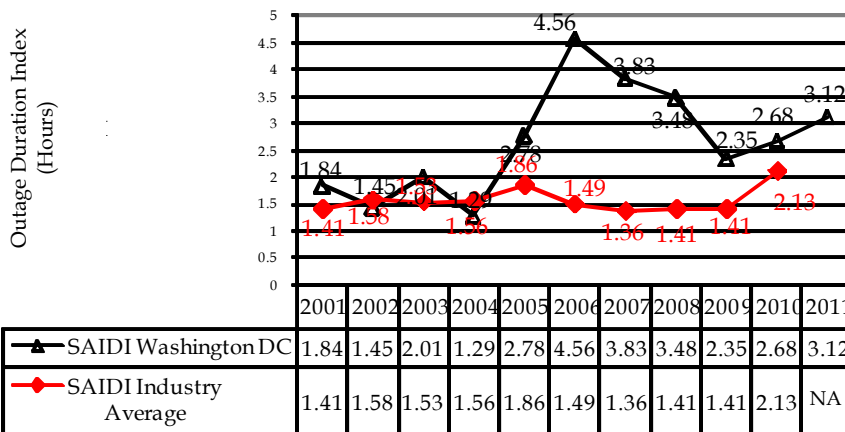
System Average Interruption Frequency Index (SAIFI)



*Note: 2010 is IEEE Industry median; Mean values not available.

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, since 2005, Pepco's performance has deteriorated. Industry data for 2011 are not yet available.

System Average Interruption Duration Index (SAIDI)



*Note: 2010 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 substantially in 2003 due to storms in August and Hurricane Isabel in September. The average duration of outages improved in 2004 and then increased 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 and 2011. Industry data for 2011 are not yet available.

E
L
E
C
T
R
I
C
I
T
Y

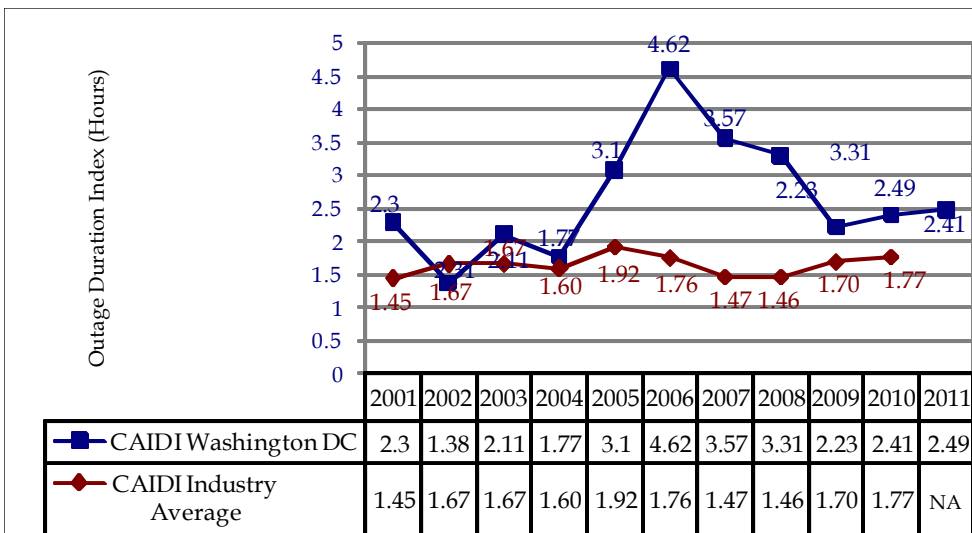
Key Outcomes

Electricity

Ensured Safe, Reliable, & Quality Utility Services

E
L
E
C
T
R
I
C
I
T
Y

Customer Average Interruption Duration Index (CAIDI)



***Note:** 2010 figures excludes any Major Event Interruptions
 Source: Pepco

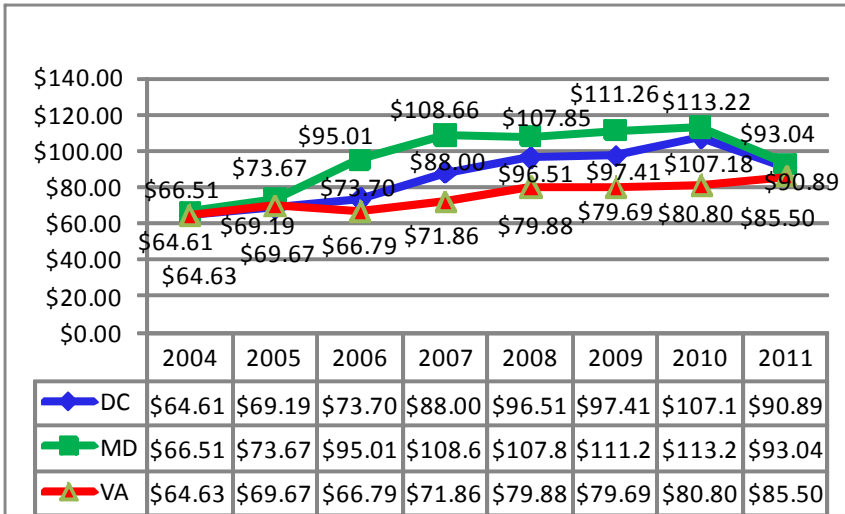
CAIDI measures the average duration of outages per customer. In the District, the average duration of Pepco's outages per customer was relatively low (1.38 hours) in 2002, but it rose significantly in 2003 to 2.11 hours due to the August storms and Hurricane Isabel. The situation improved in 2004 but 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. Industry data for 2011 are not yet available.

Key Outcomes

Electricity

Regulated Monopoly Services & Fostered Competition

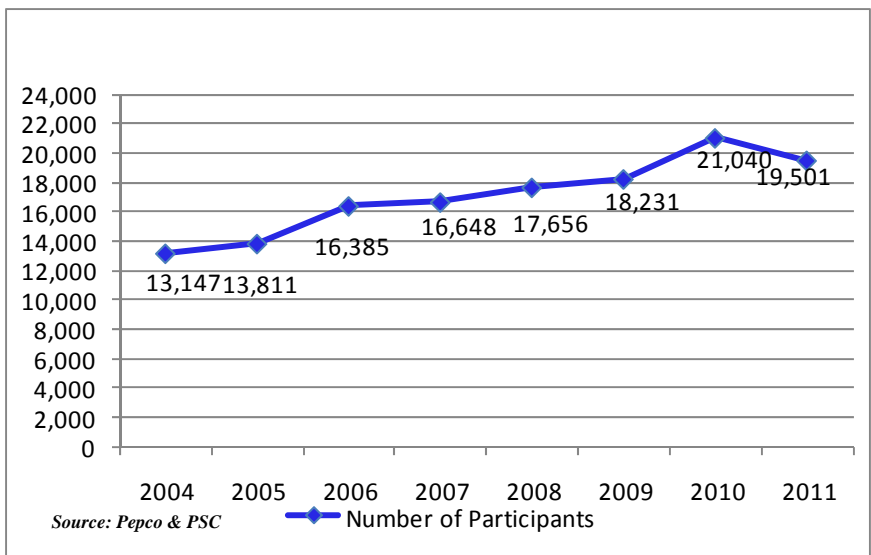
Average Residential Electric Bills in D.C., MD, & VA



~ Average monthly usage 669 KWH ***Average monthly usage 698 KWH
Source: Pepco & PSC

Electricity
In 2011, 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, due to a continuation of price caps in Northern VA through 2011.

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



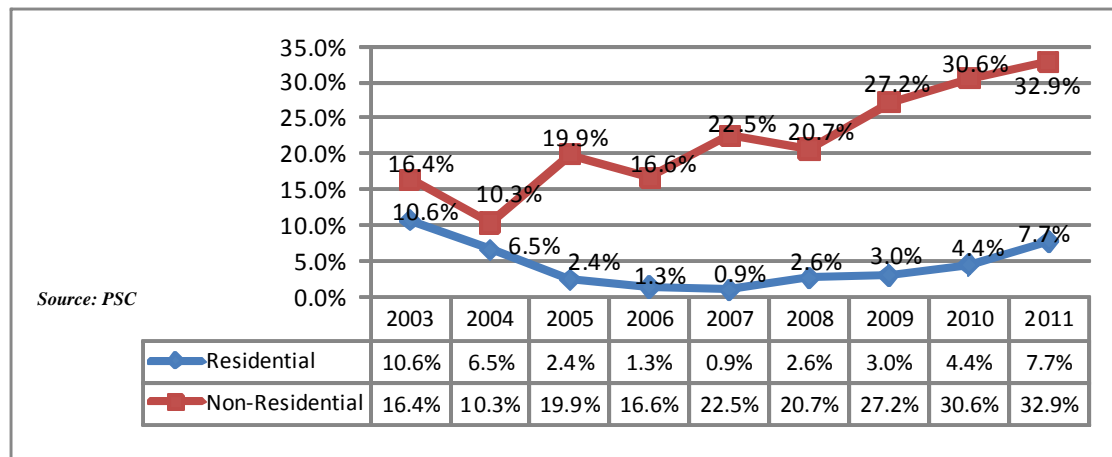
Electric
In 2011, the number of participants in Pepco's RAD program decreased to 19,501.

