

Washington, D.C. Blue Ribbon Task Force on Pepco Service Reliability

FINAL REPORT

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I. EXECUTIVE SUMMARY

The Potomac Electric Power Company (“Pepco”), a subsidiary of Pepco Holdings, Inc., has requested the formation of a task force to solicit Washington, D.C. customer feedback regarding service reliability, communications with customers and service restoration priorities. Pepco hired Claude Bailey¹ of Venable LLP to assemble a task force (the “Task Force”) consisting of citizens who represent various communities, industries, and interests in the District of Columbia. The Task Force solicited customer comments and prepared this report publishing the Task Force’s recommendations. Pepco sought these recommendations as a tool in guiding its efforts to make improvements in both reliability and customer relations.

Although the Task Force is independent of Pepco, Pepco provided background information to the Task Force and answered Task Force questions about Pepco’s practices in Washington, D.C. As the focus of its analysis, the Task Force hosted seven live town hall meetings and one virtual town hall meeting in order to solicit customer feedback. Two of these meetings focused on Pepco reliability with regard to providing dependable service to federal agencies (*e.g.*, GSA) and to the special needs of commercial and residential real estate management customers. The Task Force advertised the live town hall meetings in The Washington Examiner, through the respective Councilmembers, constituent services organizations, and various list serves. Pepco advertised the virtual town hall meeting by placing advertisements in various local publications, including The Washington Examiner and The City Paper. Pepco representatives were present at the town hall meetings and responded to questions and addressed concerns raised by customers. Ultimately, the Task Force based its recommendations on its own review of information provided by Pepco, customer comments, observations and concerns voiced by the GSA and residential and commercial real estate interests, and input from Pepco’s responses to customer questions at town hall meetings.

¹ Claude Bailey served as General Counsel to the Washington Convention Center Authority and the D.C. Sports and Entertainment Commission from 1996 until 2007. He steered legal and political efforts related to the development of the Walter E. Washington Convention Center and the new Washington Nationals Baseball Stadium, helped negotiate a complex lease, and labor and construction administration agreements; gathered political and local community support for both projects; and promoted the use of local, small and minority-owned businesses. He has ties to the local government in Washington, D.C. and has formed many relationships with community leaders and elected officials throughout the city that especially qualified him for this role.

In general, customer comments focused on Pepco's need to improve communications and reliability. At the town hall meetings, customers complained repeatedly in meetings that they had a very difficult time obtaining a live person on the telephone when they called in either to report an outage or to obtain simple customer service. The Task Force recommends that Pepco work diligently to make immediate improvements to its communication with customers during and directly after storm events. In addition, Pepco should improve its overall level of response to customer calls related to non-imminent events such as infrastructure problems that could result in outages. Further, the Task Force concludes that a streamlined process for providing more neighborhoods and community organizations with direct access to a Pepco representative or liaison would lead to more effective communication during storm events, outages, post storm restoration, and emergency situations.

Another major issue of contention among customers and Task Force members at the town hall meetings is Pepco's practices with regard to communications pertaining to Pepco's tree trimming program. The Task Force recommends that Pepco improve its communications with its own tree trimming crews and provide alerts to residents, elected officials, and community leaders prior to Pepco entering a neighborhood to trim trees. In addition, Pepco should work with the D.C. Department of Transportation's Urban Forestry Administration to develop a joint communications plan informing the public about the methods used to maintain effective vegetation management and about which trees will be trimmed at any given time. In regard to tree trimming, the Task Force recommends that Pepco implement a rule that an arborist be present at all tree trimming sites. Pepco should make efforts to better educate tree trimmers on how to properly trim trees in an aesthetically pleasing way, in order to protect power lines from overgrown vegetation but also to preserve the beauty provided by a healthy tree canopy.

In regard to reliability and restoration issues, the Task Force heard repeatedly from customers about tree trimming and their preference to have wires undergrounded to prevent outages caused by weather events. In response to these comments, the Task Force recommends that Pepco improve transparency with regard to the efforts Pepco has taken and special programs it has instituted to improve reliability in regard to undergrounding. Pepco should continue to put more power lines underground, both new lines and existing lines, and should consider reevaluating the neighborhoods it has set for selective undergrounding. The Task Force further

recommends that Pepco work in conjunction with the Public Service Commission (“PSC”) to engage in an education program pertaining to the costs and challenges of undergrounding. PSC participation in this process is crucial because it minimizes criticism that costs associated with undergrounding are inflated by Pepco to discourage undergrounding.

Overall, Pepco should continue to proactively make major infrastructure improvements by incorporating more modern technologies that help identify problems and reduce restoration times.

II. TASK FORCE

In light of growing customer discontent related to the number and length of power outages, Pepco has been the subject of much criticism in the Washington D.C. Metropolitan area. As a regulated electric utility operating in the state of Maryland and Washington, D.C., Pepco has been providing electric service to the Washington Metropolitan area for 115 years. Pepco provides electric service to over 778,000 customers in 640 square miles in Maryland and Washington, D.C. In the District alone, Pepco provides service to over 250,000 residents who live on over 70 square miles.

In an attempt to get direct feedback from its customers, Pepco requested the formation of a task force, consisting of citizens who represent various communities, industries, and interests in Washington D.C. Pepco also established a task force in Prince George’s County, Maryland, to serve the same function. The Prince George’s County Task Force on Pepco Service Reliability has conducted an independent review of Pepco’s reliability and will soon publish its findings and recommendations in the form of a report. Pepco has informed the Prince George’s County Task Force that it plans to use these recommendations as a tool in guiding its efforts to make fundamental improvements in reliability and communication. Pepco assisted the Prince George’s County Task Force by providing information and answers to specific questions about Pepco’s practices in Prince George’s County. Pepco provided similar information to the Washington, D.C. Task Force (the “Task Force”) upon request. In addition to obtaining information from Pepco, the Task Force has hosted eight town hall meetings in Washington,

D.C. in order to hear comments and concerns directly from the community.² The Task Force advertised the meetings in The Washington Examiner, through the respective Councilmembers, constituent services organizations, and various listservs in the community. This Report summarizes the customer comments and concerns, the Task Force's reactions, information presented at the town hall meetings, and the recommendations of the Task Force.

A. Formation of the Task Force

Pepco initiated the formation of the Task Force, but did not select the members nor suggest the methodology used to gain feedback. Pepco hired Claude Bailey and Lauren Eade, of Venable LLP, to assist with this task. Mr. Bailey focused on bringing in a diverse group of people active in their communities and representative of different aspects of the community from each of the eight wards. The Task Force members reflect a diversity of representatives from the community spreading across various communities, businesses and government agencies. The Task Force is independent and the members received no compensation, monetary or otherwise. Pepco paid Venable to establish the Task Force, to plan the town hall meetings, and to coordinate the logistics of the publication of this Report. Although the town hall meetings were advertised, there was limited turnout by customers.

In preparing for the town hall meetings, the Task Force reviewed information pertaining to Pepco's practices of reliability, restoration and communications. The Task Force then hosted eight town hall meetings. This report summarizes the public discussion and provides recommendations to Pepco based on what the Task Force heard from customers at the town hall meetings and the conclusions the Task Force drew during its internal meetings and discussions at the town hall meetings.

The Task Force's recommendations relate to improvements in reliability and communications. The Task Force has concluded that generally, Pepco needs to improve its vegetation management program, both in the manner it cuts trees and its communications about its tree trimming to residents. In addition, Pepco should work to make improvements to its

² The D.C. Public Service Commission ("PSC"), which regulates Pepco, is also conducting hearings on rate increases which cover reliability issues. The Task Force's work is not intended to encroach upon the PSC's jurisdiction. Furthermore, the Task Force and this report are distinct from anything drafted in conjunction with the PSC Reliability hearings.

outage reportage system so that all calls are able to get through and customers are provided with the information they need to make important decisions. In terms of restoration, Pepco needs to develop a consistent plan for providing customers, both residential and commercial, with accurate and reliable estimates for restoration.

B. Members

D.C. Task Force members include:

- Robert Brannum, President, D.C. Federation of Civic Associations, Ward 5;
- Chuck Burger, Ward 6;
- George R. Clark, Former President, D.C. Federation of Neighborhood Associations, and Ward 3 Resident;
- David Donaldson, Ward 3 Democrats;
- Leroy Hall, Ward 5, Former Pepco Employee;
- Eugene Kinlow, Ward 8;
- Barbara Lang, Ward 3, President and CEO, D.C. Chamber of Commerce;
- Johnnie Rice, Ward 7;
- John Smith, Urban Forestry Administration, DDOT;
- Tom Smith, Chair, ANC 3D;
- John Thomas, Urban Forestry Administration;
- Terry Thompson, Ward 4;
- Chuck Thies, Ward 1;
- Stephen Whatley, Chair, Ward 4, ANC 4A;
- Joslyn Williams, Ward 6, President, Metropolitan Washington AFL-CIO Central Labor Council; and
- Steven Williford, Director, Special Services Division, GSA Public Building Service.

C. Elected Officials

In addition to the members of the Task Force, elected officials attended the town hall meetings and contributed their comments for the benefit of the Task Force. Those officials include:

- D.C. Council Member, Mary Cheh;
- Eddie Johnson, President of Brookland Business Association;
- Linda Jordan, Director of Consumer Services at D.C. Public Service Commission;
- Lori Murphy Lee, Commissioner of Public Service Commission;
- Sandra Mattavous-Frye, Office of the People’s Counsel; and
- D.C. Council Member Harry Thomas, Jr., Ward 5.

D. Pepco Representatives

Pepco Representatives who have been present at the meetings and who have provided information both in person at the internal meetings and town hall meetings and by providing documents to the Task Force include:

- Clay Anderson, Public Relations
- Mike Bell; Manager Customer Relations
- Kirsten Bowden, Pepco Government Affairs;
- Nicole Carter, Customer Care;
- Donna Cooper, Regional Vice President for Pepco;
- Charles Dickerson, Vice President of Customer Care;
- William Gausman, Senior Vice President;
- Felicia Greer, Customer Advocate;
- Bob Hainey, Media Relations Manager;
- Joyce Harvard, Call Center and Customer Service;

- Debbi Jarvis, Vice President, Corporate Citizenship & Social Responsibility;
- Gary Keeler, Reliability Project Manager;
- Donna Mann, Process Owner for Customer Relations; Michael Maxwell, Vice President of Asset Management;
- James Pringle, Commercial Services, Liaison for GSA;
- Janet Randolph, Manager of Customer Relations for Pepco Holdings; and
- Christopher Taylor, Public Affairs Manager, DC Region.

III. METHODOLOGY/PROCESS

The Task Force convened on the following dates and at the following locations:

- April 27, 2011: Initial Organizational Task Force Meeting (at the offices of Venable LLP, 575 7th Street, NW);
- May 11, 2011; Internal Task Force Meeting (Pepco, 701 9th Street, NW);
- June 1, 2011: Internal Task Force Meeting; (Pepco, 701 9th Street, NW);
- July 26, 2011: Ward 3 Town Hall Meeting (American University);
- August 3, 2011: Ward 4 Town Hall Meeting (Nativity Catholic Church, 6001 13th Street, NW);
- August 10, 2011: GSA Town Hall Meeting (GSA Regional Office Building);
- September 14, 2011: Ward 5 Town Hall Meeting (Luke C. Moore Academy, 10th and Monroe Streets, NE);
- October 5, 2011 Wards 7 and 8 Town Hall Meeting (Allen Chapel AME Church, 2498 Alabama Avenue, SE);
- November 29, 2011 Ward 8 Town Hall Meeting (Salvation Army Community Center at 2300 MLK Avenue, SE);
- December 13, 2011, Virtual Town Hall Meeting (conducted by telephonic conference call at Venable LLP's offices);
- December 14, 2011, Town Hall Meeting, Apartment and Office Building Association (AOBA Building, 1050 17th Street, NW, Suite 300); and
- January 30, 2012, Internal Task Force Meeting (at the offices of Venable LLP, 575 7th Street, NW).

A. Internal Meetings and Information Reviewed By Task Force

The Task Force first met on April 27, 2011 at Venable's D.C. office for an organizational meeting. No employees or representatives of Pepco attended. At this initial meeting, Mr. Bailey explained the reasons for the formation of the Task Force and the Task Force's specific goals.

On May 11, 2011, approximately six members of the Task Force convened at Pepco's facility at 701 9th Street, NW. At this meeting, Pepco representative Michael Maxwell, Vice President of Asset Management, gave a power point presentation to those members of the Task Force present to give a basic understanding of how Pepco operates and to provide current performance levels with regard to reliability and improvements that are underway.³ Among other things, he explained how a power outage occurs and Pepco's typical response to such an event, how reliability is measured, Pepco's performance over the last several years, how Pepco sets its restoration priorities, Pepco's Reliability Enhancement Plan ("REP"), and how Pepco performs vegetation management. Pepco's Donna Mann, Process Owner for Customer Relations, presented information regarding customer communications and estimated restoration times ("ETR"). The Task Force members asked questions and Pepco provided information in response. Pepco's Peg Brinkley, Gary Keeler, and Beverly Perry were also in attendance.

The Task Force met for a third time on June 1, 2011 at Pepco's offices for another organizational meeting. At this meeting, Mr. Maxwell once again presented the power point presentation to a different set of Task Force members who had not been present at the May 11 meeting. Mr. Bailey opened the meeting by stating that its purpose was to engage in a discussion and make some decisions about the scheduling and format for town hall meetings that would be held at various locations in the District. The Task Force agreed that the focus of the town hall meetings should be to give District residents an opportunity to express their views about the quality of Pepco's service and suggest ways to improve it. The Task Force decided that Pepco would not make presentations at the town hall meetings. Its role would be to listen and provide Pepco staff to address specific questions customers might have regarding the causes of power outages, service restoration, customer communications, and Pepco's service reliability improvement plans.

³ See Appendix A, District of Columbia Blue Ribbon Panel Discussion, May 11, 2011.

