



FY 2015 Performance Accountability Report Public Service Commission

INTRODUCTION

The Performance Accountability Report (PAR) measures each agency's performance for the fiscal year against the agency's performance plan and includes major accomplishments, updates on initiatives' progress and key performance indicators (KPIs).

MISSION

The mission of the Public Service Commission 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. This mission includes:

- Protecting consumers to ensure public safety, reliability, 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;
- Educating utility consumers and informing the public; and
- Motivating customer and results-oriented employees.

SUMMARY OF SERVICES

The Public Service Commission regulates public utilities operating in the District of Columbia by issuing orders in formal proceedings that may include written comments or testimony, hearings, studies, and investigations; ensuring fair and appropriate utility prices; fostering competition by licensing utility service providers and supervising the competitive bidding process; ensuring utility providers meet various environmental regulations and standards by operating in ways that conserve natural resources and preserve environmental quality; and educating consumers and resolving disputes among consumers and utility service providers.

OVERVIEW – AGENCY PERFORMANCE

The following section provides a summary of PSC performance in FY 2015 by listing PSC's top three accomplishments, and a summary of its progress achieving its initiatives and its progress on key performance indicators.

TOP THREE ACCOMPLISHMENTS

The top three accomplishments of PSC in FY 2015 are as follows:

- ✓ Denied the application for authorization and approval of a change of control of the Potomac Electric Power Company to be effected by the merger of PHI with Purple Acquisition Corp., a wholly owned subsidiary of Exelon Corporation.

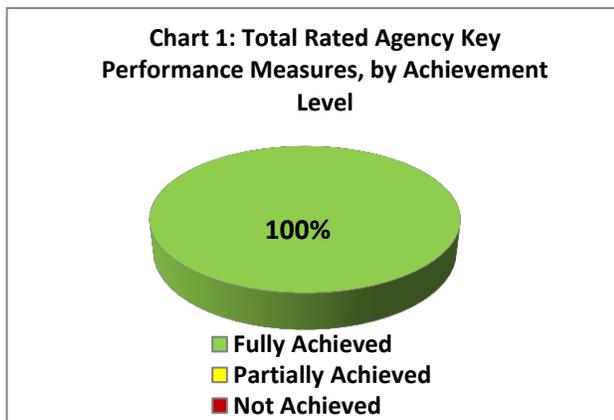
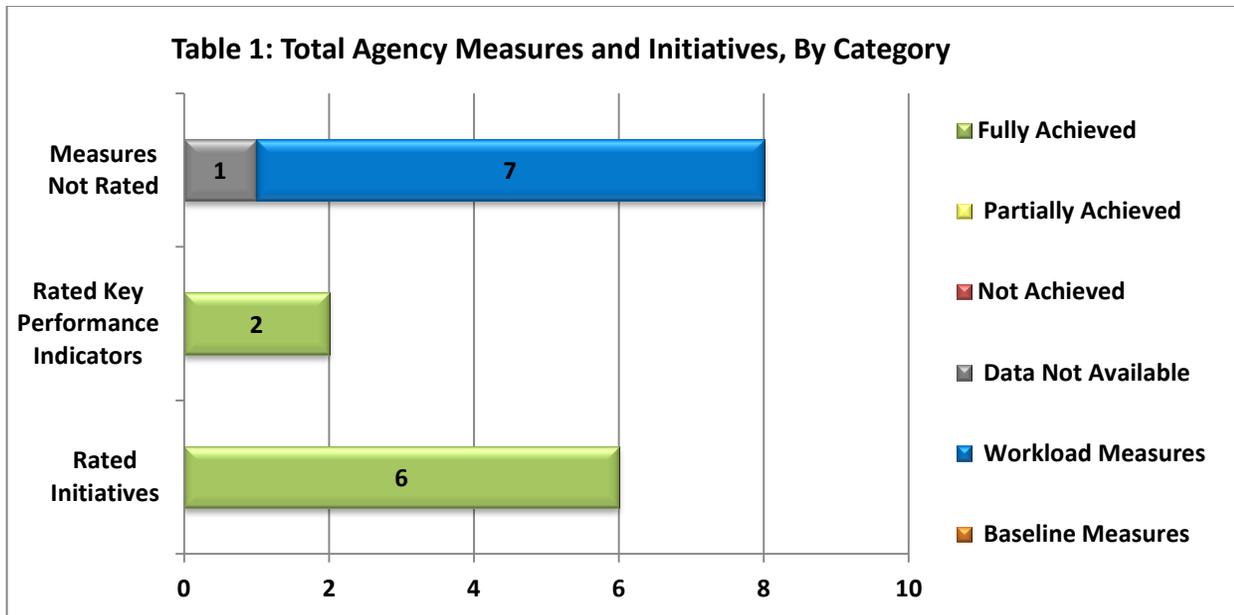


- ✓ Issued orders approving the first Triennial Plan, the Underground Project Charge and the Finance Charge to implement the DC Underground Law
- ✓ Rendered a decision on the telecommunications transition in the District from copper facilities to fiber optic facilities.