E
L
E
C
T
R
I
C
I
T
Y

Key Outcomes Electricity

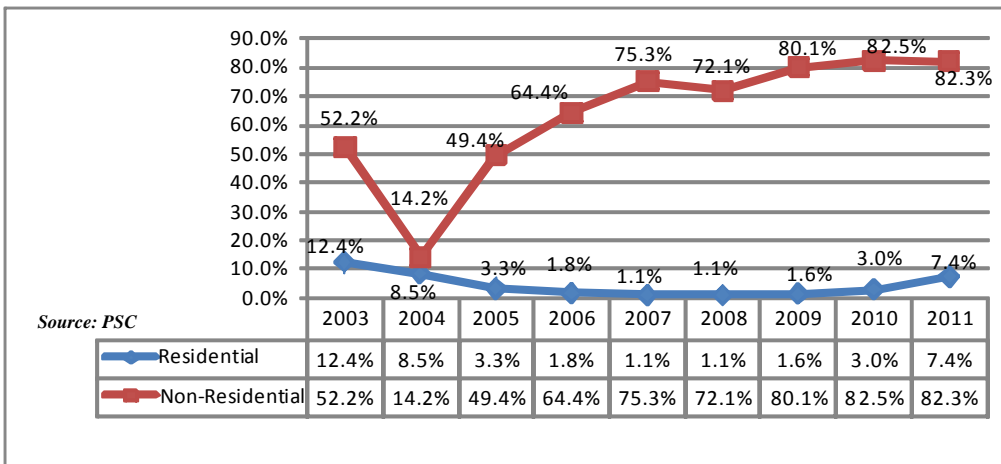
Regulated Monopoly Services & Fostered Competition

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



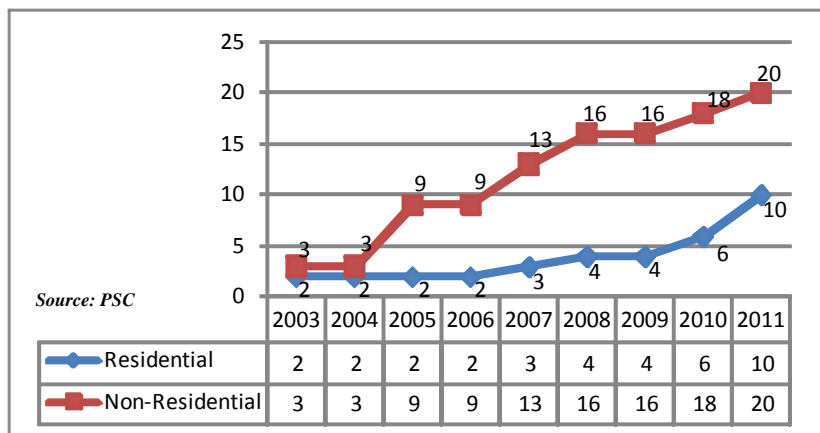
In 2011, the share of both residential and non-residential customers increased.

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



As of the end of 2011, AES's share of residential usage had almost doubled compared to 2010. Their share of non-residential usage remained the same.

Number of Alternative Electric Suppliers Serving D.C.



There was an increase in the number of AES serving the District's residential and non-residential customers in 2011.

Key Outcomes

Electricity

Regulated Monopoly Services & Fostered Competition

List of Pepco and 20 Licensed Alternative Electric Generation & Transmission Suppliers (AES) Serving the District as of December 31, 2011

| No. | Company | Customer Service Telephone No. | Residential | Commercial |
|-----|---------------------------------|--------------------------------|-------------|------------|
| 1 | American PowerNet Management | (877) 977-2636 | | X |
| 2 | BlueStar Energy Services | (866) 258-3782 | | X |
| 3 | Clean Currents | (301) 754-0430 | X | X |
| 4 | Consolidated Edison Solutions | (888) 210-8899 | X | X |
| 5 | Constellation NewEnergy | (866) 237-7693 | X | X |
| 6 | Devonshire Energy | (617) 563-3765 | | X |
| 7 | Direct Energy | (866) 983-0800 | | X |
| 8 | NextEra Energy Services | (800) 882-1276 | X | X |
| 9 | Glacial Energy | (877) 569-2841 | X | X |
| 10 | Hess Corporation | (800) 437-7645 | | X |
| 11 | Horizon Power and Light | (866) 727-5658 | X | X |
| 12 | Integrus Energy Services | (866) 920-9435 | | X |
| 13 | Liberty Power | (866) 769-3799 | X | X |
| 14 | MidAmerican Energy | (800) 432-8574 | | X |
| 15 | Pepco Energy Services | (800) 363-7499 | X | X |
| 16 | Reliant Energy | (877) 297-3795 | | X |
| 17 | Noble Americas Energy Solutions | (877) 273-6772 | | X |
| 18 | GDF SUEZ Energy Resources NA | (866) 999-8374 | | X |
| 19 | UGI Energy Services | (800) 427-8545 | | X |
| 20 | Washington Gas Energy Services | (888) 884-9437 | X | X |
| 21 | Pepco | (202) 833-7500 | X | X |

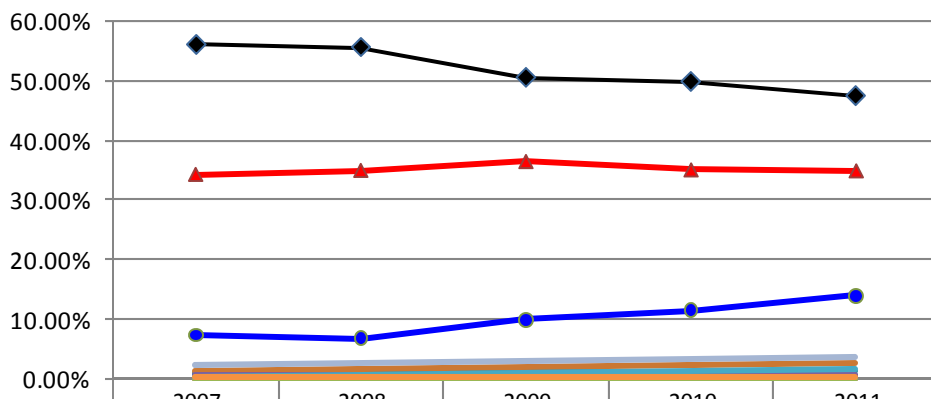
**E
L
E
C
T
R
I
C
I
T
Y**

Key Outcomes

Electricity

Conserved Natural Resources & Preserved Environmental Quality

PJM System Mix



| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--|--------|--------|--------|--------|--------|
| Coal | 55.97% | 55.62% | 50.49% | 49.81% | 47.44% |
| Nuclear | 34.24% | 34.92% | 36.44% | 35.01% | 34.84% |
| Natural Gas | 7.25% | 6.75% | 9.88% | 11.41% | 13.85% |
| Oil | 0.50% | 0.27% | 0.27% | 0.49% | 0.38% |
| Hydroelectric | 0.89% | 0.93% | 1.09% | 0.97% | 1.09% |
| Other Renewable | 1.16% | 1.51% | 1.83% | 2.31% | 2.40% |
| Captured Methane Gas (Landfill or Coal Mine) | 0.18% | 0.24% | 0.26% | 0.28% | 0.26% |
| Geothermal | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Solar | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% |
| Municipal Solid Waste | 0.60% | 0.56% | 0.61% | 0.56% | 0.53% |
| Wind | 0.18% | 0.49% | 0.76% | 1.28% | 1.46% |
| Wood, other biomass | 0.20% | 0.22% | 0.20% | 0.19% | 0.14% |
| Total Renewable Resources | 2.05% | 2.44% | 2.91% | 3.28% | 3.49% |

Source: PSC

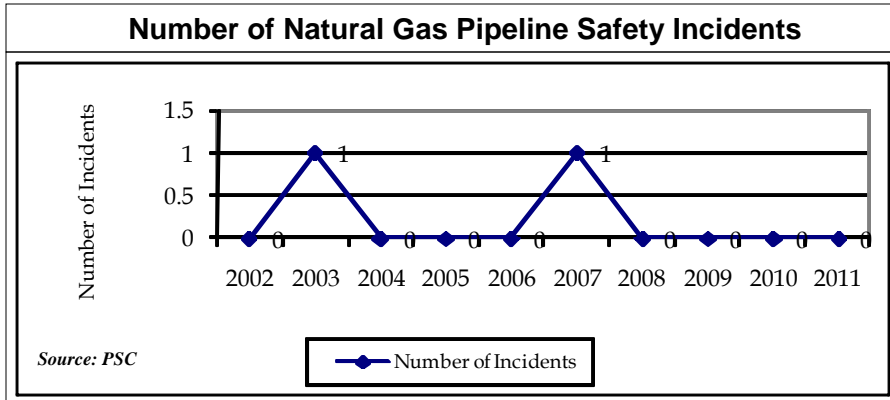
The PJM system has increased its percentage of total renewable resources each year. In 2011, out of all of the renewable resources, use of natural gas increased the most. Although coal remained the top natural resource, its use declined slightly.