At the June 1 meeting, the Task Force reached consensus that there should be at least four town hall meetings at strategic locations throughout the District to ensure maximum citizen participation. Chuck Burger agreed to work with other Panel members to identify the best locations for these four meetings. David Donaldson also offered to check possible venues in Ward 3. Tom Smith suggested that Sibley Hospital might be a favorable location. Task Force members proposed other venues such as Hillcrest Recreation Center, Bertie Backus, and the University of the District of Columbia. To ensure that the town hall meetings would not conflict with ANC meetings, Stephen Whatley indicated he would check with the ANC's main office to obtain city-wide schedules for upcoming ANC meetings. The Task Force also discussed holding at least one separate meeting with District businesses to discuss Pepco's delivery of electric service. Barbara Lang agreed to work with Claude Bailey to develop the format and schedule for a meeting with local businesses. Steve Williford stated that he would work with Claude Bailey to schedule a meeting with GSA representatives and Pepco to discuss any service reliability issues the federal government may have with Pepco.

The Task Force also agreed that the town hall meetings should begin as soon as possible and that the Task Force should meet again with Pepco officials to hear about Pepco's customer communications procedures after a power outage. Generally, Task Force members agreed that the goal for the town hall meetings was to focus on Pepco customer feedback regarding power outages, restoration of electric service, priorities for restoring service, and Pepco's communications with customers experiencing outages or emergencies.

B. Town Hall Meetings

The Task Force held five live town hall meetings for specific Wards and two live meetings for special business/governmental groups: on July 26, 2011 at American University for Ward 3; on August 3, 2011 at Nativity Catholic Church for Ward 4; on August 10, 2011 at the GSA Regional Office Building for GSA representatives; on September 14, 2011 at Luke C. Moore Academy for Ward 5; on October 5, 2011 at Allen Chapel AME Church for Wards 7 and 8; on November 29, 2011 at the Salvation Army Community Center at 2300 MLK Avenue, SE for Ward 8; and on December 14 at the Apartment and Office Building Association Building,

located at 1050 17th Street, NW, Suite 300. In addition, the Task Force conducted a virtual town hall meeting on December 13, 2011 for customers residing in Wards 1, 2, 6 and 7.

The Task Force advertised the town hall meetings by reaching out to civic organizations and by asking elected officials to utilize their resources, *e.g.*, newsletter(s), closed circuit capabilities and community list serves as well as by placing ads in various D.C. publications. The Task Force advertised the virtual town hall meeting by placing an advertisement in The Washington Examiner on December 7, 9, and 12; in The City Paper on December 7; on The Afro-American newspaper's website and in its E-blasts on December 10, 11, and 12.

The Task Force's goal for the town hall meetings was to facilitate a conversation between Pepco and its customers. Accordingly, the format of the meetings was based on the Task Force's determination to collect and consider customer feedback. The Task Force hoped to understand from the customers directly what types of issues should be tackled by the Task Force. In addition, the Task Force hoped to gauge the customers' expectations regarding outages, *i.e.* what is an acceptable number of outages and what is an appropriate response by Pepco? The Task Force has focused this Report on customer feedback and has provided recommendations to help Pepco meet the expectations and priorities of its customers.

On August 10, 2011, the Task Force held a special town hall meeting at the General Services Administration ("GSA"). The GSA, a federal agency which receives its electricity from Pepco, has offices throughout D.C. The Task Force convened at the GSA Regional Office Building at 7th and D Streets, SW. Task Force members Robert Brannum (Ward 5 resident, President of D.C. Civic Associations), Stephen Whatley (Ward 4), and Steven Williford (Director, Special Services Division, GSA) were present at the meeting. In attendance from Pepco were Senior Vice President William Gausman, Debbi Jarvis, Vice President, Corporate Citizenship & Social Responsibility, Christopher Taylor of Government Affairs, Nicole Carter of Customer Care, and Mike Bell and James Pringle of Customer Relations and Pepco's liaisons to GSA. Mr. Gausman began by making a slide presentation covering such topics as reliability, Restoration Priorities, Estimated Times for Restoration ("ETRs"), Customer Communication, the Pepco Storm Management Approach, the Pepco Underground Wire System, and the Low

Voltage Network System.⁴ In addition, Mr. Gausman discussed the Pepco 5-Year REP Budget. Mr. Gausman confirmed that the majority of outages are tree and weather-related, especially during storms. Mr. Gausman also reviewed Pepco's restoration priority system which is part of Pepco's Outage Management System ("OMS"). OMS, a software based system used by most utilities to track outages on the electric system and assist in the restoration process, assigns different point values to different categories of customers based on a set of priorities determined in the service territory after Hurricane Isabel. Mr. Gausman also presented the PHI Outage Map and discussed solutions that are currently under development by Pepco. In regard to communications, Pepco acknowledged that it is very important for customers to Pepco when there is a power outage, because Pepco may not always know when there is an outage depending upon how localized or individual the outage may be. Pepco also emphasized that Pepco account representatives are always available to GSA to address GSA's specific needs.

On December 13, 2011, the Task Force conducted a virtual town hall meeting during which customers called into a 1-800 number. An operator from Ready Talk facilitated the call and allowed for customers to make comments and ask questions. Ready Talk also prepared a transcript of the virtual town hall meeting, which is attached as an appendix to this report.⁵ Present at the meeting were Task Force members George Clark, Johnnie Rice, Leroy Hall, Chuck Burger, Terri Thompson, Joslyn Williams. The following Pepco representatives attended: Clay Anderson, Public Relations; Kirsten Bowden, Government Affairs; Felicia Greer, Consumer Advocate for Pepco; Debbi Jarvis, Vice President, Corporate Citizenship & Social Responsibility; Michael Maxwell, Vice President of Asset Management; and Janet Randolph, Manager of Customer Relations. Claude Bailey and Lauren Eade from Venable LLP were in attendance, with Mr. Bailey moderating the call. Despite a concerted effort to advertise the meeting, only about five customers called in, many of whom were hesitant to participate vocally. Therefore, the majority of the dialogue was between Pepco and members of the Task Force.

On December 14, the Task Force held a special town hall meeting at the Apartment and Office Building Association of Metropolitan Washington ("AOBA"). The purpose of the meeting was to obtain feedback from various property managers and representatives of

⁴ See Appendix B, District of Columbia Blue Ribbon Panel Discussion, GSA, August 10, 2011.

⁵ See Appendix C.

commercial apartment and office buildings in the District in regard to Pepco reliability. Present at the meeting were Claude Bailey, Venable LLP; Chuck Burger, Ward 6 Task Force Member; Donna Cooper, Pepco Vice President; Brian Doherty, Economist at PSC; David Donaldson, Ward 3 Task Force Member; Lauren Eade, Venable LLP; Fran Frances, AOBA Senior Vice President and General Counsel; Felicia Greer, Pepco Customer Advocate; Bob Hainey, Pepco Media Relations Manager; Debbi Jarvis, Pepco Vice President, Corporate Citizenship & Social Responsibility; Linda Jordan, PSC DCPSC; April Kreller; Mary Lynch, RPA, Akridge, Vice President of Property Management; Jim Maehall, Brookfield Properties; Shaun Pharr, AOBA Senior Vice President; Janet Randolph, Pepco Manager of Customer Relations; and Nicola Whiteman, AOBA Vice President of Government Affairs. The December 14 meeting was an open forum for attendees to make comments and ask questions of Pepco, to which Pepco responded.

In addition to the live comments provided at the town hall meetings, Mr. Anwar Saleem, Executive Director of H Street Main Street, Inc., submitted a written statement.⁶ Also, at the Ward 3 meeting on July 26, 2011 Town Hall meeting, Mr. Bailey read aloud to the town hall meeting attendees and the Task Force two emails he received from one anonymous Ward 3 resident and Doreen Conrad.⁷

IV. OBJECTIVES & FINDINGS

A. Information Gathering

As discussed in more detail above, prior to hosting the town hall meetings, Pepco representatives Michael Maxwell and Donna Mann presented information to the D.C. Task Force about Pepco's Call Center, causes of power outages, customer service during power outages, Pepco's Tree Trimming policy, and underground placement of wires.

The Task Force held seven live town hall meetings to solicit community feedback. During the town hall meetings, citizens of the District were given the floor to voice their

⁶ See Appendix D, Statement of Anwar Saleem, CMSM, Executive Director, H Street Main Street, Inc., Before the Blue Ribbon Taskforce On Pepco Reliability, Tuesday, December 13, 2011.

⁷ See 7-26-11 Email from Doreen Conrad to Claude Bailey, Appendix E, and 7-26-11 Email from Anita Doleman to Claude Bailey, Appendix F.

concerns and ask questions of Pepco. After the town hall meetings, the Task Force concluded that reliability and communications are the main problem areas for Pepco. This report describes in more detail the Task Force's conclusions as to Pepco's shortcomings in both these areas, focusing particularly on customer feedback and questions posed to and discussed by members of the Task Force. Below is a summary of the comments made by residents and elected officials at the town hall meetings, as well as Pepco's responses thereto.

B. Reliability

The majority of residents who spoke at the town hall meetings addressed problems related specifically to their personal experiences with reliability. Many residents addressed reliability in terms of what could be done to improve it – the two main topics in this regard were Pepco's efforts to underground wires and to improve its tree trimming program. Customers also asked frequently about Pepco's restoration priorities.

1. Overview of Customer Feedback

Most residents had at least one story about their own experiences during power outages. For example, Sarah Shaw of Tenleytown, in Ward 3, described her experiences living through two weeklong outages. She is most worried that frequently when there is a gentle rain, the lights in her home start to flicker and the clocks stop, at which points she realizes there is a power outage.⁸ She never feels secure and is always wondering if she will have electricity.⁹

A citizen of Ward 4 explained that on July 23, 2011 at 1:30 am, he experienced a power outage and called Pepco.¹⁰ Pepco had the wrong address for him in their system. Once the Pepco crew arrived, he walked down to where the pole is located, inquired as to the issues, and was told by the Pepco lineman that the transformer had blown and that a new one was on the way to the site – the lineman promised that power would be restored within 45 minutes.¹¹ However, the next morning there were still 90 homes without power during a 90-degree heat wave. Then, on July 30, the same citizen woke up at 2:30 am with no electricity in his home.

⁸ July 26, 2011, Ward 3 Town Hall Meeting.

⁹ July 26, 2011, Ward 3 Town Hall Meeting.

¹⁰ August 3, 2011, Ward 4 Town Hall Meeting.

¹¹ August 3, 2011, Ward 4 Town Hall Meeting.

Again, he called Pepco and ended up speaking with a representative who was very rude to him. The citizen then called the executive office for Pepco, which resulted in a Pepco truck arriving shortly thereafter. He asked the lineman what the problem was and the lineman said it was the transformer again – the transformer that had blown a week before had never been replaced.¹² It is no wonder, according to this citizen, that Pepco is among the most hated of the power companies. A transformer is the easiest problem a lineman could encounter because the solution is a simple replacement – no underground wires or dealing with a manhole is required.

Cynthia Prath, of Shepherd Park in Ward 4, indicated that her community's listserve is a good indication of how customers feel about Pepco's reliability.¹³ Citizens vent about power outages and their frequency. Ms. Prath stated that she has seen crews trimming trees, but now that the real storm season is ahead, she is concerned that Pepco will be ready for upcoming storms. She asked what Pepco has done to prepare. Ms. Prath is especially concerned because she lives near the Eastern Avenue metro line, which has high rise condominiums. The condominiums have individual air conditioning units and the windows do not open. Ms. Prath also mentioned that her community formed a committee to look into purchasing generators after the last round of power outages, but generators are too expensive such that the residents must rely on Pepco. Finally, Ms. Prath asked whether Pepco has developed an official schedule for trimming trees.

At the Ward 3 Town Hall Meeting, Mr. Bailey read aloud from emails from residents who were unable to attend that evening.¹⁴ First, Ms. Doreen Conrad, a resident on 42nd Street in Friendship Heights, wrote that she has experienced three major outages induced by storms and several short outages with no apparent weather-related causes.¹⁵ Because these outages occurred during the extreme heat of the D.C. summer, she was forced to use fans and suffered some health-related issues. She raised the question of whether Pepco should pay her hospital bills.¹⁶ Anita Doleman, Mr. Bailey's assistant, emailed him and asked him to inquire about Pepco's

¹² August 3, 2011, Ward 4 Town Hall Meeting.

¹³ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁴ See 7-26-11 Email from Doreen Conrad to Claude Bailey, Appendix E, and 7-26-11 Email from Anita Doleman to Claude Bailey, Appendix F.

¹⁵ July 26, 2011, Ward 3 Town Hall Meeting. See Conrad email at Appendix E.

¹⁶ July 26, 2011, Ward 3 Town Hall Meeting. See Conrad email at Appendix E.

plans to increase future service reliability, based upon a telephone conversation Ms. Doleman had with an anonymous Pepco customer.¹⁷

D.C. Council Member Harry Thomas, Jr., of Ward 5, gave a statement at the Ward 5 Town Hall Meeting and stated that he has seen major improvements in working with Pepco during Hurricane Irene.¹⁸ Council Member Thomas explained that he lives in a new development at 17th Street and Montana Avenue, where the lines are underground due to the new construction. According to the Mr. Thomas, Pepco's reliability problems are both government and non-government-related issues. Council Member Thomas emphasized the need for better education of the public. For example, during the August 20 storm, a tree fell in Ward 5 and disrupted service. Pepco was able to restore power, but there were outages in other places down the line. Council Member Thomas opined that D.C. needs to coordinate better with Pepco when there are issues with trees affecting electricity. In addition, according to the councilman, DDOT and Pepco should work on a better plan for coordination of services between the two entities.¹⁹ Council Member Thomas also commented on Pepco's deployment of crews and specifically criticized Pepco's reliance on outside contractors to assist during emergencies.²⁰

Mr. Brannum described a recent incident where a crew arrived at about 2:00 p.m. to attempt to restore power on Taylor Street.²¹ When Pepco turned on the power, all the fuses in one house blew out. Only as of the date of the Ward 5 Town Hall meeting (September 14, 2011) had Pepco begun to identify where the actual outage had occurred. On a more positive note, Commissioner Lee thought that Pepco's response after the earthquake was very positive – Pepco coordinated internally and was able to get the lines back up and power restored quickly.²²

Dionne Brown, Advisory Neighborhood Commissioner of Single Member District 8D07 and a resident of Belleview, stated that generally she has been very pleased with Pepco's service.²³ Ms. Brown is aware that when there are extenuating circumstances, such as a major

¹⁷ July 26, 2011, Ward 3 Town Hall Meeting. See Doleman Email at Appendix F.