BONUS: Relocated and consolidated the Commission offices on schedule, with no appreciable loss of productivity.

SUMMARY OF PROGRESS TOWARD COMPLETING FY 2015 INITIATIVES AND PROGRESS ON KEY PERFORMANCE INDICATORS

Table 1 (see below) shows the overall progress the PSC made on completing its initiatives, and how overall progress is being made on achieving the agency’s objectives, as measured by their key performance indicators.





In FY 2015, PSC fully achieved all of its initiatives and all of its rated key performance measures. Table 1 provides a breakdown of the total number of performance metrics PSC uses, including key performance indicators and workload measures, initiatives, and whether or not some of those items were achieved, partially achieved or not achieved. Chart 1 displays the overall progress being made on achieving PSC objectives, as measured by its rated key performance indicators. Please note that chart 2 contains only rated performance measures. Rated performance measures do not include measures where data is not available, workload measures or baseline measures. Chart 2 displays the overall progress PSC made on completing its initiatives, by level of achievement.

The next sections provide greater detail on the specific metrics and initiatives for PSC in FY 2015.

PERFORMANCE INITIATIVES – ASSESSMENT DETAILS

OBJECTIVE 1: Ensure safe, reliable and quality electric, natural gas and local telecommunications services.

INITIATIVE 1.1: Implement new undergrounding law.

The Electric Company Infrastructure Improvement Financing Act of 2013 became effective on May 3, 2014. In accordance, on June 17, 2014, Pepco and the District of Columbia Department of Transportation (DDOT) filed with the Commission a joint application requesting (a) approval of the Triennial Underground Infrastructure Improvement Projects Plan (“Triennial Plan”) to underground certain electric distribution feeders in the District of Columbia, for the first three years of the undergrounding project (i.e.2015-2017), and (b) approval of a Underground Project Charge to be charged by Pepco with respect to the costs it incurs for the underground project. The entire undergrounding project is expected to extend for a period of 7-10 years at a total cost of approximately \$1 billion. In addition, by law, Pepco and DDOT are also required to file with the Commission by August 1, 2014 a proposed Financing Plan for approval of a Finance Charge to be charged by the District with respect to its financing costs.

In FY 2015, the Commission’s goals are to issue orders approving by February 2015, the first Triennial Plan and Underground Project Charge that identifies at least 20 feeders to be undergrounded and approving by March 1, 2015 the Financing Charge. **Completion Date: March 1, 2015**



Performance Assessment Key: This initiative was achieved. In FY 2015, the Commission approved both the Triennial Plan and the Underground Project Charge and the Financing Charge (Order Nos. 17697 and 17714). However, the Commission’s Orders are under appeal with a decision expected to be rendered in 2016.

INITIATIVE 1.2: Oversee the technology transition in telecommunications

The Commission encourages all utilities to adopt new technologies that improve services to the public, while also protecting the core values upon which quality services depend. These



core values are public safety, universal service, competition, and consumer protection.

As part of this effort in the field of local telecommunications, the Commission has launched an investigation into Verizon DC's deployment of fiber optic facilities to replace copper facilities in the District of Columbia in Formal Case No. 1102. The investigation focuses, in part, on the impact that this technology transition will have on the services that are currently provided to some District consumers over copper facilities, including in particular: the call and response capabilities of emergency services, the ability of competitors to interconnect to a full panoply of telecommunications services, and the extent to which a fiber network can provide service during a power outage. The investigation will also consider what information and disclosures Verizon DC should provide to District consumers about the features of voice service using fiber facilities. Finally, the Commission is considering whether District consumers who have converted to fiber facilities but now wish to revert to Verizon DC's copper facilities may do so.

In FY 2015, the Commission's goals are to hold a mixed evidentiary and legislative hearing concerning this investigation and to issue a final decisional order no later than September 30, 2015. **Completion Date: September 30, 2015**

Performance Assessment Key: This initiative was achieved. On September 1, 2015, the Commission rendered a decision after hearings on the transition from copper to fiber telecommunications facilities (Order No. 17952). This Order is the subject of Applications for Reconsideration, which the Commission will address in FY 2016.