**E
L
E
C
T
R
I
C
I
T
Y**

Key Outcomes

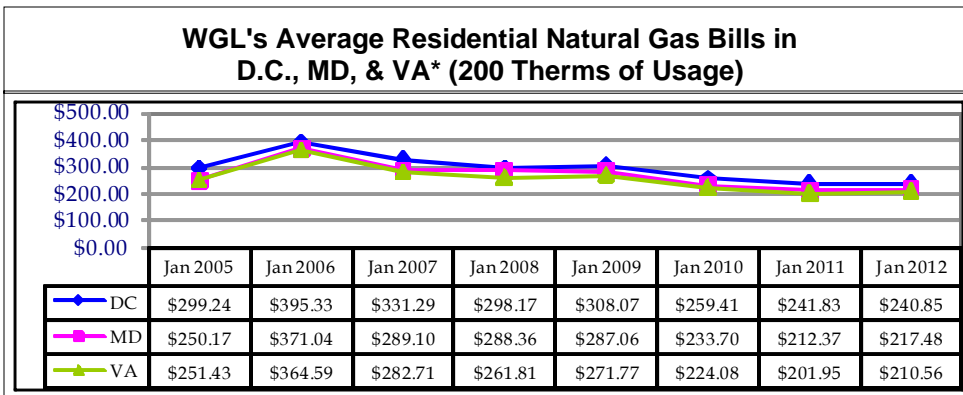
Natural Gas

Ensured Safe, Reliable & Quality Utility Services



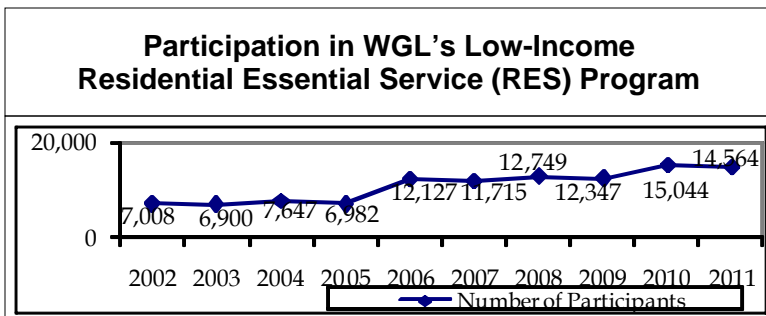
Reportable incidents are defined as leaks, ruptures, or explosions that cause death or injury or result in property damage and losses totaling \$50,000 or more. There were no incidents in the District in 2011.

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 slightly higher D.C. prices than in Virginia and higher D.C. taxes and fees than in Virginia and Maryland.

* The major reasons the average bill in D.C. is higher are taxes and rights-of-way fees.
Source: WGL & PSC



In 2011, participation in WGL's RES program decreased to 14,564.

Source: WGL & PSC

N
A
T
U
R
A
L
G
A
S

Key Outcomes

Natural Gas

Regulated Monopoly Services & Fostered Competition

List of WGL and 11 Alternative Commodity Natural Gas Suppliers (AGS)
Serving the District as of December 31, 2011

**N
A
T
U
R
A
L
G
A
S**

| No. | Company | Customer Service Telephone No. | Residential | Commercial |
|-----|--------------------------------|--------------------------------|-------------|------------|
| 1 | Bollinger Energy Corporation | 800-260-0505 | | X |
| 2 | Constellation NewEnergy | 800-900-1982 | | X |
| 3 | Gateway Energy Services | 800-805-8586 | X | X |
| 4 | Glacial Natural Gas | 888-452-2425 | | X |
| 5 | Hess Corporation | 800-437-7645 | | X |
| 6 | MetroMedia Energy | 800-828-9427 | X | X |
| 7 | NOVEC Energy Solutions | 888-627-7283 | X | X |
| 8 | Pepco Energy Services | 800-363-7499 | X | X |
| 9 | Tiger Natural Gas | 888-875-6122 | | X |
| 10 | UGI Energy Services/Gasmark | 800-427-8545 | | X |
| 11 | Washington Gas Energy Services | 888-884-9437 | X | X |
| 12 | Washington Gas | 703-750-1000 | X | X |

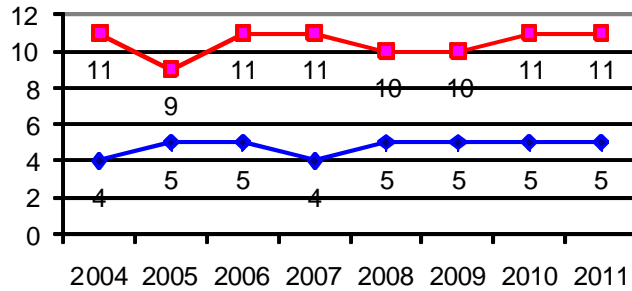
Key Outcomes

Natural Gas

Regulated Monopoly Services & Fostered Competition

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

In 2011, the number of AGS participating in the natural gas Customer Choice Programs in D.C. remained the same as in the previous year.

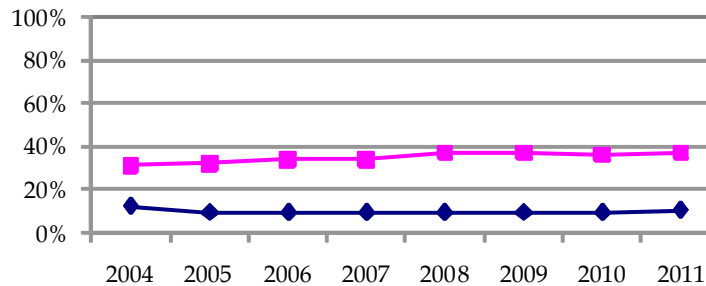


Source: PSC

| | Dec-04 | Dec-05 | Dec-06 | Dec-07 | Dec-08 | Dec-09 | Dec-10 | Dec-11 |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential | 4 | 5 | 5 | 4 | 5 | 5 | 5 | 5 |
| Non-Residential | 11 | 9 | 11 | 11 | 10 | 10 | 11 | 11 |

AGS's Share of Customers

In 2011, the AGS share of residential and non-residential customers increased by 1 percentage point from the previous year.

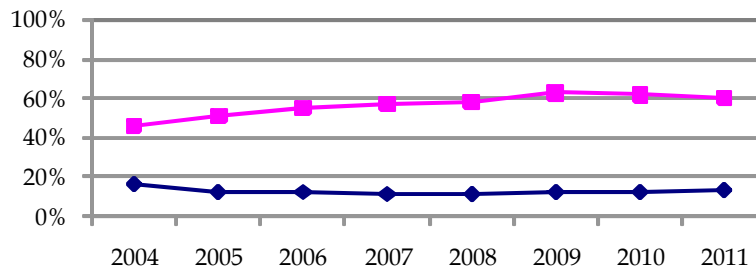


Source: PSC

| | Dec-04 | Dec-05 | Dec-06 | Dec-07 | Dec-08 | Dec-09 | Dec-10 | Dec-11 |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential | 12% | 9% | 9% | 9% | 9% | 9% | 9% | 10% |
| Non-Residential | 31% | 32% | 34% | 34% | 37% | 37% | 36% | 37% |

AGS's Share of Usage (Therms)

In 2011, AGS' share of residential usage increased from the previous year, while AGS' the share of non-residential usage decreased.



Source: PSC

| | Dec-04 | Dec-05 | Dec-06 | Dec-07 | Dec-08 | Dec-09 | Dec-10 | Dec-11 |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Residential | 16% | 12% | 12% | 11% | 11% | 12% | 12% | 13% |
| Commercial | 46% | 51% | 55% | 57% | 58% | 63% | 62% | 60% |

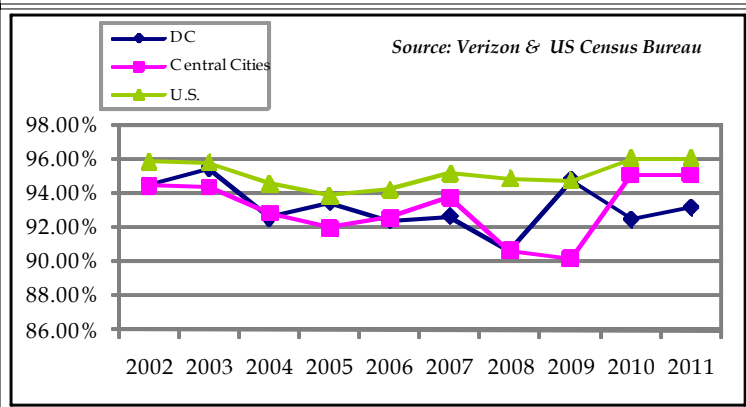
Key Outcomes

Telecommunications

Regulated Monopoly Services

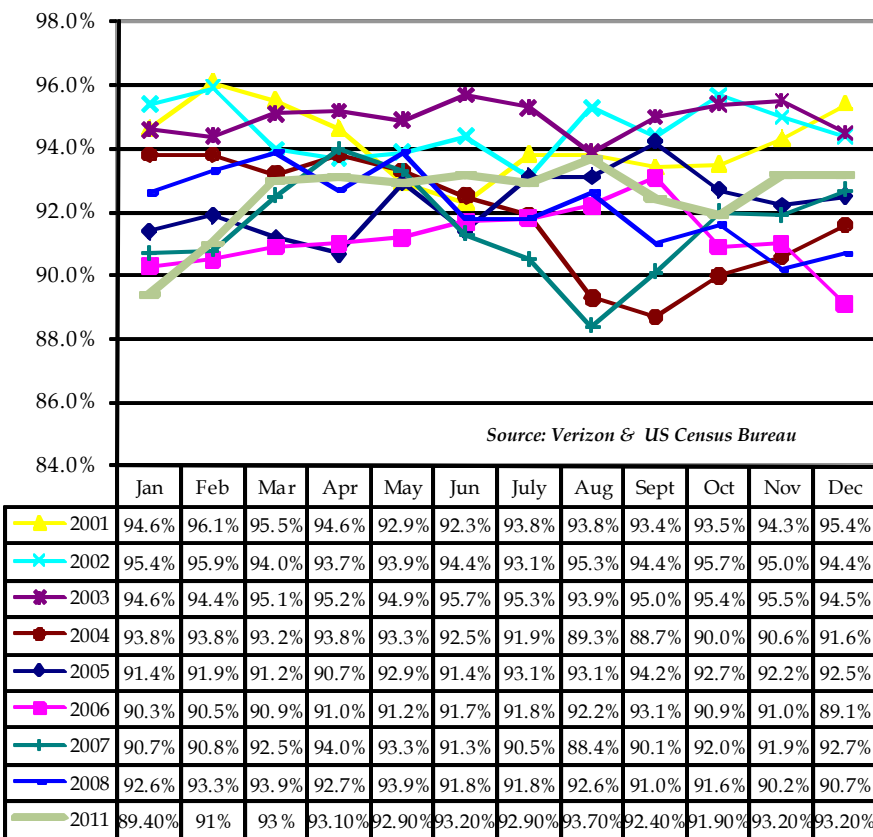
TELECOMMUNICATIONS

**Telephone Penetration Index (TPI):
D.C., Central Cities, and U.S. Average**



The Telephone Penetration Index (TPI) measures the percentage of households with a telephone. The TPI for D.C. peaked in November 2003 at 95.5%. In 2011, the TPI for D.C. ranged between 93.2% and 95.1%. The D.C. rate was below the average for other central cities and the national average.