¹⁸ September 14, 2011, Ward 5 Town Hall Meeting.

¹⁹ September 14, 2011, Ward 5 Town Hall Meeting.

²⁰ September 14, 2011, Ward 5 Town Hall Meeting.

²¹ September 14, 2011, Ward 5 Town Hall Meeting.

²² September 14, 2011, Ward 5 Town Hall Meeting.

²³ October 5, 2011, Wards 7 & 8 Town Hall Meeting.

storm event, she can expect power outages.²⁴ Her concerns focus more on Pepco being proactive when it comes to situations where trees are entangled with power lines or when leaning poles pose a risk to power lines.²⁵ Ms. Brown understands that someone has reported these leaning poles to Pepco, but Pepco will not do anything to fix them until they pose a “serious imminent threat.”²⁶ When she reports such issues, she feels that her calls are ignored.²⁷

In the commercial context, at the December 14, 2011 AOBA meeting, Jim Maehall of Brookfield Properties commented that an outage had occurred in late spring/early summer in Ward 6 and asked what Pepco is Pepco doing there to handle the influx of new properties coming to the area.²⁸ Task Force member David Donaldson asked about commercial buildings which have their own power supply sources: If an outage occurs, are there certain criteria these buildings must meet to receive power from Pepco? Ms. Lynch explained that many of these buildings have a generator fueled by a diesel tank, which only provides power for a specific number of lights per floor, the elevator, and certain pumps. It lasts for approximately 14 hours and is usually driven by what type of facility is being supplied. Mr. Hainey explained that many of the large buildings located primarily in the business district have higher reliability and are able to continue to receive power during an outage because they have three separate feeds going through the building – it is a network based on redundancy.

2. Priorities of Restoration

An issue frequently raised by customers is what priorities Pepco has in place for restoring power. At the GSA meeting, one attendee asked Pepco to explain the prioritization schedule for residential customers and in particular special needs customers.²⁹ Mr. Gausman responded that there are two components to this inquiry. First, Pepco begins by identifying critical care facilities such as nursing homes.³⁰ Then, the facility should also notify Pepco when it experiences an outage. This is more likely to assure that they will receive a higher priority when Pepco

²⁴ October 5, 2011, Wards 7 & 8 Town Hall Meeting.

²⁵ October 5, 2011, Wards 7 & 8 Town Hall Meeting.

²⁶ October 5, 2011, Wards 7 & 8 Town Hall Meeting.

²⁷ October 5, 2011, Wards 7 & 8 Town Hall Meeting.

²⁸ December 14, 2011, AOBA Town Hall Meeting.

²⁹ August 10, 2011, GSA Town Hall Meeting.

³⁰ August 10, 2011, GSA Town Hall Meeting.

determines where to dispatch crews first.³¹ Mr. Gausman explained that the overwhelming majority of circuits on the system have customers with special needs and during a major event, Pepco cannot necessarily give priority to those with special equipment in their homes.³² During a non-major event, Pepco may be able to respond to such customers first, but this is more challenging during a major event.³³ Pepco makes an effort to notify those with special needs before a major event, when Pepco is aware of it, so that customers can be prepared.³⁴

3. Underground Wires versus Overhead Wires

A recurring topic regarding reliability is whether Pepco should focus on installing underground wires, rather than installing and repairing overhead wires which are more vulnerable to weather and vegetation. Pepco has admitted that the most complaints it receives regarding outages come from customers whose wires are overhead, rather than underground.³⁵ Pepco explained that the majority of residents in the District – approximately 70% -- have underground wires, while the rest have overhead wires.³⁶ Wards 6 and 2, which make up most of the commercial buildings in the District, have primarily underground lines and make up a large portion of that 70% figure.³⁷

a. Arguments For and Against Underground Wires

According to Pepco, there are advantages and disadvantages to underground wires. They are aesthetically pleasing and less susceptible to damage from storms, vegetation and wildlife than overhead lines. On the other hand, overhead lines are vulnerable to tree branches falling on them, vehicle strikes, lightning and damage by weather events (storms, ice build-up, *etc.*) and other incidents. Underground lines are less susceptible to severe weather events, but their disadvantages include the cost of installation, maintenance, relocation and repair, as well as the time required to make repairs. According to Michael Maxwell of Pepco, the existing system was

³¹ August 10, 2011, GSA Town Hall Meeting.

³² August 10, 2011, GSA Town Hall Meeting.

³³ August 10, 2011, GSA Town Hall Meeting.

³⁴ August 10, 2011, GSA Town Hall Meeting.

³⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 60-61.

³⁶ See December 13, 2011, Virtual Town Hall Meeting, Appendix C at 57-58. Patricia Griffin, a Ward 7 resident, asked Pepco to provide a breakdown of which parts of the District have underground wires as opposed to overhead.

³⁷ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 61.

built over the last hundred years or so.³⁸ And as the electric system was built out to serve the customers in the early part of the 1900's, there was no push to put new infrastructure underground because of the concern to keep customer rates low. While there is greater cost associated with installing new infrastructure underground as compared to overhead, it is considerably more costly to remove existing infrastructure to put it underground. Back in the late 1960's and early 1970's, any new communities that were being built had their power line infrastructure placed underground because there was already digging underground occurring during the construction.³⁹ And now, when developers construct a new subdivision, the developers pay for the underground infrastructure.⁴⁰ The costs are not spread to all rate-payers. However, when putting overhead wires underground, especially in an urban setting, Pepco has to dig up the streets, build a conduit/duct system, and pull the cables through. This is much more complex than direct-buried lines, as is the case with new construction. In addition, there must be access to the manhole covers so that workers can splice the cables and insert the transformers into the holes – this allows Pepco to run the secondary wires through the different manhole duct systems.⁴¹

It costs anywhere from \$3 million (for rural and suburban areas) to \$11 million (for more congested urban areas) per mile to replace overhead infrastructure with underground wiring.⁴² Pepco conducted a study resulting in an estimate that it would cost an additional nearly \$100 to \$125 per month per customer to put the wires underground.⁴³ On the other hand, it costs \$100,000 or \$150,000 per mile to install an overhead line.⁴⁴ Further, while underground wires last 40 to 50 years, replacing and repairing them can be extremely expensive when it requires tearing up the road to reach the wires.⁴⁵ And, placing wires underground puts them close to tree roots and can impact the health of trees. Mr. Maxwell stated that it is not cost-beneficial in D.C. to put the wires underground. This has been supported by a study commissioned by the PSC: “Study of the Feasibility and Reliability of Undergrounding Electric Distribution Lines in the

³⁸ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 9.

³⁹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 10.

⁴⁰ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 66.

⁴¹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 67.

⁴² December 13, 2011, Virtual Town Hall Meeting, Appendix C at 10.

⁴³ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 10.

⁴⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 10 and 11.

⁴⁵ Mr. Maxwell stated that Pepco spends the most money on its maintenance of underground wires. *See* December 13, 2011, Virtual Town Hall Meeting Transcript, Appendix C at 63.

District of Columbia, July 1, 2010.”⁴⁶ Accordingly, Pepco’s position is that Pepco will look at opportunities for undergrounding, but Pepco will not necessarily underground wires simply to avoid the trees.⁴⁷

Even for neighborhoods with underground wires, problems related to overhead wires are not necessarily eliminated. Often the wires that may feed a subdivision are underground, but the supply feeder that comes from the substation (possibly from several miles away) is overhead. For example, Pepco can put portions of the mainline feeders underground, but from a reliability standpoint, if some of the feeder is still exposed and one part is underground, there are still issues with reliability.⁴⁸ Crystal Hill, a resident of Dakota Crossing, in Ward 5, explained that she lives in a neighborhood where the lines are underground, but that does not seem to help reliability.⁴⁹ The grid in her area also has overhead lines. In Ms. Hill’s view, if Pepco and the community are going to invest in underground wires, they need to be sure that it actually improves reliability.⁵⁰

b. Customer Views and Pepco Response

Ward 3 resident, Murray Howard, who informed the Task Force and the audience at the Ward 3 Town Hall Meeting that he is also a Pepco shareholder, voiced his request that Pepco strive to put all wires underground due to the resulting gains in efficiency.⁵¹ Mr. Howard also suggested that Pepco consider relocating wires underground when roads are already under construction.⁵² According to Mr. Howard, if Pepco had started a program in 1950 to bury wires whenever a street was torn up in D.C. (which happens a lot), Pepco could have made major headway. At the Ward 3 meeting, Pepco’s Michael Maxwell responded to Mr. Howard and explained that the cost for relocating facilities is paid for by the entity commissioning the work. Often the cost for undergrounding overhead lines will make the project cost prohibitive and the developer or DDOT will not request funding for the undergrounding cost. Also, costs associated with undergrounding cannot be borne by rate payers of the District of Columbia. Pepco is also bound by the regulatory authority of the PSC and therefore, before Pepco can consider wholesale

⁴⁶ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 11.

⁴⁷ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 11.

⁴⁸ Mr. Maxwell explained this issue at the August 3, 2011, Ward 4 Town Hall Meeting.

⁴⁹ September 14, 2011, Ward 5 Town Hall Meeting.

⁵⁰ September 14, 2011, Ward 5 Town Hall Meeting.

⁵¹ July 26, 2011, Ward 3 Town Hall Meeting.

⁵² July 26, 2011, Ward 3 Town Hall Meeting.

undergrounding of wires, Pepco must request that the Commission officially decide whether the costs are worth the improvements.⁵³ Pepco's rough estimate has determined that it would cost almost \$4 billion to put all the lines in the District underground.⁵⁴ Over thirty years, it could cost every D.C. customer an additional \$50 to \$100 per month per customer.⁵⁵ Customers have expressed significant concern about their bills increasing at that rate. Not all D.C. citizens are willing to pay the increase. However, Mr. Maxwell stated that if there is a solution to this issue, Pepco is not opposed to pursuing it. Mr. Maxwell pointed out that the same issue emerged in regard to the use of stimulus dollars related to the streetscape project on Pennsylvania Avenue in Southeast: DDOT had been awarded funding and approached Pepco with regard to undergrounding the existing infrastructure. However, the Federal Government refused to allow the funds to be used to relocate infrastructure underground at the same time as making other improvements.⁵⁶

Mr. Krasgen commented about Pepco's policy for placing wires underground.⁵⁷ He suggested that Pepco might need to focus on upgrading the overhead lines rather than putting them underground. Mr. Krasgen's neighbors whose lines on Massachusetts Avenue are underground have experienced power outages in the past and he has not; the power lines that feed his home are overhead.⁵⁸

Another issue related to undergrounding, according to Pepco, is the existence of other wires on the Pepco poles, *e.g.*, Comcast wires. According to Mr. Maxwell, while Pepco could put the mainline feeders underground, it would still be necessary to have poles for streetlights and other utilities. Mr. Maxwell also explained that for many homes built prior to 1972, if Pepco was to underground the wires up to the service entrance cable, customers would also have to bear the cost of replacing their breaker boxes and possibly their homes' internal wiring if their houses are not compliant with the current Building Code.⁵⁹ In response to a question about whether there are any current projects in Ward 3 to move wires underground, Mr. Maxwell stated that he

⁵³ July 26, 2011, Ward 3 Town Hall Meeting.

⁵⁴ August 3, 2011, Ward 4 Town Hall Meeting.

⁵⁵ August 3, 2011, Ward 4 Town Hall Meeting.

⁵⁶ July 26, 2011, Ward 3 Town Hall Meeting.

⁵⁷ July 26, 2011, Ward 3 Town Hall Meeting.

⁵⁸ July 26, 2011, Ward 3 Town Hall Meeting.

⁵⁹ July 26, 2011, Ward 3 Town Hall Meeting.

is aware of projects in Ward 4 and Ward 5 for selective undergrounding.⁶⁰ Pepco would need to go back to check if there were any projects identified in Ward 3.⁶¹

At the Ward 4 Town Hall Meeting, Mr. Maxwell explained that a community may decide to have its wires placed underground. A community usually decides to do this for aesthetic reasons, not reliability reasons. If the community decides to have its wires placed underground, the cost for that project must be borne by the community. This is further complicated by the fact that Pepco is not the company using the poles – there are other utilities (*e.g.*, Verizon) which would have to put their wires underground too – customers would probably have to pay for Verizon and the other attachments as well.⁶² A project to underground a feeder line for reliability reasons makes the project not worth the costs. An entire feeder could cost as much as \$11 million per mile depending on where it is located and what is already under the streets. This would necessitate digging up the D.C. streets and relocating existing infrastructure. The PSC conducted a study (FC 1026 – E- 96 Study of the Feasibility and Reliability of Undergrounding Electric Distribution Lines in the District of Columbia, July 1, 2010) analyzing whether the cost of putting the infrastructure underground would be worth the costs and concluded that the costs would not be worth the savings. Pepco has decided to evaluate opportunities to put portions of the mainline feeders underground, but from a reliability standpoint, if some of the feeder is still exposed and one part is underground, there are still issues with reliability.

Ms. Mattavous-Frye of the Office of the People’s Counsel asked whether any community in the District has ever agreed to pay to put their wires put underground.⁶³ Mr. Maxwell replied that to the best of his knowledge, there has not been such a case. Communities have made inquiries in this regard and Pepco has provided estimates. However, upon receiving the estimates, the respective communities have never followed through.

At the Ward 3 Town Hall Meeting, Mr. John Thomas of the Urban Forestry Administration (“UFA”),⁶⁴ explained that one problem with undergrounding is that when power

⁶⁰ July 26, 2011, Ward 3 Town Hall Meeting.

⁶¹ July 26, 2011, Ward 3 Town Hall Meeting.

⁶² August 3, 2011, Ward 4 Town Hall Meeting.

⁶³ August 3, 2011, Ward 4 Town Hall Meeting.