INITIATIVE 1.3: Oversee Washington Gas Light, Inc.'s implementation of its Accelerated Pipeline Replacement Program (APRP)

After the Commission in its decisional Order No. 17132, issued on May 15, 2013 in Formal Case No. 1093 found technical deficiencies in Washington Gas Light, Inc.'s (WGL) proposed Accelerated Pipeline Replacement Program (APRP) Plan, WGL filed a revised 40-year Accelerated Pipeline Replacement Program (APRP) Plan on August 15, 2013 and a request for approval of a surcharge mechanism to pay for the APRP projects. WGL estimated the 40-year Revised Plan would cost approximately \$1 billion. WGL requested Commission approval to implement the first five years of the Revised APRP that WGL estimated would cost \$110 million. In Order No. 17431, issued March 31, 2014, the Commission approved WGL's revised APRP subject to conditions set out in that Order, including the submission of a detailed first-year implementation plan. The Commission also opened a new formal case docket (Formal Case No. 1115) for the proceedings and decisions pertaining to the Revised APRP going forward. The Commission made clear that it was not approving, the entire 40-year revised Plan and that it is in the interest of District ratepayers to approve only the first 5-year segment of the revised Plan at this time. This procedure will enable the Commission and interested stakeholders to assess WGL's performance at the end of the 5-year period to ensure the Revised Plan is accomplishing what it promised, to ensure that the work is being completed timely and on budget, and to work out any problems with the Revised Plan that emerge. The Commission then anticipates approving the remainder of the revised 40-year



Plan in additional 5-year segments, with the Company requesting Commission approval for each 5-year segment separately.

In FY 2015, the Commission's goals are to give final approval to the Revised WGL Plan and to schedule proceedings (including hearings) to determine the appropriate cost recovery mechanism for the utility to recover the costs of the revised Plan from District ratepayers on an expedited basis without a traditional base rate proceeding. The Commission expects to begin the surcharge phase of Formal Case No. 1115 in FY 2014 and to issue a final Order on the surcharge phase in early 2015. WGL is expected to begin the actual implementation of the revised APRP in FY 2015. Throughout the entire life of the Revised APRP, the Commission will monitor the program, including reviewing individual prioritization, design, construction, and costs of the projects, as well as timely completion of the projects within the established budgets.

Completion Date: September 30, 2015.

- **Performance Assessment Key:** This initiative was achieved. In January 2015, the Commission, after a Public Interest Hearing, approved a Settlement Agreement by which WGL would begin implementation of the Accelerated Pipeline Replacement Program (later renamed Project Pipes) and which provided for a Cost Recovery Mechanism (Order No. 17885).

OBJECTIVE 2: Foster fair and open competition among utility service providers

INITIATIVE 2.1: Render a decision on Exelon/Pepco's proposed merger application.

On June 18, 2014, Exelon, PHI, Pepco, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC filed a joint application for approval by the Commission of a change of control of Pepco to be effected by the merger of PHI with Purple Acquisition Corp., a wholly owned subsidiary of Exelon. As a result of the proposed merger, PHI would become a subsidiary of Exelon. The applicants assert that PHI and Pepco will continue to maintain headquarters in DC and the existing operational management structure of PHI will remain substantially the same. Moreover, applicants further assert that Pepco will continue to operate in DC as an electric public utility subject to the continuing jurisdiction of the Commission and without any reduction in the Commission's existing oversight and authority over Pepco. No changes in rates are proposed in the filing. The applicants further claim that the proposed merger will not diminish Pepco's current plan to improve system reliability, including implementation of the undergrounding project described above. On May 14, 2014, the Commission opened Formal Case No. 1119 to consider the joint application and invited interested persons to intervene.

In FY 2015, the Commission's goal is to conduct a thorough investigation of the joint application, including the holding of evidentiary hearings that can be viewed by the public and community hearings throughout the District wherein citizens can share their views on the proposed merger. The investigation will include the possible impact of the merger on



wholesale and retail competition in the District. The Commission plans to render its decision in this adjudicative proceeding by June 30, 2015.

Completion Date: June 30, 2015



Performance Assessment Key: This initiative was achieved. The June 30 target was revised to accommodate an expanded record. On August 27, 2015, the Commission denied the application for a merger between Pepco Holdings Inc. and the Exelon Corporation (Order No. 17947). The Commission's decision was rendered within 90 days of the close of the record, which is the target the Commission uses for adjudicative proceedings.

OBJECTIVE 3: Educate utility consumers and inform the public

INITIATIVE 3.1: Create a new outreach program for competitive suppliers and consumers

For more than a decade, District residents have been able to choose their electric generation and natural gas commodity suppliers while Pepco and Washington Gas remain the sole regulated electric and natural gas distribution companies, respectively. An increasing number of District consumers have taken advantage of the competition and are receiving their natural gas and electricity from competitive suppliers. However, while the competitive supplier program has been growing, so have the number of complaints about the marketing and business practices of some of these suppliers. The Commission has been investigating this problem, and has launched rulemakings to enhance both the Consumer Bill of Rights and the licensing requirements for competitive suppliers given the evolving changes in the retail markets. The Commission has also taken steps to target any designated competitive suppliers who generate a high number of complaints and/or are not operating in compliance with the Consumer Bill of Rights and the licensing requirements.