D.C. Telephone Penetration Index by Month (%)



In 2011, the percentage of households with a telephone in D.C. was higher than in 2010 in seven of the ten months for which data are available.

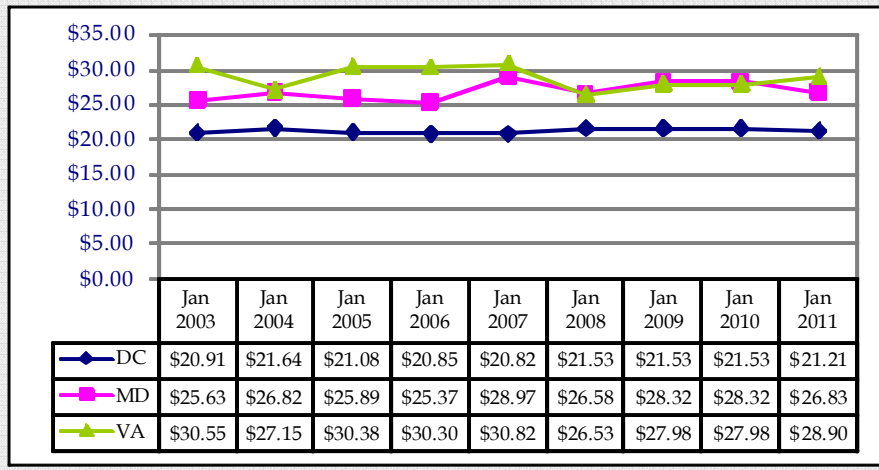
Key Outcomes

Telecommunications

Regulated Monopoly Services

T
E
L
E
C
O
M
M
U
N
I
C
A
T
I
O
N
S

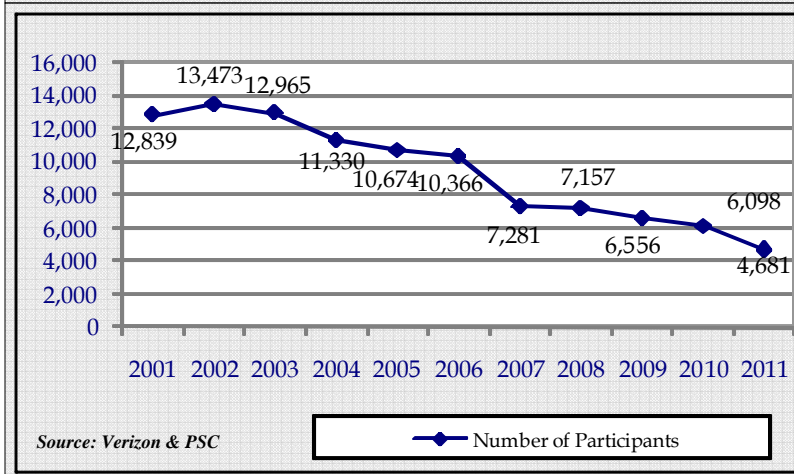
Verizon's Average Residential Telephone Bills* in D.C., MD, & VA (Flat Rate Service)



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

* 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

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



In 2010 and 2011, as the recertification process continued, the number of participants in Verizon's Economy II (Lifeline) program declined, perhaps due to the increased use of wireless phones.

Key Outcomes

Telecommunications

Fostered Competition

List of Verizon and 55 Competitive Local Exchange Carriers (CLECs) Providing Service in the District as of December 31, 2011

| No. | Company Name | Consumer Service Telephone No. | Residential | Commercial |
|-----|---|--------------------------------|-------------|------------|
| 1 | Access One, Inc. | 800/804-8333 | | X |
| 2 | Access Point, Inc. | 800/957-6468 | X | X |
| 3 | ACN Communication Services, Inc. | 877/226-1010 | X | |
| 4 | Airspring, Inc. | 818/786-8990 | | X |
| 5 | AT&T Communications of Washington DC, LLC | 800/222-0400 | | X |
| 6 | Atlantech Online, Inc. | 800/256-1612 | | X |
| 7 | BCN Telecom, Inc. | 800/768-2852 | | X |
| 8 | Broadview Networks, Inc. | 800/276-2384 | X | X |
| 9 | Broadwing Communications LLC f/k/a Focal Communications | 800/422-1199 | | |
| 10 | Budget PrePay, Inc. d/b/a Budget Phone | 888/424-5588 | X | X |
| 11 | Business Telecom, Inc. d/b/a BTI | 800/239-3000 | | X |
| 12 | Cable & Wireless Americas Operations, Inc. | 866/875-6900 | | X |
| 13 | Cavalier Telephone Mid-Atlantic, LLC | 877/474-4926 | X | X |
| 14 | Cbeyond Communications, LLC | 678/370-2534 | | X |
| 15 | CTC Communications Corp. d/b/a One Communications | 888/832-5802 | | X |
| 16 | Cypress Communications Operating Company | 888/528-1788 | | X |
| 17 | DSCI Corporation | 877/344-7441 | | X |
| 18 | Dynalink Communications, Inc. | 877/396-2546 | | X |
| 19 | First Communications, LLC | 616/349-8525 | | X |
| 20 | Entelegent Solutions, Inc. | 888-274-7619 | | X |
| 21 | First Communications, LLC | 616-349-8525 | X | |
| 22 | France Telecom Corporate Solutions LLC | 866/280-3726 | | X |
| 23 | Gateway Communications Services, Inc. | 866/577-1166 | X | X |
| 24 | Global Crossing Telemanagement, Inc. | 800/500-7753 | | X |
| 25 | Global Telecom & Technology Americas, Inc. | 703/442-5500 | | X |
| 26 | Granite Telecommunications, LLC | 866/847-1500 | | X |
| 27 | Level 3 Communications, LLC | 703/234-8891 | | X |
| 28 | MassComm, Inc. d/b/a MASS Communications | 212/201-8033 | | X |
| 29 | Matrix Telecom, Inc. d/b/a Trinsic Communications | 888/411-0111 | X | X |
| 30 | McGraw Communications, Inc. | 888/543-2000 | | X |

Source: PSC Annual Survey

Key Outcomes

Telecommunications

Fostered Competition

List of Verizon and 55 Competitive Local Exchange Carriers (CLECs) Providing Service In the District as of December 31, 2011

| No. | Company Name | Consumer Service Telephone No. | Residential | Commercial |
|-----|---|---|-------------|------------|
| 31 | MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services | res: 800/444-2222, bus: 888/624-9266 | | X |
| 32 | McLeod USA Telecommunications Services, LLC | 319/790-6702 | | X |
| 33 | Metropolitan Telecommunications of DC d/b/a Met-TEL | 800/876-9823 | X | X |
| 34 | Mitel NetSolutions, Inc. f/k/a Inter-Tel Netsolutions, Inc. | 800/821-1661 | | X |
| 35 | Netwolves Network Services, LLC | 800-676-8870 | | X |
| 36 | Network Communications Intl. | 888/686-3699 | | 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. | 877/340-2600 | | X |
| 41 | Quantum Shift Communications, Inc. d/b/a VCOM Solutions | 800/804-8266 | | X |
| 42 | Qwest Communications Company, LLC | 877/440-8959 | | X |
| 43 | Sidera Networks, LLC f/k/a RCN New York Communications, LLC f/k/a Consolidated Edison | 212/324-5050 | | X |
| 44 | Southwestern Bell Communications Long Distance, LLC d/b/a AT&T Long Distance | 800/222-0300 | | X |
| 45 | Spectrotel, Inc. | 732/345-7859 | | X |
| 46 | Sprint Communications Company L.P. | res: 800/877-4646, bus: 800/877-4020 | | X |
| 47 | Starpower Communications, LLC | 800/746-4726 | X | X |
| 48 | Telco Experts, LLC | 800/787-5050 | | |
| 49 | TelCove Operations, LLC | 866/835-2683 | | X |
| 50 | Teleport Communications of Washington, DC, Inc. | 877/207-9323 | | X |
| 51 | Trans National Communications International, Inc. | 800/800-8400 | | X |
| 52 | 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 |
| 53 | US LEC of Virginia LLC d/b/a PAETEC Business Services | 800/978-7532 | | X |
| 54 | VDL, Inc. d/b/a Global Telecom Brokers | 877/225-5482 | | X |
| 55 | Verizon Washington, DC Inc. | 800/826-2355 | X | X |
| 56 | XO Communications Services, Inc. | 888/845-0608 | | X |