⁶⁴ The Urban Forest Administration (UFA) is part of the District Department of Transportation (DDOT) and is responsible for establishing and maintaining a full population of healthy street trees within the District. The Urban Forestry Administration’s mission is to establish a full population of street trees within the District and to

lines are above ground, Pepco and UFA can more easily manage the effects of the wires on trees.⁶⁵ However, when the wires are underground, the trenching and activity can invade the root system and affect the health of trees above. The effects from this intrusion are hidden and, therefore, effectively managing the process would require significant oversight.⁶⁶ On the other hand, overhead wires allow the UFA to more easily observe an affected tree. When there are underground wires that affect a tree, the entire tree usually has to come down sooner than rather than later. In the last five to eight years, Pepco has changed the way it prunes trees.⁶⁷ Cynthia Harrison, a Ward 3 resident, expressed her disbelief and asserted that there must be a way to design the wires so the trees are saved.⁶⁸ Mr. Thomas explained that despite how easy the process is theoretically, there must be a special allocation for Pepco, D.C. Water, and Washington Gas.⁶⁹ The more times the wires cross, the more outages are likely to occur, especially when there are abandoned ducts and power lines underground. For example, the utilities in Adams Morgan are so old that new ones are discovered every time someone digs and root systems often have perpendicular trenching.⁷⁰ However, during the last seven years, tree trimming has been successful.⁷¹

Mr. Philip Blair expressed his view that the one-time connection cost that the individual homeowner would have to pay is worth it because the improvement benefits everyone.⁷² According to Mr. Blair, this is certainly the case for the lines on 16th Street – it would benefit all D.C. residents for those lines to run underground. Mr. Blair expressed his disbelief at the costs for undergrounding as set forth by Pepco. He does not think Pepco accurately defines the cost; he believes that Pepco simply makes claims and highballs estimates. The cost to underground wires in South Carolina is not close to what Pepco contends it would be in D.C., and that does not take into account the advantages in D.C. In Mr. Blair's view, Pepco's consultants have over-estimated everything they possibly can. And Pepco cannot even get a commitment from big

assure that those street trees are maintained in a healthy and safe condition. *See* <http://ddot.dc.gov/DC/DDOT/On+Your+Street/Urban+Forestry>.

⁶⁵ July 26, 2011, Ward 3 Town Hall Meeting.

⁶⁶ Mr. Thomas explained the logistical issues of undergrounding wires at the July 26, 2011 Ward 3 Town Hall Meeting.

⁶⁷ July 26, 2011, Ward 3 Town Hall Meeting.

⁶⁸ July 26, 2011, Ward 3 Town Hall Meeting.

⁶⁹ July 26, 2011, Ward 3 Town Hall Meeting.

⁷⁰ July 26, 2011, Ward 3 Town Hall Meeting.

⁷¹ July 26, 2011, Ward 3 Town Hall Meeting.

⁷² September 14, 2011, Ward 5 Town Hall Meeting.

developers to underground lines in brand new construction when the cost to put lines underground would be the lowest, *e.g.*, Catholic University PUD.⁷³

Mr. Eddie Johnson opined that the solution is not just about burying lines. When the lines are set in place, they move perpendicular and come forward.⁷⁴ The lines should be arranged so that they do not interfere with gas lines, water lines, and communication lines. There have already been long-term problems with this. For example, Verizon has been in the ground between 12th Street and Otis Street and 12th Street and Quincy Street for two-and-a-half weeks dealing with the impact of water on the underground lines.⁷⁵ Undergrounding the lines is a huge expense for all the utilities and there needs to be more effort made in the planning stage to avoid or prevent these types of problems.

c. Task Force Viewpoint

Task Force members also raised questions about undergrounding wires. For example, Stephen Whatley asked about the costs to an individual home owner, and other potential drawbacks.⁷⁶ He also inquired about how undergrounding wires impacts trees.⁷⁷

Task Force member Leroy Hall opined that if Pepco is going to simply trim around the wires not much will be accomplished.⁷⁸ Mr. Hall explained that at one time he worked for Pepco and expressed the view that the solution to the serious power outages that plague D.C. is putting all electrical lines underground.⁷⁹ According to Mr. Hall, the shareholders of Pepco should share in the cost of that. The long outages cause customers to lose their food. Trimming trees will not prevent these types of massive and long-lasting power outages and underground wires are much more reliable.⁸⁰ The trees that are too close to the lines will always be the largest cause of outages, and accordingly, it makes the most sense to move the lines because Pepco cannot move

⁷³ September 14, 2011, Ward 5 Town Hall Meeting.

⁷⁴ September 14, 2011, Ward 5 Town Hall Meeting.

⁷⁵ September 14, 2011, Ward 5 Town Hall Meeting.

⁷⁶ August 3, 2011, Ward 4 Town Hall Meeting.

⁷⁷ August 3, 2011, Ward 4 Town Hall Meeting.

⁷⁸ August 3, 2011, Ward 4 Town Hall Meeting.

⁷⁹ Mr. Hall was adamant about this view at the August 3, 2011 Ward 4 Town Hall Meeting as well as at the December 13, 2011 Virtual Town Hall Meeting.

⁸⁰ August 3, 2011, Ward 4 Town Hall Meeting.

the trees.⁸¹ Task Force member Robert Brannum agrees that undergrounding the lines should be Pepco's main goal.⁸² Mr. Brannum believes that the length of repair should not be the overriding factor because the infrastructure for underground wires is better overall. In contrast, Johnnie Scott Rice is opposed to undergrounding the power lines, even though she loves trees.⁸³ Ms. Rice stated that she is supportive of cutting down a tree if that means that there will be power.⁸⁴ Ms. Rice explained that people do not realize what it takes to repair a line when it is underground – Pepco has to tear up the roads and people's property. She would much rather have the lines visible so they can be more easily repaired.⁸⁵

Lori Murphy Lee, Commissioner of the PSC, spoke about undergrounding at the Ward 4 Town Hall Meeting.⁸⁶ Commissioner Lee grew up in Ward 7 and has been a resident of Ward 4 for 16 years. Commissioner Lee explained at the Ward 4 Town Hall meeting that the Commission conducted a study of undergrounding and concluded that it is very expensive. While it is true that if the lines are underground, the power will go out less frequently, however, it is also true that if the power goes out and the lines are underground, it takes Pepco longer to restore power. Also, when the wires are put underground it affects the roots of the trees.⁸⁷ The mission at the PSC is to ensure that financially healthy utilities provide safe, reliable, and affordable service. The PSC's job is to balance the needs of serving an entire community (residential and commercial customers) against the financial health of Pepco.⁸⁸ The PSC will have hearings on this issue and the Commission needs residents to attend and share their thoughts. Commissioner Lee declined to go into the issues of the Rate Case specifically and explained that the hearings would be published.⁸⁹ The PSC also has an Office of Consumer's Services, which is available to hear complaints.

Task Force Member Leroy Hall asked whether the PSC's study shows a comparison between underground outages versus overhead outages, considering that there are 10 times as

⁸¹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 6.

⁸² August 3, 2011, Ward 4 Town Hall Meeting.

⁸³ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 7.

⁸⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 7.

⁸⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 9.

⁸⁶ August 3, 2011, Ward 4 Town Hall Meeting.

⁸⁷ August 3, 2011, Ward 4 Town Hall Meeting.

⁸⁸ August 3, 2011, Ward 4 Town Hall Meeting.

⁸⁹ August 3, 2011, Ward 4 Town Hall Meeting.

many outages when wires are overhead.⁹⁰ According to Mr. Hall, he and other citizens filed a complaint on this issue six years ago. Pepco responded that in terms of the big picture and looking at the costs and inconvenience caused by putting the wires underground, the company is confident that strategy of selective undergrounding is the right way to go. Pepco has not yet determined the actual areas to target.

At the Ward 5 Town Hall Meeting, Task Force member Chuck Burger asked Pepco to discuss with the audience whether undergrounding power lines actually reduces power outages.⁹¹ Mr. Burger commented that he lives in Capitol Hill and for the most part, all the power lines are underground. He inquired specifically about the percentage of incidents where the situation involves underground wiring that is reliant on overhead wiring as a feeder. Gary Keeler, Reliability Project Manager for Pepco responded that virtually every underground area outside of the D.C. limits feed off of overhead lines.⁹²

Task Force member Stephen Whatley asked Pepco for the anticipated cost to individual homeowners for undergrounding.⁹³ Mr. Gary Keeler summarized Mr. Maxwell's statement from earlier meetings that addressed this issue, and added that there is an ongoing cost of recovery at about \$100 per customer per month into perpetuity. There is also a direct one-time cost to convert those wires that attach to each building, which requires an electrician to be hired and costs approximately a couple thousand dollars per home.⁹⁴

At the Ward 5 Town Hall Meeting, Task Force member Robert Brannum commented that the Bloomingdale community has suffered some reliability problems with Pepco.⁹⁵ Mr. Brannum then introduced Commissioner Youngblood, who stated that he rarely experiences power outages in his neighborhood, but there are frequent outages within a few blocks of his residence.⁹⁶

⁹⁰ August 3, 2011, Ward 4 Town Hall Meeting.

⁹¹ September 14, 2011, Ward 5 Town Hall Meeting.

⁹² September 14, 2011, Ward 5 Town Hall Meeting.

⁹³ September 14, 2011, Ward 5 Town Hall Meeting.

⁹⁴ September 14, 2011, Ward 5 Town Hall Meeting.

⁹⁵ September 14, 2011, Ward 5 Town Hall Meeting.

⁹⁶ September 14, 2011, Ward 5 Town Hall Meeting.

Mr. Hall again stressed that Pepco needs to put the lines underground in order to improve reliability overall and therefore preclude the need to call in crews from other states.⁹⁷ Mr. Hall repeated his view that Pepco needs to follow its own research, which reflects the increased reliability of underground lines. Kirsten Bowden of Pepco Government Affairs stated that it would cost billions of dollars to completely underground the wires. The PSC is looking into this and has done outside consulting studies on this issue; the PSC has concluded that it would be prohibitively expensive.⁹⁸ Mr. Hall then raised an alternative – bury only the dangerous lines, put certain cables lower and closer to the ground, cut the poles, and stop cutting the trees as a general plan.⁹⁹ According to Mr. Hall, this might bring Pepco engineers to the sites more often.

Task Force Member Joslyn Williams, at the virtual town hall meeting, raised the point that it is not a certainty that because an area has overhead lines, there will necessarily be outages.¹⁰⁰ Sixty percent of feeders in the District have very few outages.¹⁰¹ Over time, however, because it is a mechanical system, both overhead and underground outages do occur. Overhead lines are clearly more susceptible to damage from weather because storms cause the trees to fall onto the lines.¹⁰² However, when there is flooding, as there has been in recent months up and down the East Coast, the water gets into the ground and affects the underground systems.¹⁰³ Mr. Williams asked Pepco for statistics in regard to overhead versus underground systems when the systems are the same age. Mr. Maxwell explained that in terms of longevity on overhead systems, in a “non-hostile environment” with few trees, an overhead system can last for 50 to 70 years with very few problems.¹⁰⁴ An underground system does not last as long because it is in a more hostile and corrosive environment. Underground wires are insulated with rubber, which deteriorates over time because the rubber breaks down.¹⁰⁵ An underground system can start to deteriorate in 30 years and then crews must go in and replace the cable. Pepco is currently replacing or refurbishing portions of the underground cable throughout the District due to the age and performance of the systems. In summary, Mr. Maxwell spoke for Pepco that in

⁹⁷ September 14, 2011, Ward 5 Town Hall Meeting.

⁹⁸ September 14, 2011, Ward 5 Town Hall Meeting.

⁹⁹ September 14, 2011, Ward 5 Town Hall Meeting.

¹⁰⁰ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 37.

¹⁰¹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 37.

¹⁰² December 13, 2011, Virtual Town Hall Meeting, Appendix C at 37.

¹⁰³ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 37.

¹⁰⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 38.

¹⁰⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 38.

the long term, an overhead system can actually last much longer than an underground system and is far more economical.¹⁰⁶

4. Pepco's Tree Trimming Policy

According to Pepco, trees interfering with power lines, *e.g.*, tree limbs falling on wires and disturbing service, is the major cause of outages in severe weather events in the District of Columbia and managing the vegetation constitutes Pepco's biggest challenge in the District of Columbia.¹⁰⁷ The Task Force concluded that a solution for this problem, short of placing the lines underground, is to more routinely and effectively trim trees so that branches do not touch the lines, while also working to trim the trees in such a way as to preserve their aesthetic qualities. Pepco informed the Task Force that it understands the need to more consistently trim trees and has responded by recently increasing the number of its tree trimming crews on the system as part of the REP.

Pepco explained to the Task Force that it often faces challenges in trimming trees because many of the customers do not like to see the aesthetic quality of the trees diminished. The Task Force has concluded that the only permanent solution to trees interfering with power lines that would not place an undue financial burden on Pepco customers, as discussed in more detail below, is to selectively place the wires underground where it is economically feasible.

a. Customer Reactions and Pepco Response

Washington, D.C. customers who attended the town hall meetings expressed their overall willingness to have their trees trimmed, but complained repeatedly that the trimming is not happening in any consistent manner and that it often results in significant damage to the trees. The general view is that Pepco should take responsibility to train its staff to trim trees both effectively and in such a way to preserve the aesthetic quality of the trees.

Kent Slewinsky, the Commissioner for Wesley Heights in Ward 3, stated that Pepco removed double poles when he requested.¹⁰⁸ However, he explained that in many cases double

¹⁰⁶ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 39.

¹⁰⁷ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 55.

¹⁰⁸ July 26, 2011, Ward 3 Town Hall Meeting.

poles remain standing for years because Pepco is not able to get all the lines moved. In fact, Lowell Street has triples poles. Mr. Slewinsky thanked Donna Cooper for working with his community and looks forward to the eight remaining poles being removed. In regard to trees, in 1983, Pepco began doing tree inventories.¹⁰⁹ Since then, at least 500 trees have been replaced, both trees that need maintenance and trees that need to be removed. Three months ago, a Pepco tree trimming crew came through and chopped several trees by cutting a “V” out of one of the trees. Mr Slewinsky feels strongly that if Pepco is allowed to destroy the trees, Pepco should also replace those trees.¹¹⁰ At one point, Mr. Slewinsky spoke to a Pepco representative who said there is moratorium on topping trees. Yet, according to Mr. Slewinsky there has been “stealth tree butchering.” A canopy from large red oak trees on the 4500 block of Dexter Street hangs over the wires. If Pepco continues to butcher the trees, the canopies will not develop. Mr. Slewinsky suggested that perhaps Pepco is just perpetuating the problem by not trimming the trees correctly.¹¹¹ Customers also raised the issue of Pepco haphazardly and incorrectly trimming the trees.¹¹²

John Thomas explained to the Ward 3 residents at the first town hall meeting that Pepco counts the trees as a loss when there is no other possible solution than removing the tree from the ground.¹¹³ The UFA helps to promote trees at schools, meets with the foresters at Pepco and helps restore trees, and tries to prevent the topping of trees. In further support, Pepco sponsors the UFA’s Arbor Day. Mr. Maxwell explained that Pepco has certified foresters who sit down with Pepco’s contractors and put together a plan for every tree that is about to be cut – the plan focuses on the health of the tree.¹¹⁴ UFA also reviews the plans to ensure proper trimming and removal of trees. If Pepco trims too much of the tree, it can damage and kill the tree.¹¹⁵ Pepco’s goal is to get the right amount of clearance, but also to maintain the health of the tree.