In FY 2015, the Commission will launch a Supplier Education Workshop that is aimed at informing the competitive suppliers about the requirements for doing business in the District of Columbia. The topics covered will be (1) an overview of the licensing process, including steps that need to be taken to show financial and technical qualifications, (2) the requirements of the Consumer Bill of Rights, including protections against misleading marketing and business practices, and (3) the process for responding to consumer complaints, including the Commission's mediation and arbitration services. The Workshop will be required of all licensed Competitive Energy Suppliers and will be available both in person and online. The initial workshop is scheduled for the second quarter of FY 2015 and the online version will be available no later than September 30, 2015.

In addition, in FY 2015, the Commission will engage in outreach efforts to ensure that consumers are aware of the Commission's rules regarding the marketing and business practices of competitive suppliers. The Commission will produce easy-to-read Consumer Alerts that inform potential customers of their rights at each stage of the competitive process: from marketing, to billing, to who to contact if something goes wrong. These alerts will be available on the Commission website and will be distributed at outreach events throughout FY2015. **Completion Date: September 30, 2015**



- **Performance Assessment Key: This initiative was achieved.** On August 4, 2015, the Commission held a Workshop for Competitive Energy Suppliers, which was well attended and well received. The presentations from that Workshop have been made available on the Commission’s website. In addition, new Consumer Alerts were added to the website and have been distributed at Outreach Events since November 2014.

OBJECTIVE 4: Motivate customer and results-oriented employees

INITIATIVE 4.1: Relocate the Commission to 1325 G Street, N.W.

The Commission is planning to move to another location that will enable all employees to be on one floor, and thereby enhance communications among offices, increase teamwork and productivity, and provide a more efficient use of space. On July 6, 2014, the Commission’s proposed lease for 30,872 sq. feet at 1325 G Street, N.W. was deemed approved by the D.C. Council. The proposed lease is for a term of 10 years and 6 months, with one five-year renewal option.

In FY 2015, the Commission will complete the design of the office space, carryout the build-out in accordance with the approved floor plan, and relocate the Commission’s offices from 1333 H Street, N.W. to the new home. In anticipation of the move, the Commission is accelerating its archival program so as to be able to reduce and reorganize files and thereby achieve a more efficient use of space. The Commission will also upgrade its technology particularly in the hearing room to facilitate the public’s viewing of hearings and other proceedings. **Completion Date: June 30, 2015**

- **Performance Assessment Key: This initiative was achieved.** Over the weekend of June 20-21, 2015, the Commission relocated its offices to new space. Now all employees are located on the same floor, greatly increasing interaction and productivity. A larger Hearing Room with enhanced audio-visual equipment will continue to be the site of hearings, workshops, meetings, and conferences. In addition, the Commission now has a dedicated Consumer Information Office.

KEY PERFORMANCE INDICATORS- Public Service Commission

   	KPI	Measure	FY 2014 YE Actual	FY 2015 YE Target	FY 2015 YE Revised Target	FY 2015 YE Actual	FY 2015 YE Rating	Budget Program
		USDOT rating for the Commission's	96%	98%		Data not reported ¹	Not Rated	Pipeline Safety

¹ This initiative is reported by calendar year. Data was not available at the time this report was published.



		natural gas pipeline safety program						
●		Adjudicative case decisions to be issued within 90 days from the close of the record	66.67%	95%		100%	105.26%	Utility Regulation
●		Percentage of consumer complaints resolved at the informal level	99.02%	85%		98.45%	115.82%	Utility Regulation

WORKLOAD MEASURES – APPENDIX

WORKLOAD MEASURES ●

Measure Name	FY 2013 YE Actual	FY 2014 YE Actual	FY 2015 YE Actual	Budget Program
Number of cases opened	798	847	1108	Utility Regulation
Number of orders issued	339	408	392	Utility Regulation
Number of natural gas pipeline safety inspections conducted	330	270	191	Pipeline Safety
Number of One-Call (Miss Utility or Call Before You Dig) inspections conducted	956	1102	1103	Pipeline Safety
Number of payphone site inspections conducted	263	210	125	Utility Regulation



Number of Renewable Portfolio Standards applications processed	344	385	660	Utility Regulation
Number of consumer complaints and inquiries processed	1,697	1,470	1250	Utility Regulation