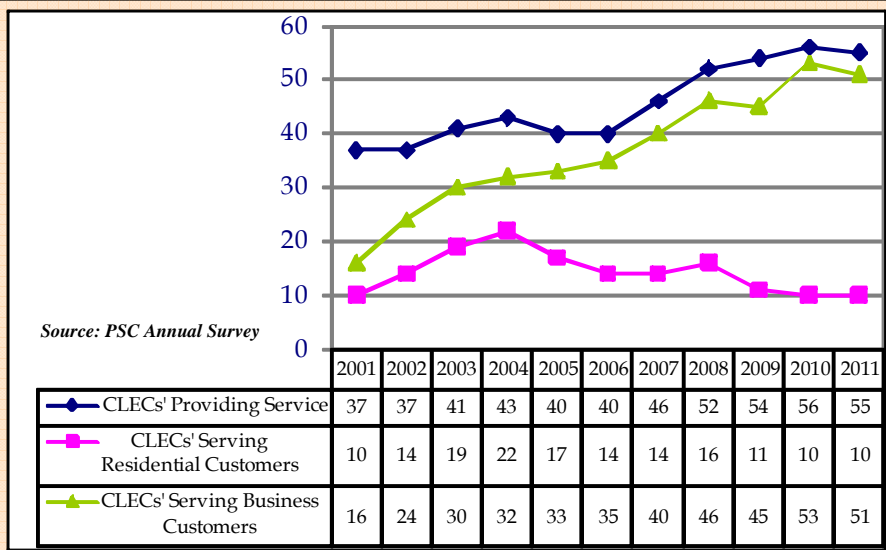
Source: PSC Annual Survey

Key Outcomes

Telecommunications

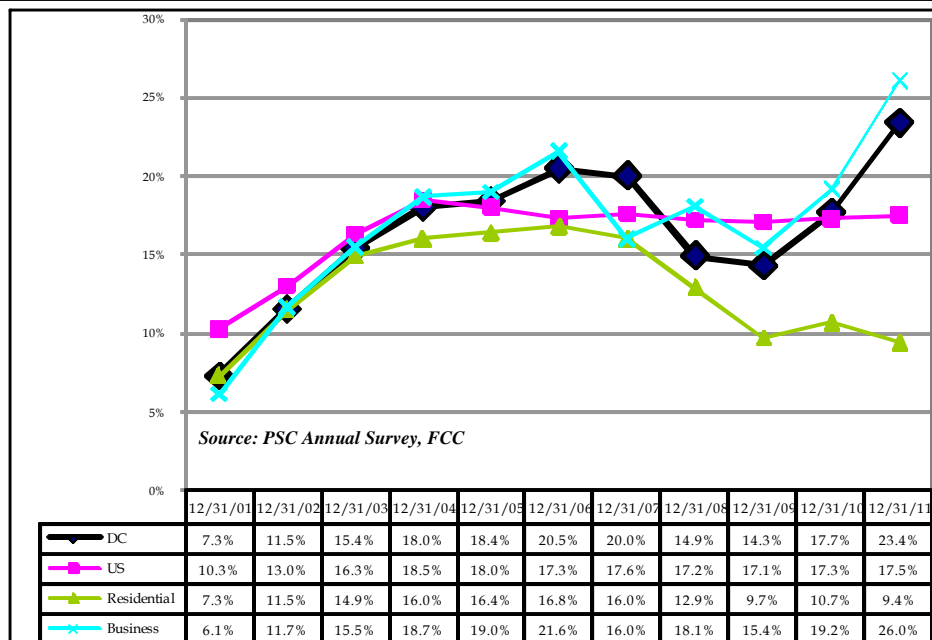
Fostered Competition

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



In 2011, the number of CLECs providing service in the District remained about the same as in 2010.

CLECs' Share of Lines



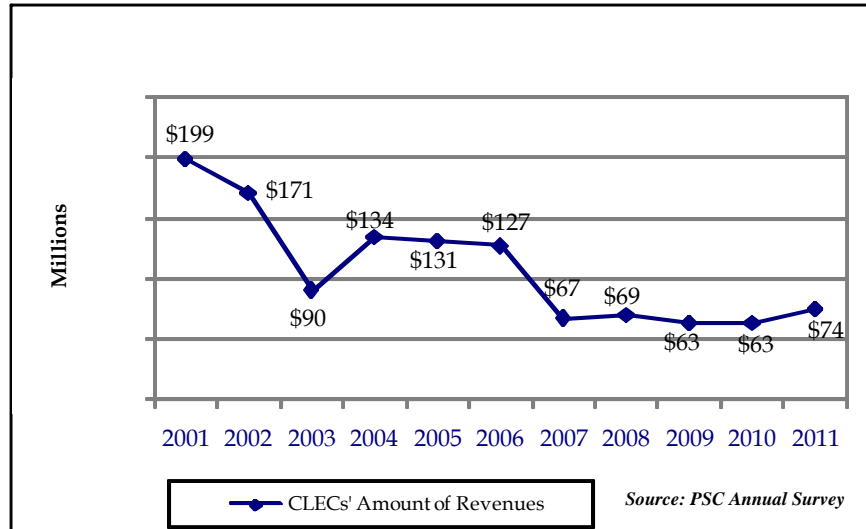
CLECs' share of lines in the District rose significantly in 2011. All of the increases were from business customers.

Key Outcomes

Telecommunications

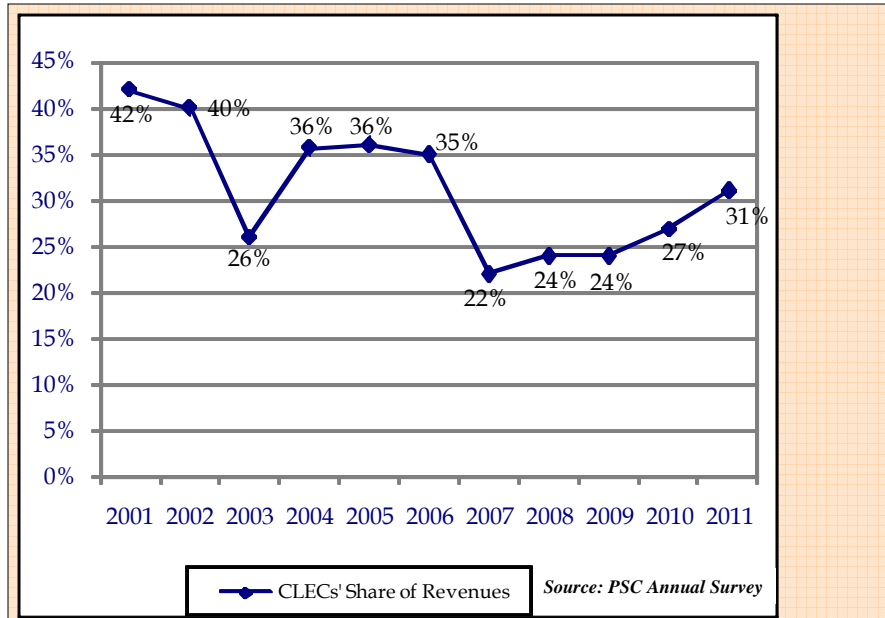
Fostered Competition

Amount of CLEC Revenues (In Million Dollars)



CLECs' revenues increased in 2011.

CLECs' Share of Industry Revenues (%)

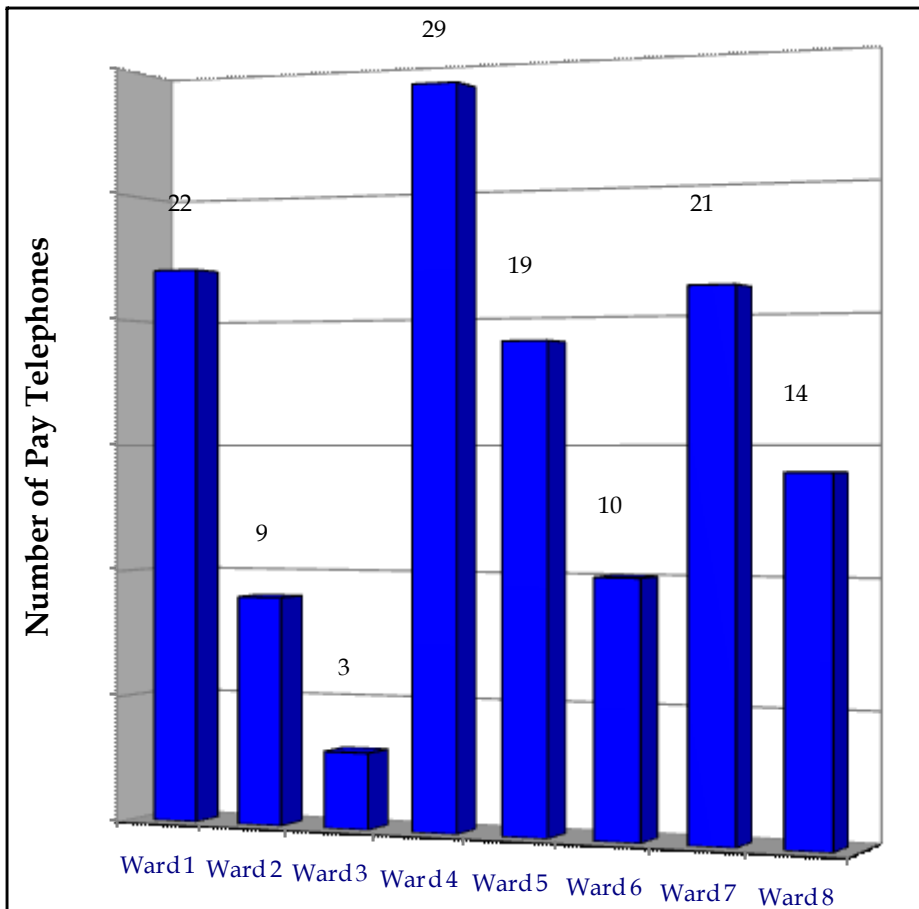


Key Outcomes

Telecommunications

Fostered Competition

**Number of Pay Telephones by Ward
FY 2011**



Source: PSC

| | Ward 1 | Ward 2 | Ward 3 | Ward 4 | Ward 5 | Ward 6 | Ward 7 | Ward 8 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| ■ Number of Pay Telephones | 22 | 9 | 3 | 29 | 19 | 10 | 21 | 14 |