Robert Walters, a resident of Ward 3, explained that he is a regular donor to the Arbor Society and very much likes having trees in his neighborhood. However, there is a large elm tree

¹⁰⁹ July 26, 2011, Ward 3 Town Hall Meeting.

¹¹⁰ July 26, 2011, Ward 3 Town Hall Meeting.

¹¹¹ July 26, 2011, Ward 3 Town Hall Meeting.

¹¹² December 13, 2011, Virtual Town Hall Meeting, Appendix C at 70-71.

¹¹³ July 26, 2011, Ward 3 Town Hall Meeting.

¹¹⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 69.

¹¹⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 69.

outside of his house that is dying from Dutch elm disease. If the tree falls down, it will most likely destroy his house. Mr. Walters has attempted to contact Pepco's forester repeatedly because the power lines are within inches of the branches and the tree surrounds the pole. Pepco is supposedly working with communities to take down trees that are dangerous and could damage the distribution system, but has refused to deal with his situation. He requested that someone from Pepco take a look at the tree. He is now waiting for either the D.C. Arborist or Pepco to take down the tree.

Sarah Shaw of Tenleytown in Ward 3 expressed her concern about how Pepco cuts the trees. She often hears that there are road crews coming in from other places where they top the trees.¹¹⁶ She does not see many areas outside of this region where crews top the trees.¹¹⁷ Ms. Shaw does not believe the crews are receiving the state of the art training that John Thomas contends they are receiving.¹¹⁸ For example, about a year ago, she saw a crew topping a tree and after some argument, they left half the tree up on her street.¹¹⁹

Miss James, a Ward 4 resident who lives at Arkansas Avenue and 13th Street, described how she paid someone to cut down some large trees on her property which resulted in a few branches hanging on the power lines. The tree cutter has been hesitant to cut the branches because he is afraid that the branches will fall onto the power lines and cause damage.¹²⁰ Miss James explained that the Pepco lines are usually the highest lines, which is how she knows the lines in question are Pepco lines. Miss James believes that because there is a limb resting on the line, Pepco should dispatch a crew member to come out and investigate the dipping line. Mr. Maxwell responded that Pepco strongly discourages residents from investigating the lines themselves and encourages customers to contact Pepco to conduct any necessary investigation.

Customers suggested that there should be a process in place that is more respectful of the trees in D.C. Pepco has acknowledged that there have been issues in the past. In order to ensure that Pepco is more understanding of the balance between maintaining the trees and preserving its reliability of service, Pepco is using permission specialists (vegetation planners) to identify each

¹¹⁶ July 26, 2011, Ward 3 Town Hall Meeting.

¹¹⁷ July 26, 2011, Ward 3 Town Hall Meeting.

¹¹⁸ July 26, 2011, Ward 3 Town Hall Meeting.

¹¹⁹ July 26, 2011, Ward 3 Town Hall Meeting.

¹²⁰ August 3, 2011, Ward 4 Town Hall Meeting.

tree and the amount of tree trimming required, and to discuss this with the homeowners prior to trimming trees. None of the trees in the District of Columbia actually belong to Pepco, so it is important that Pepco determine what work must be done and what trees should be trimmed, and that Pepco work with customers and the UFA to ensure that Pepco is trimming the trees properly.

Mr. Maxwell also responded to concerns about outside crews who come in for restoration efforts and who travel around the City to trim trees.¹²¹ When Pepco brings in crews from out of state, the out-of-state crews do not know how to get around D.C. Therefore, for purposes of maintaining acceptable restoration times, a Pepco employee accompanies each crew to help them navigate the City.¹²² Furthermore, when Pepco brings in crews from other jurisdictions, those companies may have standards that the crews are used to but which are not acceptable in the District. This makes it necessary for Pepco to specially train the out-of-town crews. Pepco takes this seriously and even provides outside crews with pictures of trees from UFA and what they are permitted to cut on the tree.¹²³

Philip Blair, a member of the Greater Brookland Garden Club and a former ANC Commissioner, commented on the tree canopy in D.C. and on the security issues that surface when considering underground wires in lieu of trimming trees.¹²⁴ Mr. Blair reflected on his time working at the World Bank – they frequently worried about the buildings being bombed but did not worry about losing power. Every time lines are underground, things are more secure. Mr. Blair also opined that all Y-shaped trees are a danger. In his view, the Urban Forestry Administration is not doing its job and Pepco is getting blamed for the UFA's incompetence. The UFA is leaving trees standing for as many as five years when they have been dead for years.¹²⁵ Mr. Blair explained that his wife stays home when she hears that Pepco will be in the neighborhood because she wants to protect the trees recently planted by Pepco from its own crews. It appears that Pepco is willing to invest in undergrounding wires, but is not willing to

¹²¹ July 26, 2011, Ward 3 Town Hall Meeting.

¹²² July 26, 2011, Ward 3 Town Hall Meeting.

¹²³ July 26, 2011, Ward 3 Town Hall Meeting.

¹²⁴ September 14, 2011, Ward 5 Town Hall Meeting.

¹²⁵ Dead trees are marked with orange dot so that crews will know which trees should be removed.

invest in proper tree maintenance – this explains why Pepco leaves dead trees standing, removes healthy trees, and those trees that do fall, fall on their own.¹²⁶

Ms. Ward commented that reliability is a major issue in Congress Heights and she blames most of the problems on trees interfering with the lines. Ms. Ward is working with DDOT and Mrs. Cooper of Pepco in regard to trimming street trees.¹²⁷ Ms. Ward commended Pepco for its excellent service during the last storm when she worked with Christopher Taylor.¹²⁸ Pepco was able to restore power to the community within 12 hours.¹²⁹ Ms. Ward commented that Ward 8 has not had the problems that most other wards have had because, in her view, Pepco has more diligently trimmed the trees that interfere with power lines.¹³⁰

b. Task Force Reactions

The Task Force members had much to say about Pepco's tree trimming record. Leroy Hall, a resident of Ward 5 and a Task Force Member, stated that he has seen a lot of tree damage on Rhode Island Avenue, Northeast. He asked Pepco representatives at the Ward 3 meeting to describe what collaboration is going on with Pepco and the UFA.¹³¹ Some trees in other areas are cut in half, but not the ones on his street. Mr. Hall asked Mr. Thomas for an explanation and whether Pepco has any plans to restore damage that has been done.¹³² Mr. Thomas responded that this happened to the trees on Rhode Island Avenue in 2005.¹³³ In that case, Pepco brought in an out-of-town crew from Tennessee and they trimmed the trees as they would everywhere else in the country. As soon as Pepco discovered what had happened, Pepco returned to redo the trimming. Pepco will continue to develop a plan to remove the damaged trees and plant new ones. At the Ward 5 Town Hall Meeting, Task Force member Leroy Hall presented pictures of Y-shaped trees to the audience.¹³⁴

¹²⁶ September 14, 2011, Ward 5 Town Hall Meeting.

¹²⁷ November 29, 2011, Ward 8 Town Hall Meeting.

¹²⁸ November 29, 2011, Ward 8 Town Hall Meeting.

¹²⁹ November 29, 2011, Ward 8 Town Hall Meeting.

¹³⁰ November 29, 2011, Ward 8 Town Hall Meeting.

¹³¹ July 26, 2011, Ward 3 Meeting.

¹³² July 26, 2011, Ward 3 Meeting.

¹³³ July 26, 2011, Ward 3 Meeting.

¹³⁴ September 14, 2011, Ward 5 Town Hall Meeting.

At the virtual town hall meeting, Mr. Hall questioned whether tree trimming actually prevents outages and implied that the costs are not even worth it.¹³⁵ Mr. Maxwell went into some detail and explained that Pepco's goal in trimming the trees is to meet National Electric Safety Code ("NESC") standards which dictate how far the wires should be from the trees. Because the trees continue to grow into the lines, storms cause more branches to fall onto the power lines and cause outages. The cost associated with trimming trees on a per mile basis is from \$5,000 to \$10,000 per mile depending on how much vegetation is being trimmed.¹³⁶ Pepco's 2010 vegetation management budget, according to Mr. Maxwell, was approximately \$2 million, with \$3 million annual expenditures for vegetation management.¹³⁷ The costs to dig up the streets to repair underground wiring are prodigious, and that does not even prevent all outages. To install underground wires in a relatively uncongested neighborhood ranges from \$3 million to \$4 million per mile.¹³⁸ In more congested and urban areas, *e.g.*, the H Street Corridor, the impact to the neighborhood can be significant – it can cost as much as \$10 million to \$11 million per mile to underground the wires.¹³⁹ Task Force member George Clark mentioned that other costs that the rate payer must bear are those costs associated with outages, *e.g.*, when food spoils.¹⁴⁰ These must also be considered when weighing the costs of tree trimming versus placing lines underground.

Task Force member Robert Brannum raised the issue of the trees on 16th Street, each of which is named for a WWII veteran in D.C.¹⁴¹ Mr. Brannum emphasized that Pepco should try to remember that those trees are special and are named for an individual service member. In response to Mr. Brannum's comment, Mr. Maxwell explained again that Pepco does not own a single tree in D.C. Pepco is permitted to trim portions of the tree, but Pepco cannot do anything unless UFA gives Pepco permission. Mr. Whatley of the Task Force then asked whether an individual homeowner who sees a tree interfering with a wire may have Pepco come onto his/her property to trim that tree for free and if so, how do they accomplish that? Mr. Maxwell replied that Pepco tries to do what it can. Pepco would have to look at the tree to see how it is

¹³⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 13.

¹³⁶ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 14.

¹³⁷ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 14.

¹³⁸ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 15.

¹³⁹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 15.

¹⁴⁰ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 16.

¹⁴¹ August 3, 2011, Ward 4 Town Hall Meeting.

interfering with the customer's service. The customer should call 1-877-PEP-CO62. Pepco assured the attendees that its crews will definitely trim any tree that poses an imminent hazard to their service.

At the virtual town hall meeting, Mr. Williams asked about studies that have been conducted related to Pepco's reliability specifically in the District of Columbia or in other locales with similar circumstances as the District and the same type of weather elements in conjunction with a significant tree canopy.¹⁴² Mr. Maxwell responded in some detail regarding how Pepco analyzes its own practices. Every year, Pepco looks at the reliability of different cities – there are 177 utilities across the country and specifically in several cities (like Philadelphia, New York, Chicago, and Miami) to which Pepco compares itself.¹⁴³ For example, Miami also has an underground system and hurricanes.¹⁴⁴ Until 2010, according to Mr. Maxwell, the District has ranked in the second quartile among these cities.¹⁴⁵ The District is different than other cities because it has a downtown network system and a densely populated overhead system.¹⁴⁶ In comparison, the reliability of the District's underground system in Ward 6 is very good compared to most other cities in the U.S. There is a heavier density of vegetation in Ward 4 and Ward 3 and the reliability is not as high there.¹⁴⁷ Pepco compares itself to other cities in the U.S. and visits with them, asking what they are doing differently – this ultimately becomes a “best practices” conversation.¹⁴⁸ Pepco shares the information it learns and tries to apply the lessons learned.

Mr. Williams then followed up and asked what lessons Pepco has learned in regard to tree trimming. Mr. Maxwell replied that in the area of vegetation management, Pepco has learned that it is a best practice to trim up to four years' growth on trees.¹⁴⁹ Pepco should cut enough so that the tree branches will not grow back into the wires. However, in the District, Pepco is only permitted to trim up to two years' growth on the trees.¹⁵⁰ According to Mr.

¹⁴² December 13, 2011, Virtual Town Hall Meeting, Appendix C at 40.

¹⁴³ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 40.

¹⁴⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 40.

¹⁴⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 41.

¹⁴⁶ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 41.

¹⁴⁷ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 41.

¹⁴⁸ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 42.

¹⁴⁹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 43.

¹⁵⁰ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 43.

Mawell, Pepco's improved relationship and ability to work with the Urban Forestry Administration has helped to improve vegetation management across the board.¹⁵¹

5. Outdated Infrastructure, Maintenance Problems and Load

According to Pepco, the failure of or damage to Pepco's equipment and infrastructure is another major cause of power outages in Washington D.C. Carol Barth, a Ward 3 resident, stated that she believes that because of the extreme heat, Pepco has been able to provide less energy, even though she has not seen any direct evidence of this.¹⁵² She believes that this has to do with a lack of responsibility with the reliability of service and a serious lack of communication.

Mr. Krasgen also expressed his view that residents need to take some responsibility for issues with power because they are adding more load to the system. He hopes the Task Force will look at it more globally than just underground versus overhead. After all, the trees were not there before the streets.¹⁵³ A resident of Ward 4 asked Pepco what criteria Pepco considers when determining load capacity – how often does Pepco review capacity limits in determining when to replace transformers? The resident also asked why some houses in a block lose power but not others. Mr. Maxwell explained that multiple circuits can run through a neighborhood where different circuits feed different houses. Sometimes a tree limb falls on a wire and trips only one section of the line, affecting only those customers connected to it.¹⁵⁴

In response to a Ward 4 citizen who complained about the transformer not being replaced in his neighborhood after a power failure, Mike Maxwell explained that Pepco crews often want to get power back up as quickly as possible so they will do whatever it takes to accomplish that.¹⁵⁵ Then, unfortunately, the crews may not return to actually replace the transformer.¹⁵⁶ In regard to load capacity, because some communities are building "McMansions," load increases

¹⁵¹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 53-54.

¹⁵² July 26, 2011, Ward 3 Town Hall Meeting.

¹⁵³ July 26, 2011, Ward 3 Town Hall Meeting.

¹⁵⁴ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁵⁵ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁵⁶ August 3, 2011, Ward 4 Town Hall Meeting.

rapidly and Pepco may not be able to keep up. With AMI (real-time load data) at the home level, Pepco now decides on which what transformer to use based on the load.¹⁵⁷

Pepco's Michael Maxwell commented that Council Member Miriam Bowser had requested a meeting with Pepco to talk about reliability issues in Ward 4, and Mr. Maxwell met with her to discuss a plan for that ward. Specifically, Pepco has been working to replace the infrastructure to improve reliability and ensure there is enough capacity in the area. Pepco increased its vegetation management in the fall of 2010 and the company has not yet completed its efforts. In addition, Pepco is rebuilding the area feeders, which is an ongoing process.

Task Force member David Donaldson addressed the topic of transformers and commented that they fail because they are mechanical.¹⁵⁸ He asked Pepco whether there a schedule for determining when the transformers are to be inspected so that it can be determined before the problem whether the particular transformer could fail soon.

Further, with regard to smart meters, Mr. Donaldson opined that there is a myth that the smart meter will allow Pepco to monitor electricity use by its customers and also slow down their use of electricity – there is a feeling of mistrust on the part of the citizens toward Pepco.¹⁵⁹ Pepco's Charles Dickerson explained that the smart meter does not allow Pepco to see what its customers are consuming in real time; it cannot be used to spy on them.¹⁶⁰ Smart meters do allow Pepco, however, to see more information about a customer's usage. This is the purpose for the smart meter in the first place – to provide more accurate bills. At the GSA Town Hall Meeting, Task Force member and GSA employee, Steven Williford, asked if Pepco is doing anything with regard to smart metering to help federal buildings get a better idea of their load capacity and use.¹⁶¹ Pepco's William Gausman responded that Pepco has begun its AMI replacement program in the District and over 100,000 smart meters are in place today.¹⁶² The intent is to replace all existing meters with smart meters, which will have the ability to present more information than ever before. To this end, Pepco is currently working with EMR, a

¹⁵⁷ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁵⁸ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁵⁹ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁶⁰ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁶¹ August 10, 2011, GSA Town Hall Meeting.

¹⁶² August 10, 2011, GSA Town Hall Meeting.

contracting company hired by GSA to install shadow meters to coexist with Pepco meters. These meters break down the larger account into subgroups and work *with* Pepco meters, not as substitutes for them.¹⁶³

One GSA attendee asked Pepco to comment on the closing of the Alexandria Coal Plant.¹⁶⁴ Mr. Gausman responded that there is a group now proposing the redevelopment of the Potomac River site and the coal plant is still in operation. The owner will have to decide whether to put in environmental controls or shut down the plant. For now, the transmission system is sufficient to provide enough supply.¹⁶⁵

When asked about the criteria Pepco uses to determine which neighborhoods get better streetlights. Mr. Maxwell stated that there are no such criteria because Pepco does not own the streetlights in the District.¹⁶⁶ The D.C. Department of Transportation has that responsibility in D.C.

Celina Valentine inquired about prevention methods in terms of new construction.¹⁶⁷ For example, a new Mormon church is being built in her neighborhood – how will that facility’s power consumption impact her and what can her community do to prevent problems?¹⁶⁸ Mr. Maxwell replied that when a new facility requests service, Pepco looks to see how much energy that facility will need versus the current energy used in the neighborhood. Pepco then makes infrastructure improvements to ensure sufficient capacity before construction of the new building.¹⁶⁹

Eddie Johnson, an architect and urban planner and President of Brookland Business Association in Ward 5, explained that he has experienced many outages in the Brookland area including an outage for two days after the hurricane. His company performed a survey and discovered that there are eight billion dollars in development plans for Ward 5 including new projects at Catholic University and by the Brookland Metro. These facilities will have a

¹⁶³ August 10, 2011, GSA Town Hall Meeting.

¹⁶⁴ August 10, 2011, GSA Town Hall Meeting.

¹⁶⁵ August 10, 2011, GSA Town Hall Meeting.

¹⁶⁶ August 3, 2011, Ward 4 Town Hall Meeting. Mr. Maxwell pointed out that Pepco does have the responsibility of maintaining streetlights in Maryland.

¹⁶⁷ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁶⁸ August 3, 2011, Ward 4 Town Hall Meeting.

¹⁶⁹ August 3, 2011, Ward 4 Town Hall Meeting.

tremendous impact on the need for Pepco to provide more energy. Mr. Johnson asked what Pepco intends to do about this and who will pay for it.¹⁷⁰ Mr. Johnson opined that developers are trying to maximize profit and in so doing there has been little discussion about the impact of the electrical requirements to support these massive projects. In response to these projects, Pepco will need to conduct its own new development. While land development is the only source of economic development in America, local communities and businesses benefit little or nothing from this new development – Mr. Johnson asked how Pepco will support these businesses. Pepco’s Gary Keeler responded that Pepco is ensuring that there is adequate supply for each project by conducting a case-by-case analysis. It depends on what a developer is proposing. Most of the costs are borne by the developer but not all. The impact on the immediate community will not be so great because the costs are spread out over time.

At the GSA Meeting, Pepco discussed the different distribution systems throughout the District: High Tension (Primary Service), Network (includes LVAC and Network), and Radial. The Low Voltage Alternating Current (“LVAC”) Network Groups contain six feeders which come out of one substation. One supply can be out of service and the other is capable of holding the load. A different feeder feeds each transformer so the load is distributed. All the secondary feeders are tied together. Each year Pepco reviews the current loadings on the networks and reviews any prospective new business reports and economic forecasts for certain areas in order to predict load capacity. In regard to the Northeast substation, in 2001 Pepco identified that the District was in need of a new substation, which Pepco subsequently designed and installed. The new substation is designed for four transformers. Initially Pepco installed two transformers as it is important to always have at least two transformers at one time. As of the date of the GSA Meeting, Pepco was in the process of adding the third transformer, which it hopes to have functional by June 2012, at which time Pepco will move on to installing the fourth transformer.

One attendee at the GSA Meeting asked about Pepco’s plans to solve the overload problem near the ATF building.¹⁷¹ Mr Gausman replied that Pepco has replaced the transformers near the ATF building so there is no overload concern anymore. Concern was also raised about Substation 7, which supports the area near Anacostia, where a lot of development is occurring –

¹⁷⁰ September 14, 2011, Ward 5 Town Hall Meeting.

¹⁷¹ August 10, 2011, GSA Town Hall Meeting.

at Bladensburg Road and New York Avenue. An attendee asked what Pepco has done to work with Clark Construction and Walmart and whether there will be more substations to support the new Walmart store. Mr. Gausman responded that because there are two network groups, when Pepco brings in a new network, load will be transferred from one network to the other, which frees up capacity. Pepco Task Force member Stephen Whatley inquired about the closure of Walter Reed Medical Center and whether Pepco has been working with the State Department to review the types of buildings that will go into that space in order to determine how much infrastructure Pepco will need to add.¹⁷² According to Mr. Gausman, Pepco is aware of the proposed plans and is continuing to reach out to the businesses in that area so it can decide on the best plan of action.¹⁷³

At the virtual town hall meeting, at the request of Mr. Williams, Mr. Maxwell explained a best practice Pepco had learned regarding infrastructure and maintenance: the application and automation of more automatic circuit re-closures on the system.¹⁷⁴ These devices are currently being installed as part of Pepco's REP in the category of distribution automation.¹⁷⁵ The technology was not in place to be able to withstand the kind of power that Pepco's substations produced. Now Pepco has the technology and the company is replacing a lot of infrastructure in order to accommodate it.

At the virtual town hall meeting, Mr. Maxwell, outlined what Pepco has done recently to improve reliability. In September 2010, when Pepco began the REP, Pepco's initial task was to improve vegetation management.¹⁷⁶ Pepco brought in contractors to help with trimming. Next Pepco has focused on its URD underground cable program.¹⁷⁷ In that regard, Pepco has been replacing cables and performing cable injection work.¹⁷⁸ In addition, Pepco has performed a lot of work on the priority feeder work, which has taken more time because Pepco has changed its

¹⁷² August 10, 2011, GSA Town Hall Meeting.

¹⁷³ August 10, 2011, GSA Town Hall Meeting.

¹⁷⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 43.

¹⁷⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 43.

¹⁷⁶ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 50.

¹⁷⁷ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 50.

¹⁷⁸ Pepco often employs a technique called "cable injection," which specifically prevents outages of all kinds to underground lines. Underground cables are already insulated with a rubberized jacket that can eventually crack, allowing underground water to make contact with the wires. To prevent this type of deterioration, Pepco injects a fluid to fill those cracks. Cable injection can extend the life of a cable for 20 to 30 years.

standards in terms of how Pepco is designing and rebuilding the circuits.¹⁷⁹ In making this improvement, Pepco has looked at each of the worst performing feeders and has brought in additional engineering support from different consulting firms. However, this program did not really take off until January/February 2011. The number of outages in D.C. has decreased since September 2010 due to the improvements under the REP and recent upgrades in equipment.¹⁸⁰

John Capozzi called in at the virtual town hall meeting and asked about generating power through solar or wind generators when there is an electricity outage.¹⁸¹ Specifically, Mr. Capozzi asked whether that power would continue to feed into the grid such that it would create more power.¹⁸² As a follow up question, Mr. Capozzi asked what Pepco is doing to further this type of technology in the District.¹⁸³ Mr. Maxwell responded that Pepco is very supportive of promoting the use of alternative energy like solar and wind power.¹⁸⁴

In addition to the live testimony submitted at the town hall meetings, Mr. Anwar Saleem, Executive Director of H Street Main Street, Inc., submitted a written statement.¹⁸⁵ In his written statement, Mr. Saleem described his company, H Street Main Street Inc., as a non-profit organization whose goal is to lessen the burden of the District Government by supporting H Street, Northeast businesses to and help “create an inviting commercial corridor.”¹⁸⁶ Mr. Saleem objected to Pepco’s request for a \$42.1 million rate increase on the basis that Pepco treated H Street unfairly (in comparison to Georgetown), when it failed to update the power line infrastructure on H Street, when the ground lines were open during the construction of the new H Street streetscape.¹⁸⁷ Mr. Saleem discussed the five-year moratorium on disturbing the ground after most streetscapes are completed in the District, and the hardship the resulting prohibition places on small businesses in the H Street Corridor as Pepco failed to update the infrastructure when it had the chance.¹⁸⁸ Mr. Saleem urged the Task Force to take this treatment of H Street

¹⁷⁹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 51.

¹⁸⁰ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 51, 52.

¹⁸¹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 21.

¹⁸² December 13, 2011, Virtual Town Hall Meeting, Appendix C at 21.

¹⁸³ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 21.

¹⁸⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 22.

¹⁸⁵ See Appendix D, Statement of Anwar Saleem, CMSM, Executive Director, H Street Main Street, Inc., Before the Blue Ribbon Taskforce On Pepco Reliability, Tuesday, December 13, 2011.

¹⁸⁶ See Appendix D, Statement of Anwar Saleem, at 1.

¹⁸⁷ See Appendix D, Statement of Anwar Saleem, at 1.

¹⁸⁸ See Appendix D, Statement of Anwar Saleem, at 2.

(versus other neighborhoods) into account when drafting this report.¹⁸⁹ Specifically, Mr. Saleem urged the Task Force to recommend that Pepco set aside \$1 million to assist small business/property owners along the H Street Corridor to help offset the cost of Pepco's failure to upgrade commercial utilities line infrastructure and to implement energy alternatives.¹⁹⁰

6. Staffing During Power Outages

Erich Martel, a Ward 3 resident who lives at 39th Street and Livingston Street, NW, explained that in August 2010 he experienced at least two power outages. On the first instance, soon after his home lost power, a Pepco truck arrived with two linemen, who then went up in the cherry picker and replaced a damaged fuse. Then, two weeks later, when the lights went out briefly, another truck came out quickly, but this time with only one lineman. Mr. Martel questioned whether Pepco was compromising on safety in order to more leanly staff the crews.¹⁹¹

Mr. Martel then read a September 2, 2010 quote from the president of the labor union which stated that PHI runs Pepco out of Delaware. Most of the non-operations personnel have moved to Delaware and most of Pepco's staff have decreased generally over the last 10 years. Pepco is down by 40% in operations department employees since the deregulation. Pepco has stated that they had 845 customers per field employee, but now it is down to 2,000 customers per field employee. Of the employees left, 30 to 40% are about to retire. Pepco does not hire new people who have ownership in the company, but often hires people who are not familiar with the system or the neighborhoods, yet these employees are instructed to lead the out-of-state contractors around the District. These employees are even assigned the role of contract watchers. He recommends that Pepco hire people who have been certified in certain building trades. Furthermore, PHI should set aside money for Pepco. Mr. Martel also raised the issue of outside contractors coming in to trim trees and asked whether the contractors receive salaries. Mr. Martel's view is that if the contractors do not trim the trees correctly, Pepco should not pay them. In addition, Pepco itself should be penalized. Pepco's Michael Maxwell responded that

¹⁸⁹ See Appendix D, Statement of Anwar Saleem, at 2-3.

¹⁹⁰ See Appendix D, Statement of Anwar Saleem, at 3.

¹⁹¹ Mr. Martel stated at the Ward 3 Town Hall Meeting that a faulty 50-year old circuit breaker that serviced several blocks had recently been replaced by Pepco when it broke. According to Mr. Martel, there are many such outdated devices still in use. They are gradually being replaced with a carbon-based framework that is more effective during weather events and less susceptible to squirrels.

Pepco ensures that there are adequate numbers of qualified and knowledgeable employees who can and will do work according to Pepco's standards. In response to Mr. Martel's complaints about tree trimming, Mr. Maxwell explained that Pepco must follow up when a contractor trims a tree incorrectly. Pepco usually raises such an issue with the contractor's supervisor, but if the problem persists, then the issue is elevated such that it goes up through the hierarchy within the contracting company.

Task Force member David Donaldson raised the issue of unions and balancing out the incorporation of new employees with the existing workload.¹⁹² Mr. Maxwell responded that Pepco has increased its hiring and that Pepco is bringing back retirees as contractors to help supervise and train new contractor employees.