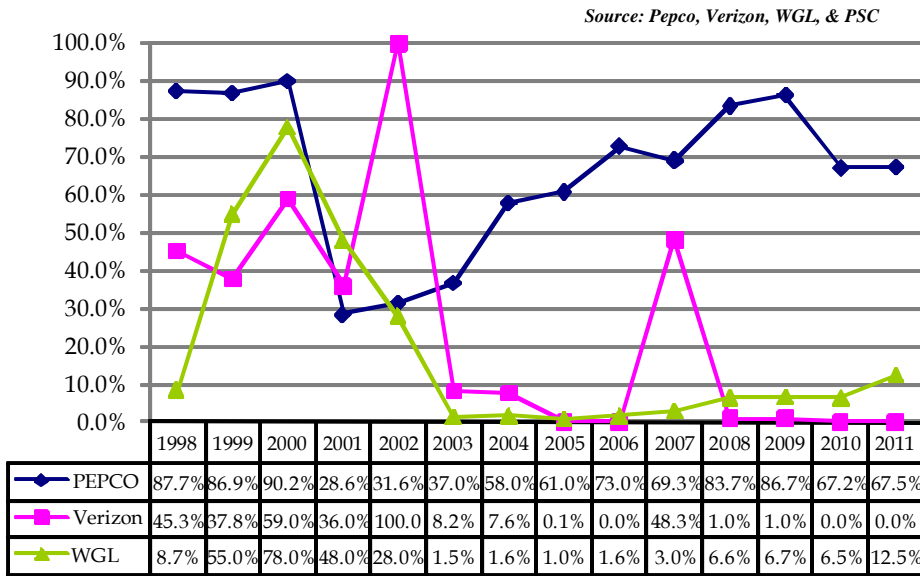
In FY 2011, Ward 4 had the largest number of payphones in D.C. followed closely by Wards 1 and 7. Wards 2 and 3 had the smallest number of payphones.

Key Outcomes

Multi-Utility

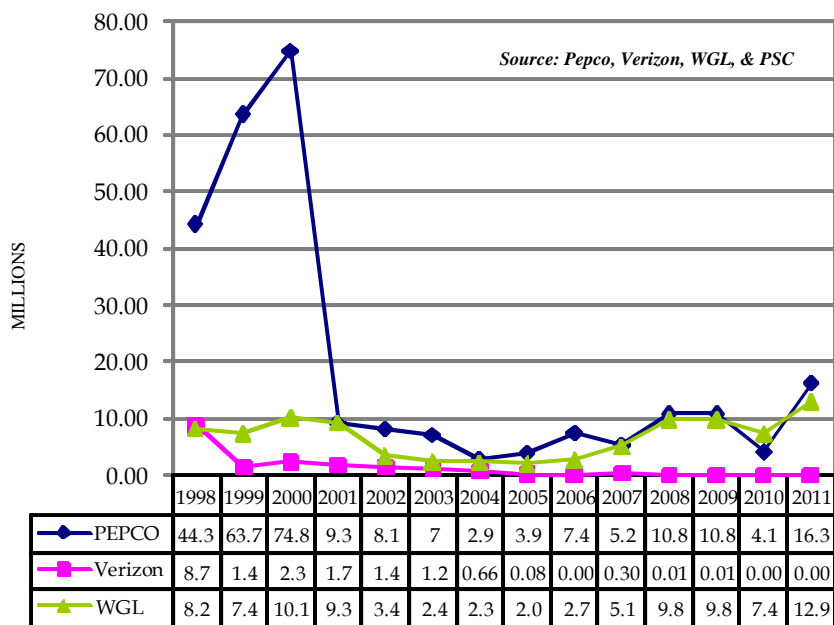
Regulated Monopoly Services

Utility Minority Contracting—D.C. Minority Businesses' Share of Utility Companies' D.C. Contracts



Pepco's & Verizon's performance, as measured by their shares of D.C. spending going to Minority Business Enterprise (MBE) vendors, remained the same in 2011 while WGL's performance increased.

Utility Minority Contracting—Dollars Spent by Utility Companies on D.C. Minority Businesses



In 2011, Pepco's and WGL's spending with D.C. minority businesses increased while Verizon's spending remained the same.

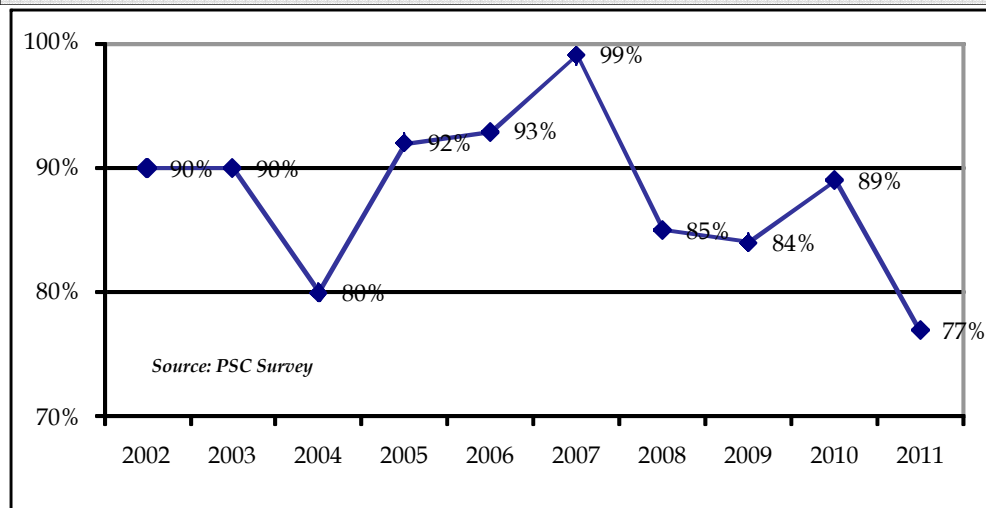
MULTI-UTILITY

Key Outcomes

Multi-Utility

Resolved Disputes

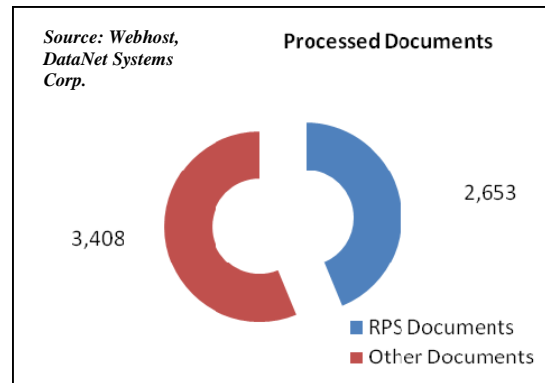
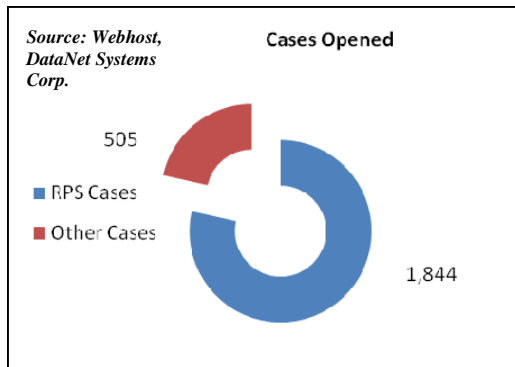
Customer Satisfaction With the PSC's Utility Complaint Mediation Services



The PSC's Office of Consumer Services distributes customer service satisfaction forms to all complainants. In 2011, in response to the survey, 77% of respondents strongly agreed or agreed that they would contact the PSC again to resolve a question or a problem. This figure was well below the 89% for the previous year.

Educated Consumers and Informed the Public

In 2011, OCMS staff opened 2,349 new cases, of which 78.50% or 1,844 cases were applications for the Renewable Energy Portfolio Standard Program (RPS).

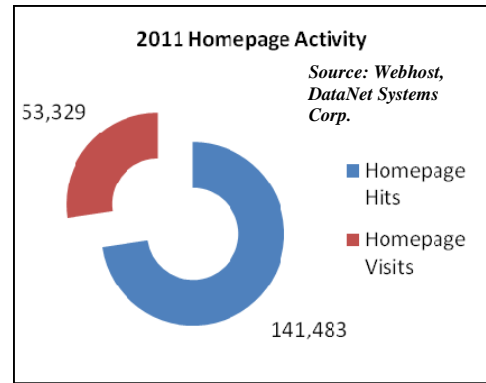
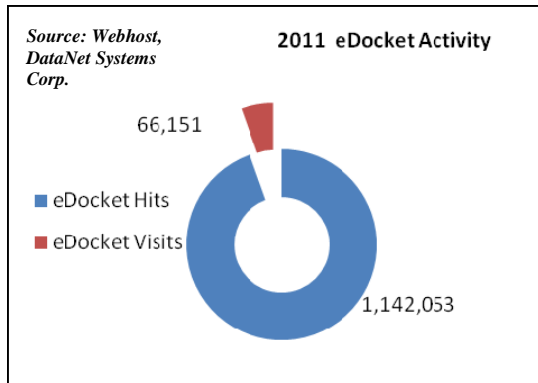