Cynthia Harrison asked what Pepco has done to recruit women for these technical jobs.¹⁹³ Mr. Maxwell emphasized that diversity among its workforce is important to Pepco as a corporation and that Pepco is mindful of its civic responsibility. For example, Mr. Maxwell explained that Pepco works with UBC and PG Community College. Pepco also has an engineering internship program and, in the last class of 36 graduating students, just less than half are women. Additionally, Pepco recently hired seven or eight engineers, more than half of whom are women.

C. Communication

Based on the comments at the town hall meetings, a lack of effective communication between Pepco and its customers regarding power outages, restoration times, and tree trimming is the root of many customer complaints. Problems with communications relating to Pepco's financial status and responsibility have also contributed to customer discontent.

Jackie Ward, who works at the Office of Councilmember Marion Barry and is a Ward 8 resident, spoke at the November 29, 2011 meeting and commented mainly in regard to Pepco's communication and outreach to customers.¹⁹⁴ She explained that many Ward 8 residents do not

¹⁹² July 26, 2011, Ward 3 Town Hall Meeting.

¹⁹³ July 26, 2011, Ward 3 Town Hall Meeting.

¹⁹⁴ There was very limited attendance at the November 29, 2011 Ward 8 Town Hall Meeting, much of which focused on issues unrelated to this report, such as payment programs. Such testimony has not been included in the report.

understand what is going on in regard to Pepco service because many of these customers do not use the internet. Ms. Ward suggested that Pepco use regular mail to reach these customers, in addition to other communication strategies.¹⁹⁵

1. Reporting Outages & Communication Regarding Restoration Times

Task Force member Barbara Lang, a resident of Palisades in Ward 3 who represents D.C.'s business community, expressed her view that there is a general opinion among customers that Pepco has problems communicating effectively in regard to outages and restoration.¹⁹⁶ At the Ward 3 meeting, Mr. Bailey read a telephone message from a Ward 3 resident in which she stated her complaint in regard to Pepco's problems with communication.¹⁹⁷ Specifically, the resident stated: "Lack of communication is the main sore point. Information is scarce, if there is any, when outages are called in and customers are literally and figuratively in the dark."¹⁹⁸ She asked why Pepco's communication with its customers is not equal to Dominion Electric's communications with its customers in Virginia. That person also complained that Dominion Electric is able to predict restoration times more quickly than Pepco.¹⁹⁹

Many residents complained about the Pepco automatic call system and the process for reporting an outage. Charles Dickerson explained that in 1999, after a large ice storm knocked out power for about one-third of Pepco's customers, the company installed the automatic telephone system. At that time, there were 115 lines, but Pepco could receive as many as 27,000 calls per hour.²⁰⁰

A citizen of Ward 4 also raised the issue of restoration times. He explained that when electricity goes out for no apparent reason and for an extended period of time, Pepco should have the ability to inform customers as to why there is an outage and to provide them with an estimated time for restoration ("ETR"). The Ward 4 citizen questioned Pepco's inability to provide this information and stated his view that Pepco's level of responsiveness is unacceptable. Pepco's Charles Dickerson acknowledged that a customer should be able to obtain from Pepco

¹⁹⁵ November 29, 2011, Ward 8 Town Hall Meeting.

¹⁹⁶ Ms. Lang spoke at the Ward 3 Town Hall Meeting on July 26, 2011.

¹⁹⁷ See July 26, 2011 Doleman Email to Claude Bailey, Appendix F.

¹⁹⁸ *Id.*

¹⁹⁹ *Id.*

²⁰⁰ August 3, 2011, Ward 4 Town Hall Meeting.

specific information about an outage as Pepco becomes aware. Often Pepco will not know the specifics of the cause of an outage until a line crew is able to arrive at the location and investigate. Pepco now hires an outside company to help with these types of phone calls in a major event, and in so doing, has greatly changed its telephonic infrastructure.²⁰¹

At the GSA Town Hall meeting, Rich Brooks of GSA commented regarding the power outage in the NOMA area of D.C. during the summer of 2011. He described how frustrating it was that Pepco could not adequately communicate to the building managers how long the power outage would last.²⁰² At noon on Tuesday, Pepco said power would be restored by 6:00 p.m. that day; at 6:00 p.m., Pepco said that it could restore power by midnight.²⁰³ However, the outage began on Monday at 4:00 p.m. and was down through the rest of the week. Mr. Brooks would have preferred to receive the message early on that power would be out the rest of the week so that he could find alternative sites to do work, rather than be led on by the company.²⁰⁴ It is Mr. Brooks' view that someone at Pepco must have known that power could not be restored in six hours and that reality should not have been withheld from the public. Mr. Kevin St. Clair agreed that those who work and help run the federal agencies need to hear the worst case scenario so they can plan.²⁰⁵ Mr. Gausman of Pepco explained that Pepco thought they could make some temporary repairs, which they did, but the amount of load on the cables ultimately caused the repairs to fail.²⁰⁶ Pepco held at least one conference call every day during the NOMA outage in order to provide a current status to building management and any other information Pepco had available.²⁰⁷

D.C. Task Force member Robert Brannum stated that Pepco should take from the NOMA outage some lessons, including that Pepco must improve its processes so it can give timely and accurate information to the federal agencies and also to the general public, who need to know the same information.²⁰⁸ Stephen Whatley said that communications, overall, have been a major

²⁰¹ August 3, 2011, Ward 4 Town Hall Meeting.

²⁰² August 10, 2011, GSA Town Hall Meeting.

²⁰³ August 10, 2011, GSA Town Hall Meeting.

²⁰⁴ August 10, 2011, GSA Town Hall Meeting.

²⁰⁵ August 10, 2011, GSA Town Hall Meeting.

²⁰⁶ August 10, 2011, GSA Town Hall Meeting.

²⁰⁷ August 10, 2011, GSA Town Hall Meeting.

²⁰⁸ August 10, 2011, GSA Town Hall Meeting.

problem area for Pepco over the last two years.²⁰⁹ If GSA does not receive accurate information, then those who work in the federal buildings cannot make educated decisions and everyone is affected. In his view, Pepco needs to adopt a holistic approach in disseminating information about outages and restoration times. Similarly, Samantha Dennison complained that she frequently receives conflicting messages from Pepco.²¹⁰ As a building manager for two different buildings, she questioned how she can tell her 1,300 employees what to do when she does not have reliable information. Mr. Gausman replied that Pepco only publishes one ETR and that the information Pepco gives to GSA is the same information that Pepco posts on its website. According to Mr. Gausman, Pepco monitors the ETRs that it sends out and updates them when possible.²¹¹ Mr. Gausman also pointed out that much of the discussions on the daily conference calls revolve around how the building supervisors would communicate to their own employees rather than about actual ETRs.²¹² In terms of getting the message out to as many people as possible, Mr. Whatley suggested that Pepco also use WTOP as a communications outlet because many federal workers live in the Washington, D.C. metropolitan area.²¹³

Nicole Carter of Pepco's Customer Care explained that it is sometimes a challenge to provide an accurate ETR because as the crews are dispatched, there may be different levels of problems they encounter when they arrive at the site.²¹⁴ Pepco encourages residential customers to check the website and call in. Pepco has alternate phone numbers available as well. The OPC representative responded that many senior citizens do not have cell phones and therefore cannot easily call in to Pepco, to which Ms. Carter responded that Pepco also uses media outlets and publishes press releases.²¹⁵

At the virtual town hall meeting on December 13, 2011, Task Force member Chuck Burger, from Ward 6, asked Pepco to provide an update in regard to what it has been doing to improve its communications with customers regarding outages issues and other emergencies.²¹⁶ Mr. Maxwell replied that Pepco has introduced a new iPad and Droid application that allows the

²⁰⁹ August 10, 2011, GSA Town Hall Meeting.

²¹⁰ August 10, 2011, GSA Town Hall Meeting.

²¹¹ August 10, 2011, GSA Town Hall Meeting.

²¹² August 10, 2011, GSA Town Hall Meeting.

²¹³ August 10, 2011, GSA Town Hall Meeting.

²¹⁴ August 10, 2011, GSA Town Hall Meeting.

²¹⁵ August 10, 2011, GSA Town Hall Meeting.

²¹⁶ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 31.

customer to check on outage locations and receive real time information including ETRs based on that customer's home address.²¹⁷ Pepco recently hired Felicia Greer to serve as a customer advocate for Pepco. Ms. Greer works with customers to make sure that there are different methods to communicate with Pepco.²¹⁸ In addition, Pepco has hired additional customer service representatives to answer customer calls and has doubled the number of telephone lines for incoming calls.²¹⁹

At the AOBA meeting, Mary Lynch, Vice President of Property Management at Akridge, raised concerns about Pepco's problems with communications.²²⁰ She stated that when she reaches out for information to Pepco, she either receives no information or receives inaccurate information; therefore she does not know what to tell her customers.²²¹ Ms. Lynch commented that in her view, Pepco has been "virtually non-existent" in regarding to communicating with its customers.²²² Ms. Lynch emphasized that she needs to have accurate information because businesses with which she works need to make plans for hundreds of people in the event of a power outage. For example, when there is an outage, she is required to keep people downstairs in the building. She needs to know within an hour whether to send them home.²²³ She commended Pepco for its improvement in this category, but she also said that Pepco needs to improve more. Ms. Lynch suggested that Pepco provide a spokesman to deal specifically with these types of issues in the commercial context.²²⁴ Ms. Lynch also raised her concerns about cost issues related to loss of equipment when there is a brownout.

Fran Frances, AOBA Senior Vice President and General Counsel, explained that she hears the same problems repeatedly about the lack of communication after there has been an outage.²²⁵ Ms. Frances also raised the issue of an inaccurate flow of communication or lack of any communication at all from Pepco in regard to apartment buildings. She considers this to be equivalent to Pepco's lack of concern for safety of the tenants who are often elderly people living

²¹⁷ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 31, 33.

²¹⁸ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 32.

²¹⁹ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 33.

²²⁰ December 14, 2011, AOBA Town Hall Meeting.

²²¹ December 14, 2011, AOBA Town Hall Meeting.

²²² December 14, 2011, AOBA Town Hall Meeting.

²²³ December 14, 2011, AOBA Town Hall Meeting.

²²⁴ December 14, 2011, AOBA Town Hall Meeting.

²²⁵ December 14, 2011, AOBA Town Hall Meeting

on high floors. She complained that when she seeks information from Pepco, she gets different responses from different people at different times. She suggested that Pepco provide one person for commercial customers to call who will answer the phones; the current customer service representatives do not adequately address the needs of commercial customers.²²⁶ Ms. Frances also indicated that in her view, the internet is not helpful – she needs to speak to a live person during an outage. She also inquired whether Pepco has an emergency team to provide additional help and answer the telephone during a major weather event; she complained that she often has to call the Legal Department to reach someone.²²⁷ Ms. Frances explained that she has written a letter to Pepco and requested a special representative for AOBA, for which AOBA is willing to pay extra.

Pepco's Janet Randolph explained that during a major event, Pepco does not often know what the restoration time will be until the event is over and Pepco crews have had an opportunity to assess the damage. Unfortunately, according to Pepco, there are not enough resources to assign a person to every large apartment complex and the Pepco website displays the same information that is available to the customer service representatives. Ms. Lynch stated that she would rather know that Pepco does not know anything yet, than receive the wrong information. Akridge has dealt mainly with Mike Bell at Pepco, and she relies on him to provide accurate information because her clients rely on the property managers to provide them with accurate information. She would prefer to go to her clients and tell them that she does not know when power will be restored, but that she will have restoration information in about an hour, rather than provide false information. Ms. Lynch referred to the NOMA outage earlier in 2011 as an example of this problem.²²⁸ In that situation, the wrong information kept being passed down the line, resulting in much frustration.

When Pepco's Bob Hainey asked Ms. Lynch about her ability to get information from Mr. Bell, Ms. Lynch replied that while she does receive some information from him, it is not the type of information that she needs – she requires information about ETR's.²²⁹ In particular, she

²²⁶ December 14, 2011, AOBA Town Hall Meeting.

²²⁷ December 14, 2011, AOBA Town Hall Meeting.

²²⁸ December 14, 2011, AOBA Town Hall Meeting.

²²⁹ December 14, 2011, AOBA Town Hall Meeting.

needs to know when to reopen a building after an outage.²³⁰ Jim Maehall of Brookfield Properties noted that he also calls Mike Bell for information, and that Mr. Bell is his only source of information because he is the account representative for Brookfield.

Mr. Hainey of Pepco pointed Ms. Lynch and the other attendees to Pepco's online outage map, which shows how many crews are on the streets. Shaun Pharr, Senior Vice President of AOBA, pointed out that the problem with the map is that it cannot be property-specific. Mr. Pharr explained that he could obtain the most reliable and current information if he had a customer account representative to contact. People calling into the regular customer service line are likely to receive less reliable information. Ms. Randolph responded that whoever is responsible for the building management team should be the source that calls in to Pepco. Pepco's Debbi Jarvis then agreed to make this an action item.

Ms. Randolph responded to the comments about Pepco's communications by pointing out that that Pepco's customer care center is expanding.²³¹ Further, everyone in the company has a secondary role so there is a remote crisis call center that can be activated during a major event. Ms. Frances then asked why this plan is not working, to which Ms. Randolph responded that it is working, but it is not focused on a particular market segment. Nicola Whiteman, Vice President of Government Affairs for AOBA, asked if some of these issues are related to poor training. Ms. Jarvis replied that training is not the issue – customers call into the wrong departments entirely because they are desperate to talk to a live person. Ms. Whiteman then proposed that Pepco should deal with the problem of managing expectations.

In regard to Ms. Frances' request for a designated AOBA representative, Felicia Greer noted that all of Pepco's 1.9 million customers are important, but that there is a clear distinction in AOBA's needs which sets it apart from the regular residential customer.²³² Ms. Greer promised that she would talk to the Pepco Leadership Team about assigning a special representative to AOBA. Ms. Frances then stated that she believes there is insufficient two-way communication between the Pepco trucks and the Call Center. Ms. Jarvis explained that there is

²³⁰ December 14, 2011, AOBA Town Hall Meeting.

²³¹ December 14, 2011, AOBA Town Hall Meeting

²³² December 14, 2011, AOBA Town Hall Meeting.

a computer in every vehicle.²³³ The crews input updated information in real time, so Pepco receives it immediately. Ms. Greer mentioned that just the day before there had been an emergency preparedness drill.²³⁴ Ms. Frances then proposed better training so that the crews know how to use this equipment. As follow up, Ms. Frances asked for Pepco to explain what it means when it says that a crew is on its way to a site – this could mean a lot of different things to a customer.

Task Force member Chuck Burger raised the question of whether Pepco’s crews are doing everything required within Pepco’s protocols. The lack of real time information seems to call for a more advanced protocol in Mr. Burger’s view.²³⁵ Then, Mr. Burger asked who formulates the restoration estimates and when. Ms. Randolph explained that the crews call in to Pepco when they arrive at the site of the outage and also submit a report with an update to the Call Center.²³⁶ She also noted that during a major event the crews are all taxed so it is difficult to say precisely how long it will take for them to send an update and initial estimate. Mr. Hainey pointed out that in order to formulate a reliable ETR, in some cases, the crew has to send the information back to the control center so that Pepco engineers can analyze the situation, determine an ETR, and then post that ETR.²³⁷

At the AOBA meeting, Debbi Jarvis commented that with regard to commercial customers, AMI and smart meters will aid in the challenge Pepco faces in providing accurate ETR’s.²³⁸ The benefit is that customers do not have to call Pepco in order for Pepco to realize that there has been an outage.²³⁹ Once that info is available to Pepco it is a lot easier for Pepco to communicate to its customers and it will provide Pepco with the ability to handle a lot of issues remotely. Pepco will be continuing to gradually install smart meters for commercial customers.

²³³ December 14, 2011, AOBA Town Hall Meeting.

²³⁴ December 14, 2011, AOBA Town Hall Meeting.

²³⁵ December 14, 2011, AOBA Town Hall Meeting.

²³⁶ December 14, 2011, AOBA Town Hall Meeting.

²³⁷ December 14, 2011, AOBA Town Hall Meeting.

²³⁸ December 14, 2011, AOBA Town Hall Meeting.

²³⁹ December 14, 2011, AOBA Town Hall Meeting.

2. Tree Trimming

At the Ward 3 Town Hall Meeting, Task Force Member Chuck Burger asked Commissioner Slewinsky for his ideas about how Pepco can improve its communication.²⁴⁰ Commissioner Slewinsky provided the example of the community walk Mayor Fenty organized two years ago through the Palisades.²⁴¹ For the first time, a dialogue took place among Pepco, DDOT, Forestry, and D.C. citizens. The president of the Palisades Citizens Association invited different representatives to come out and take questions from concerned neighbors. Pepco should conduct similar events to increase its dialogue with customers.²⁴² In particular, Pepco should work on improving its communications with communities regarding when crews will be there to trim trees. In his opinion, UFA and Pepco are not collaborating effectively. Chuck Burger raised the issues of using ANCs, which are local and are “pockets of representation” as tools for Pepco to engage communities in policy discussion.²⁴³

3. Financial Responsibility

a. Maintenance and Undergrounding

Cynthia Harrison, who resides in an electric townhouse located at Connecticut Avenue and Nebraska Avenues, opined that Pepco’s private interest should not trump the safety of D.C. residents.²⁴⁴ Accordingly, in her view, electricity should be a public utility because it makes sense for the good of the public that Pepco free up the profit motive that is tied to the supply of electricity to its customers.²⁴⁵ Further, reducing the cost to D.C. citizens should be the priority and profit should not be part of the equation until a threshold of reliability is reached.²⁴⁶ Ms. Harrison further opined that Pepco is still guaranteed a profit so D.C. should take over the utility.

Task Force member George Clark expressed his view that Pepco has been recalcitrant on cost studies so that there is never really an answer and the Court of Appeals cannot review Pepco’s actions. Jeff Krasgen, a Spring Valley Ward 3 resident, stated that he is a significant

²⁴⁰ July 26, 2011, Ward 3 Town Hall Meeting.

²⁴¹ July 26, 2011, Ward 3 Town Hall Meeting.

²⁴² July 26, 2011, Ward 3 Town Hall Meeting.

²⁴³ July 26, 2011, Ward 3 Town Hall Meeting.

²⁴⁴ July 26, 2011, Ward 3 Town Hall Meeting.

²⁴⁵ July 26, 2011, Ward 3 Town Hall Meeting.

²⁴⁶ July 26, 2011, Ward 3 Town Hall Meeting.

Pepco stockholder and he feels positively about the company. He would tell his fellow residents in Ward 3 that if they want to take a role in the company, they should buy the stock and come to the meetings.²⁴⁷ Mr. Krasgen stated that sometimes he loses power in his home and sometimes the outage lasts for just a few moments. If the electricity goes off, it can be challenging for him to successfully report the outage through the automatic system. While he is aware that Pepco has changed the system so now he can use his cell phone to report an outage, Mr. Krasgen expressed his frustration that he still has problems getting through to Pepco, and having a representative call him back rarely helps.

Michael Syndran, a military veteran, objected because even though Pepco's rate of return is high at 8%, it is still asking for a \$42 million rate increase from consumers.²⁴⁸ Mr. Syndran asked that in light of oil companies with skyrocketing profits, should some of the shareholders share in paying for the \$42 million rate increase rather than having the consumer cover the costs in their entirety? In 2009, there was a \$51 million increase, \$20 million of which was approved by the PSC.²⁴⁹ Charles Dickerson and Mr. Maxwell explained that there is a formal process where Pepco must present its proposal for a rate increase to the Commission.²⁵⁰ The Commission then conducts a thorough review of the facts as to whether Pepco is asking for the appropriate amount. The customers pay for the infrastructure to run the business – the shareholders do not share in bearing those costs any more than regular customers.²⁵¹ Mr. Syndran opined that Pepco shareholders should pick up half of the rate increase – this would send the message that Pepco is actually trying to be reliable.²⁵² Mr. Dickerson responded that the PSC will hold community hearings so that residents can have their views put on the record. At that point, Task Force member Tom Smith commented that the Task Force had heard about the shareholder issue at the last town hall meeting. Mr. Smith's view is that the shareholders are the consumers and some of them are relying on the dividends they are receiving from Pepco stock.²⁵³

²⁴⁷ July 26, 2011, Ward 3 Town Hall Meeting.

²⁴⁸ August 3, 2011, Ward 4 Town Hall Meeting.

²⁴⁹ August 3, 2011, Ward 4 Town Hall Meeting

²⁵⁰ August 3, 2011, Ward 4 Town Hall Meeting; December 13, 2011, Virtual Town Hall Meeting Transcript, Appendix C at 11.

²⁵¹ August 3, 2011, Ward 4 Town Hall Meeting.

²⁵² August 3, 2011, Ward 4 Town Hall Meeting.

²⁵³ August 3, 2011, Ward 4 Town Hall Meeting.

In regard to the cost for undergrounding, Task Force member Leroy Hall agreed that the shareholders ought to bear the cost of undergrounding because in his view that is all a part of maintenance, something for which the customer should not have to pay.²⁵⁴ Mr. Hall then expressed his view that in the long term, overhead lines costs more to install and maintain than underground lines.²⁵⁵

b. Reimbursements

Task Force member Robert Brannum raised the issues of Pepco's responsibility when a customer suffers a loss due to a power outage, *e.g.*, having frozen food spoil.²⁵⁶ Mr. Brannum asked Pepco what would satisfy the claims department in order for the department to reimburse that customer for his/her losses. Mr. Maxwell explained that the Pepco Claims Department makes decisions on a case-by-case basis. A customer seeking reimbursements for a loss should be prepared to show receipts for the value of what was lost. According to Pepco, if the loss is due to faulty equipment and an appliance was damaged, and if Pepco is able to confirm the cause and effect, then Pepco will replace the appliance. At the GSA Town Hall Meeting, a representative of OPC asked what a customer should do when there is a blackout and he/she is forced to pay for a hotel room.²⁵⁷ Mr. Gausman responded that Pepco does not compensate for the cost of hotel rooms.²⁵⁸ Task Force member Robert Brannum asked if Pepco's policies for reimbursement are any different for GSA than for a residential citizen.²⁵⁹ Mr. Gausman responded that the policy is the same – all customers may file claims and the claim process will go forward in the same way. Upon further questioning from Mr. Brannum about charging the customer when he/she is not receiving electricity, Mr. Gausman explained that if a customer's meter is not spinning, then Pepco is not charging that customer.²⁶⁰

²⁵⁴ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 12.

²⁵⁵ December 13, 2011, Virtual Town Hall Meeting, Appendix C at 13.

²⁵⁶ August 3, 2011, Ward 4 Town Hall Meeting.

²⁵⁷ August 10, 2011, GSA Town Hall Meeting.

²⁵⁸ August 10, 2011, GSA Town Hall Meeting.

²⁵⁹ August 10, 2011, GSA Town Hall Meeting.

²⁶⁰ August 10, 2011, GSA Town Hall Meeting.

c. Payment Plans

Michael Syndran inquired about helping those customers who cannot afford to pay their electricity bills and whether a proposal exists focused on assisting the neediest members of society pay for their electricity.²⁶¹ Mr. Syndran referred to the Washington Gas Company's program to help indigents and then pointed out that the D.C. Energy Office has no funds. Mr. Dickerson of Pepco responded that he is currently reviewing such a program that was recently proposed.²⁶² Mr. Dickerson pointed out that Pepco makes significant contributions to D.C. charities. Pepco participates in the annual Joint Utilities Day.²⁶³ Mr. Dickerson also explained that organizations exist for customers to reach out to, if they cannot afford their electric bills. Their relief is then calculated, in part, by how many people live in the home. On this same topic, at the Ward 5 Meeting, Leonard Howard, who works for Council Member Harry Thomas, stated that his office encounters a lot of issues with individuals who cannot timely pay their bills because they have lost their jobs.²⁶⁴ Janet Randolph of Pepco explained that there seems to be a misconception as to Pepco's policy. According to Ms. Randolph, if a customer fails to meet two payment arrangements and does not show good faith, then Pepco does not allow for new payment arrangements. Pepco makes available to customers information about how they can seek assistance to pay their energy bills. Mr. Howard then opined that Pepco should improve its publication of this information.

Task Force member Stephen Whatley inquired about the existence of a document that the Task Force may review which explains how customers are given additional chances to pay.²⁶⁵ Ms. Jarvis added that Pepco makes donations through their PHI Foundation through the Greater Washington Urban League and through United Communities Against Poverty with funds generated by a golf charity. And, even with these donations, other funds may be available to needy customers. Task Force member David Donaldson asked Pepco to explain when a customer is in danger of having his/her power terminated. Ms. Randolph responded that such

²⁶¹ August 3, 2011, Ward 4 Town Hall Meeting. The issue of payment plans came up on multiple occasions at several of the town hall meetings. Some examples are discussed here. Because this report was commissioned as an analysis of Pepco's reliability, discussion regarding payment plans is limited.

²⁶² August 3, 2011, Ward 4 Town Hall Meeting.

²⁶³ The Joint Utilities Day was held on September 27, 2011 at the D.C. Convention Center.

²⁶⁴ September 14, 2011, Ward 5 Town Hall Meeting.

²⁶⁵ September 14, 2011, Ward 5 Town Hall Meeting.

determinations are made on a case-by-case basis. Pepco is more flexible with customers who are showing good faith by seeking to contact Pepco and who continue to work consistently with Pepco to reach an acceptable arrangement. However, in situations where a customer has not made a payment in years and Pepco has allowed for special payment arrangements that the customer has failed to honor, Pepco has no reason to continue to make accommodations for that customer. Ms. Mattavous-Frye, of the Office of the People's Counsel commented that there are regulations which govern when Pepco may terminate a customer's electricity.²⁶⁶ They are set forth in the Utility Consumer Bill of Rights.²⁶⁷

V. RECOMMENDATIONS

The Task Force has produced recommendations in two main categories: Communications and Reliability.

A. Communications/Community Outreach.

Specific suggestions for Pepco improvement of its communications include:

- Work with the D.C. Department of Transportation's Urban Forestry Administration to develop a joint communications plan informing the public about the methods used to maintain vegetation management.
- Provide notice to a community/neighborhood prior to commencement of trimming trees to ensure reliability. The notice should specify which trees will be trimmed and the methods used to trim those trees.
- Continue current initiative of contacting residents prior to a major weather event whenever possible. Feedback from customers has indicated that the robocalls prior to major storm events this summer were very effective and helpful.
- Conduct telephone surveys of Pepco customers after a major power outage to obtain feedback regarding Pepco's customer service. Use the information from those surveys to make adjustments to Pepco customer service to improve customer satisfaction.
- Work in conjunction with the PSC and the Office of People's Counsel to engage in an education program pertaining to the costs and challenges of undergrounding power lines. PSC and OPC participation in this process is crucial because it minimizes

²⁶⁶ September 14, 2011, Ward 5 Town Hall Meeting.

²⁶⁷ See <http://www.opc-dc.gov/utility-consumer-bill-of-rights>.

criticism that costs associated with undergrounding are inflated by Pepco to discourage undergrounding.

- Develop an alert program, similar to the one used by the D. C. Government, to send out advisories whenever there is the risk of an outage due to a major storm event.
- Improve response to customer calls related to non-imminent events such as infrastructure problems that could result in outages. Better utilize the Pepco website for this purpose.
- Improve transparency with regard to the efforts Pepco has made and special programs it has instituted to improve reliability.
- Be present, make observations, and publish comments related to federal agencies' integration of smart meters.
- When an arborist is onsite, ensure that the arborist has a telephone number available for customers to speak with a Pepco manager if an agreement cannot be reached as to how a specific tree(s) should be trimmed in that community.
- Inform Pepco customers whenever it is doing work in their neighborhood, pursuant to the Pepco Reliability Enhancement Plan.

B. Reliability

Suggestions from the Task Force in regard to Pepco improving its reliability include:

- Continue to place more power lines underground when the cost of maintenance and the nuisance justifies it.
- Make major infrastructure improvements by incorporating more modern technologies that help identify problems and decrease restoration times. Expedite these improvements.
- Replace aging infrastructure before it fails.
- Improve the tree trimming process by ensuring that an arborist and/or horticulturist is present at all tree trimming sites. Provide a Pepco contact person for residents to speak to about trees after the arborist leaves.
- Better educate tree trimmers on how to properly trim trees so they are as least intrusive as possible. Ensure that preserving the aesthetic qualities of the trees that are trimmed is a priority.