Key Outcomes

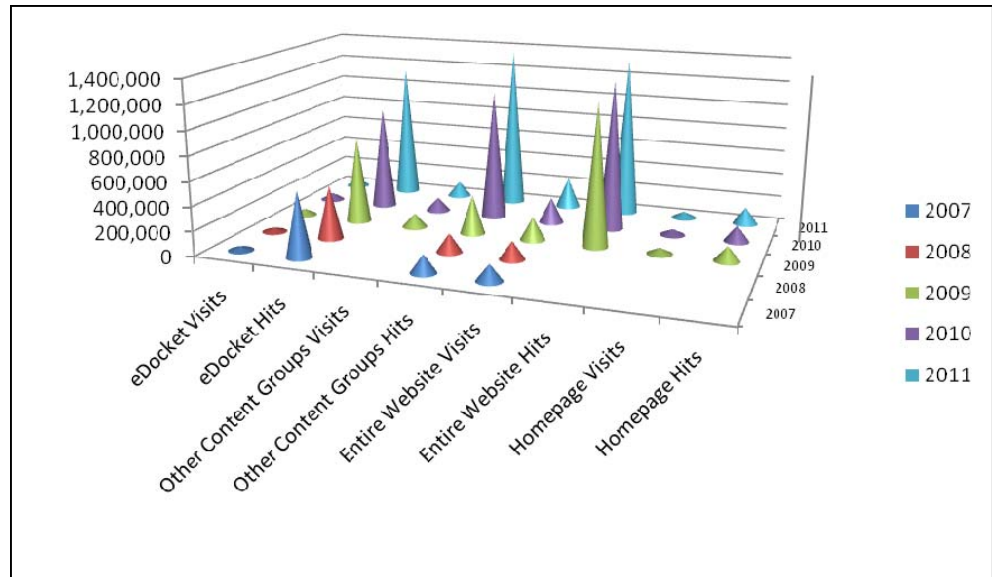
Multi-Utility

Educated Consumers & Informed the Public

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, 2011 to December 31, 2011, eDocket received 1,142,053 hits. Users downloaded 212,090 portable document files (PDF) which included 160,496 PSC orders.



Trends in Website Hits and Visits, 2007-2011



Tracking data show the PSC Homepage received 53,329 visits and 141,483 hits between January 1, 2011 and December 31, 2011. Likewise, data reflect 66,151 visits and 1,142,053 hits to eDocket. The other content groups received 130,364 visits and 1,354,520 hits.

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

N/A: Not Available

* Includes Additional Content Groups compared to previous years, 2007 & 2008

M
U
L
T
I
-
U
T
I
L
I
T
Y

| Index of Formal Case Accomplishments | | |
|---|---|-------------|
| Case No. | Electricity | Page |
| FC 766 | FC 766 - The PSC Addressed Pepco's System-Wide and Neighborhood Service Reliability. | 39 |
| FC 766/1076 | FC 766 and 1076 - The PSC Directs a Management Audit of Transactions between Pepco and Other PHI Affiliates. | 45 |
| FC 813/945 | FC 813/945 - The PSC Approved the Updated Residential Aid Discount (RAD) Rider Used to Finance Discount Rates for Low-Income Electric Customers. | 46 |
| FC 945 | FC 945 - The PSC Finalized Sub-metering and Energy Allocation Rules. | 50 |
| FC 945 | FC 945 - The PSC Certified Generators for the Renewable Energy Portfolio Standard. | 50 |
| FC 945 | F. C. No. 945 - The PSC Approved a Revised Pepco Net Metering Contract and Rider Consistent with the Clean and Affordable Energy Act of 2008. | 51 |
| FC 945 | FC 945 - The PSC Reviewed Electricity Suppliers' Fuel Mix Filings. | 52 |
| FC 982 | FC 982 - The PSC Established New Electricity Quality of Service Standards (EQSS). | 40 |
| FC 982 | FC 982 - The PSC Launched an Inquiry Into Restoration of Service After Major Service Outages. | 41 |
| FC 991 | FC 991 - The PSC Continued to Engage a Consultant to Conduct Manhole Inspections. | 42 |
| FC 1017 | FC 1017 - The PSC Announced Lower Standard Offer Service (SOS) Rates for Electricity Customers. | 48 |
| FC 1017 | FC 1017 - The PSC Approved A Reduction in Pepco's Transmission Rate. | 48 |
| FC 1017 | FC 1017 - The PSC Held a Legislative-Style Hearing on June 16, 2011 to Explore Dynamic Pricing and Standard Offer Service (SOS) Procurement Issues. | 52 |
| FC 1026 | FC 1026 - The PSC Granted OPC's Motion to Lodge the Shaw Engineering Consultants' PowerPoint Slides into the Record. | 42 |
| FC 1050 | FC 1050 - The PSC Reviewed Pepco's First Small Generator Interconnection Annual Report. | 53 |
| FC 1053 | FC 1053 - The PSC Monitored Pepco's Decoupling Mechanism, Called a Bill Stabilization Adjustment (BSA). | 53 |
| FC 1056 | FC 1056 - The PSC Approved the Deployment Phase of the Advanced Metering Infrastructure (AMI) Task Force's Customer Education Plan. | 55 |
| FC 1062 | FC 1062 - In Complying with a Court Order, the PSC Directed Pepco to Provide Documents Pepco Deemed to Be Confidential to OPC Regarding The Investigation of the February 20, 2009 and June 13, 2008 Power Outages Involving Substation 52. | 43 |
| FC 1062 | FC 1062 - The PSC Initiated an Investigation into Power Outages that Began on May 31, 2011 in the New York Avenue and First Street, N.E. Area in the District of Columbia | 44 |
| FC 1070 | FC 1070 - The PSC Denied Pepco's Demand Response (DR) Program Proposal. | 53 |
| FC 1073 | FC 1073 - The PSC Monitored Pepco's Construction of Two 230 kV Underground Transmission Lines. | 44 |
| FC 1075 | FC 1075 - The PSC Reviewed Pepco's Annual Financing Report. | 46 |
| FC 1083 | FC 1083 - The PSC Solicited Consultants to Address Smart Grid Policy Issues. | 44 |
| FC 1085 | FC 1085 - The PSC Considered the Feasibility of Implementing a Purchase of Receivables Policy. | 48 |

| Index of Formal Case Accomplishments | | |
|---|--|-------------|
| Case No. | Electricity | Page |
| FC 1086 | FC 1086 - The PSC Approved Pepco's Revised Direct Load Control Program. | 54 |
| FC 1087 | FC 1087 - The PSC Began Its Consideration of Pepco's Application for a Rate Increase. | 47 |
| FC 1092 | FC 1092 - The PSC Began an Investigation of the Consumer Practices of Horizon Power and Light, LLC. | 55 |
| FC 1094 | FC 1094 - The PSC Began an Inquiry of Michael Petras Complaint Regarding Glacial Energy of D.C. | 55 |
| FC 1097 | FC 1097 - The PSC Initiated a Proceeding to Address Liberty Power's Complaint Against Pepco. | 55 |
| — | The PSC Monitored the Wholesale and Retail Electricity Markets. | 46 |
| — | The PSC Participated in Federal Energy Regulatory Commission (FERC) Proceedings and Monitored PJM Interconnection, LLC (PJM) Activities to Ensure Just and Reasonable Rates. | 56 |
| Natural Gas | | |
| FC 874 | FC 874 - The PSC Approved WGL's 2010 GPR. | 59 |
| FC 977 | FC 977 - The PSC Monitored WGL's Quality of Service. | 57 |
| FC 989/1093 | FC 989/1093 - The PSC Initiated a WGL Rate Case to Ascertain the Reasonableness of WGL's Rates. | 59 |
| FC 1027, GT 06-1, and GT 97-3 | FC 1027, GT 06-1, and GT 97-3 - The PSC Approved WGL's Revised Hexane Recovery Tariff and Monitored WGL's Replacement of Vintage Mechanical Couplings and Pipe. | 57 |
| FC 1061 | FC 1061 - The PSC Reviewed WGL's Annual Financing Report. | 59 |
| FC 1079 | FC 1079 - The PSC Denied WGL's Application for Reconsideration of a Revenue Normalization Adjustment and Closed the Case. | 59 |
| FC 1081 | FC 1081 - The PSC Denied WGL's Motion to Change Payment Options and Closed the Case. | 60 |
| FC 1088 | FC 1088 - The PSC Approved WGL's Financing Authority Application. | 60 |
| FC 1089 | FC 1089 - The PSC Proposed Amendments to the Natural Gas Pipeline Safety Rules. | 58 |
| FC 1091 | FC 1091 - The PSC Opened an Investigation of WGL's Depreciation Study and Practices. | 61 |
| GT01-1 | GT01-1 - The PSC Required WGL and the Gas Procurement Working Group (GPWG) to Re-Evaluate the Company's Hedging Decisions. | 61 |
| GT11-1 | The PSC Considered WGL's Application to Change the Methodology It Uses to Calculate Customers' Costs for the Installation of Service Pipes and Mains. | 58 |
| — | The PSC Monitored the Wholesale and Retail Natural Gas Markets. | 62 |
| — | The PSC Ensured Natural Gas Pipeline Safety through the Federal Pipeline Safety Grant in 2011. | 62 |
| — | The PSC Completed the 2011 One-Call Grant Project to Prevent Damage to Underground Facilities. | 63 |

| Index of Formal Case Accomplishments | | |
|---|---|-------------|
| Case No. | Telecommunications | Page |
| FC 988 | FC 988 - The PSC Revised the Telecommunications Universal Service Rules in Chapter 28 of Title 15 of the DCMR to, Among Other Things, Permit the Assessment of Voice over Internet Protocol (VoIP) Providers. | 65 |
| FC 988 | FC 988 - The PSC Took Steps to Make Lifeline Eligibility Criteria Conform to the Residential Aid Discount (RAD) Criteria. | 66 |
| FC 988 | FC 988 - The PSC Held a Telecommunications Relay Service (TRS) Advisory Board Meeting on May 27, 2011. | 66 |
| FC 990 | FC 990 - The PSC Ensured Fair and Open Local Telecommunications Competition at the Wholesale Level in 2011. | 64 |
| FC 990 | FC 990 - The PSC Continued To Monitor Verizon's Service Quality. | 64 |
| FC 990 | FC 990 - The PSC Updated the Enforcement Section 2703 of Chapter 27 of the DCMR Governing the Regulation of Telecommunications Providers. | 64 |
| FC 1057 | FC 1057 - In 2011, the PSC Reviewed 23 Verizon Basic, Discretionary, and Competitive Service Pricing Filings and Took Action on Three of them Per Price Cap Plan 2008. | 67 |
| FC 1059 | FC 1059 - The PSC Reviewed Verizon's Long-Term Financing Report. | 66 |
| FC 1084 | FC 1084 - The PSC Approved Verizon's Plans to Discontinue the Distribution of its Residential White Pages Directories and Closed the Case. | 72 |
| FC 1090 | FC 1090 - The PSC Opened an Investigation into Verizon's Telecommunications Infrastructure. | 65 |
| TT 06-6 | TT 06-6 - The PSC Reviewed Five (5) Promotional Filings by Verizon in 2011. | 70 |
| — | The PSC Filed Comments in Several Federal Communications Commission (FCC) Proceedings. | 72 |
| — | Broadband Mapping Grant – The PSC Surveyed Broadband Providers to Determine the Percentage of the District with Access to Broadband Services. | 73 |
| Multi-Utility | | |
| FC 712 | FC 712 - The PSC Took Steps to Establish Procedures for Applying Civil Forfeiture and Penalty provisions of the D.C. Code. | 74 |
| FC 712 | FC 712 - The PSC Approved Mandatory Electronic Filing for Most Filings. | 74 |
| FC 712 | FC 712 - The PSC Established the Utility Companies' 2012 Interest Rate To Be Paid on Customer Deposits. | 74 |
| FC 813/988 | FC 813 and 988 - The PSC Established a Consumer Education Program to Educate Consumers about the Low-income Utility Discount Programs. | 75 |
| FC 1009 | FC 1009 - The PSC Adopted a New Affiliate Transactions Code of Conduct. | 75 |
| FC 1078 | FC 1078 - The PSC Directed WGL and Pepco to Revise Their Bill Formats. | 75 |
| ET 00-2, GT 00-2, TT 00-5 | ET 00-2, GT 00-2, TT 00-5 - The PSC Approved the Utility Companies' Rights-of-Way (ROW) Fees. | 76 |

| Index of Key Results | |
|--|-------------|
| Electricity | Page |
| Number of Solar Facilities the PSC Certified for D.C. & PJM States as of December 31, 2011 | 79 |
| Number of Renewable Portfolio Standard Applications Received (As of December 31, 2011) | 79 |
| Cumulative Number of Alternative Electric Generation & Transmission Suppliers (AES) Licensed to Serve D.C. By Year-End | 80 |
| Number of Electricity Complaints & Inquiries | 80 |
| Natural Gas | |
| Number of Natural Gas Pipeline Safety Inspections Performed | 81 |
| Monitoring Natural Gas Construction Projects in D.C. | 81 |
| Cumulative Number of Alternative Commodity Gas Suppliers (AGS) Licensed to Serve D.C. By Year-End | 82 |
| Number of Natural Gas Complaints & Inquiries | 82 |
| Telecommunications | |
| Cumulative Number of CLECs Certificated & Withdrawn By Year-End | 83 |
| Cumulative Number of Interconnection Agreements Approved By Year-End | 83 |
| Number of Telephone Complaints & Inquiries | 84 |
| Number of Pay Telephone Complaints & Inquiries | 84 |
| Multi-Utility | |
| Percentage of Rate Cases Processed on a Timely Basis | 77 |
| Percentage of CLEC Applications Processed on a Timely Basis | 77 |
| Percentage of Electricity, Natural Gas, & Telephone Tariffs Processed on a Timely Basis | 77 |
| U.S. DOT Ratings for Natural Gas Pipeline Safety Program | 78 |
| Regulatory Research Associates (RRA) Ratings for the PSC | 78 |
| Total Number of Electric, Natural Gas, & Telephone Tariffs Processed | 85 |
| Total Number of Electric, Natural Gas, & Telephone Tariffs Processed By Type | 85 |
| Number of Electric & Natural Gas Meter Tests Witnessed | 86 |
| Number of Outreach Activities (Excluding Meter Tests) | 86 |
| The PSC Closed 15 Formal Cases in 2011 | 87 |
| Total Number of Formal Cases Closed by Year | 89 |
| The PSC Opened 14 Formal Cases and 6 New Dockets in 2011 | 90 |

| Index of Key Outcomes | |
|---|-------------|
| Electricity | |
| | Page |
| Total Number of Manhole Events (Explosions, Fires, and Smoking Manholes) | 91 |
| Explosions as a Percentage of Total Events | 91 |
| Number of Explosions for Slotted vs. Solid Manhole Covers | 91 |
| System Average Interruption Frequency Index (SAIFI) | 92 |
| System Average Interruption Duration Index (SAIDI) | 92 |
| Customer Average Interruption Duration Index (CAIDI) | 93 |
| Average Residential Electric Bills in D.C., MD, & VA | 94 |
| Participation in Pepco's Low-Income Residential Aid Discount (RAD) Program | 94 |
| Alternative Electric Suppliers' Shares of Customers in D.C. | 95 |
| Alternative Electric Suppliers' Shares of Electricity Usage in D.C. (% of MWHs Used by AES Customers) | 95 |
| Number of Alternative Electric Suppliers Serving D.C. | 95 |
| List of Pepco and 20 Licensed Alternative Electric Generation & Transmission Suppliers (AES) Serving the District as of December 31, 2011 | 96 |
| PJM System Mix | 97 |
| Natural Gas | |
| Number of Natural Gas Pipeline Safety Incidents | 98 |
| WGL's Average Residential Natural Gas Bills in D.C., MD, & VA | 98 |
| Participation in WGL's Low-Income Residential Essential Service (RES) Program | 98 |
| List of Washington Gas and 11 Alternative Commodity Natural Gas Suppliers (AGS) Serving the District as of December 31, 2011 | 99 |
| Number of Alternative Commodity Gas Suppliers (AGS) Serving D.C. | 100 |
| AGS's Share of Customers | 100 |
| AGS's Share of Usage (Therms) | 100 |
| Telecommunications | |
| Telephone Penetration Index (TPI): D.C., Central Cities, and U.S. Average | 101 |
| D.C. Telephone Penetration Index by Month (%) | 101 |
| Verizon's Average Residential Telephone Bills in D.C., MD, & VA (Flat Rate Service) | 102 |
| Participation in Verizon's Low-Income Economy II Service Program | 102 |

| Index of Key Outcomes | |
|--|-------------|
| Telecommunications | Page |
| List of Verizon and 56 Competitive Local Exchange Carriers (CLECs) Providing Service in the District as of December 31, 2011 | 103 |
| Number of CLECs Providing Services in D.C. By Year-End Based on Annual PSC Survey of Verizon and All Certificated CLECs | 105 |
| CLECs' Share of Lines | 105 |
| Amount of CLEC Revenues (In Million Dollars) | 106 |
| CLECs' Share of Industry Revenues (%) | 106 |
| Number of Pay Telephones by Ward FY 2011 | 107 |
| Multi-Utility | |
| Utility Minority Contracting—D.C. Minority Businesses' Share of Utility Companies' D.C. Contracts | 108 |
| Utility Minority Contracting—Dollars Spent by Utility Companies on D.C. Minority Businesses | 108 |
| Customer Satisfaction With the PSC's Utility Complaint Mediation Services | 109 |
| Number of New Cases Opened and Processed | 109 |
| 2011 eDocket Activity | 110 |
| Trends in Website Hits and Visits, 2007-2011 | 110 |

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 | NPS - Non-Personnel Services |
| EEO - Equal Employment Opportunity | NPV - Net Present Value |
| EQSS - Electric Quality of Service Standards | NRRI - National Regulatory Research Institute |
| ET - Electric Tariff | NTIA - National Telecommunications Information Administration |
| ETC - Eligible Telecommunications Carrier | NULCA - National Utility Locators Contractors Association |
| FC - Formal Case | NYMEX - New York Mercantile Exchange |
| FCC - Federal Communications Commission | OC - Offices of the Commissioners |
| FERC - Federal Energy Regulatory Commission | OCFO - Office of the Chief Financial Officer |
| FEA - Federal Executive Agency | OCMS - Office of the Commission Secretary |
| FOIA - Freedom of Information Act | OCS - Office of Consumer Services |
| FPL - Federal Poverty Level | OCTO - Office of the Chief Technology Officer |
| FTE - Full-Time Equivalent | ODEDAM - Office of the Deputy Executive Director for Administrative Matters |
| FY - Fiscal Year (October 1—September 30) | OED - Office of the Executive Director |
| GA - Gas Application | OGC - Office of the General Counsel |
| GATS - Generation Attribute Tracking System | OHR - Office of Human Resources |
| GT - Gas Tariff | OIT - Office of Information Technology |
| G&T - Generation and Transmission | OMS - Outage Management System |
| GPC - Generation Procurement Credit | OPC - Office of the People's Counsel |
| GPR - Gas Procurement Report | OPEIU - Office of Professional Employees International Union |
| 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



1333 H Street, N.W.
Washington, D.C., 20005
Phone: (202) 626-5100
Fax: (202) 626-9210

WE'RE ON THE WEB!
www.dcpsc.org
