



FY 2011 PERFORMANCE PLAN Public Service Commission

MISSION

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

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

SUMMARY OF SERVICES

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

In addition to its regulatory services, the Commission also conducts outreach via its website, public forums, and various literature in order to educate utility consumers and inform the public.

AGENCY WORKLOAD MEASURES

Measure	FY2008 Actual	FY2009 Actual	FY2010 Actual
No. of cases opened ¹	85	471	1,684
No. of Renewable Portfolio Standards (RPS) applications processed ¹	4	191	1,428

¹ The sharp increase in the no. of cases opened and related measures between FY09 and FY10 reflects a surge in solar generator applications in accordance with the PSC's Renewable Energy Portfolio. Each application is counted as a case.



No. of orders issued ²	498	628	435
No. of natural gas pipeline safety inspections conducted	360	395	530
No. of One-Call (Miss Utility or Call Before You Dig) inspections conducted ³	644	780	920
No. of payphone inspections conducted	2,942	3,361	3,175
No. of consumer complaints processed	1,990	2,220	2,135
No. of website hits ⁴	N/A	1,202,127	1,221,991
No of e-docket (electronic filing) hits ⁴	N/A	735,141	807,577

OBJECTIVE 1: Ensure Safe and Quality Service by Managing the Natural Gas Pipeline Safety Program, Monitoring Utility Providers' Compliance with the Commission's Service Quality Standards, and Investigating Outages.

OBJECTIVE 2: Ensure Reliable Electricity Service by Facilitating the Transition to a "Smart Grid," a More Technologically Advanced Network That Includes Advanced Metering, Communications, and Delivery Systems.

INITIATIVE 2.1: Monitor Pepco's deployment of advanced meters and communications network throughout FY 11 through review, discovery, and analysis of Pepco's quarterly reports.

In Order No. 15854, issued on June 18, 2010, the Commission approved Pepco's advanced meter test results that the Company had filed at the Commission's direction. Pepco plans to begin deploying the meters in residences and businesses in October 2010. At this point, Pepco is projecting a completion date of December 31, 2011. When coupled with a communications network, the new meters will be capable of two-way communication between the customer and the company. However, that feature will initially be invoked for quality testing purposes only. Pepco will be able to read the meters, when operational, without coming to or driving by customers' premises, and the company will be able to detect outages without customers having to call the company. The company will also be able to connect and disconnect service without visiting the premises. The new Advanced Metering Infrastructure

² The sharp decline in the number of orders issued between FY09 and FY10 reflects the consolidation of individual company assessment orders (nearly 200) into a few orders (about 10)

³ Each year, the Commission has been awarded a federal grant from the U.S. Department of Transportation that funds safety inspections of location markings to prevent damage to underground utility facilities.

⁴ FY09 and FY10 data are not comparable to FY08 data because a newer version of Webtrends software was used that more effectively filters out "spiders." Spiders are automated programs that browse the web and are not real browsers.



(AMI) meters, coupled with smart thermostats or switches, will permit Pepco ultimately to implement AMI-dependent Demand Response (DR) programs to reduce electricity usage during peak demand to prevent outages, brownouts, and other interruptions, and to save consumers money.

INITIATIVE 2.2: Work with Pepco, the Office of the People’s Counsel (OPC), and other stakeholders to design and mount a customer education campaign for the implementation of Pepco’s AMI program, including an AMI section to the Commission’s Website.

Studies and recent experience in California, Texas, and Delaware indicate that customer education is vital to the successful deployment of AMI. Within that context, on July 19, 2010, the Commission issued Order No. 15886 that mandated the formation of an AMI Task Force to be comprised of Pepco, OPC, the Commission, the Sustainable Energy Utility (SEU) the District Department of the Environment (DDOE) and any other governmental and non-governmental entities that represent specific consumer interests. The purpose of the Task Force is to develop a comprehensive program to educate consumers on the implementation of AMI in the District. The first meeting of the Task Force was held on August 4, 2010 at the Commission. Meanwhile, on our own initiative but in collaboration with other stakeholders, by October 1, 2010, the Commission will add an AMI section to the home page of its website that will include Frequently Asked Questions (FAQs), fact sheets, brochures and other materials prepared by the Office of Consumer Services, as well as links to Pepco’s website for additional information. Updates to the AMI section of the website will continue throughout FY11. The Commission will also educate consumers and inform the public by attending ANC and civic association meetings in each neighborhood before the meters will be deployed and distributing written information.

INITIATIVE 2.3: Revise Pepco’s Reliability Standards and Benchmarks (Targets) with the Goal of Improving the Company’s Performance to the Top Quartile of the Industry by 2020.

Ensuring that Pepco provides reliable electricity service in the District at a reasonable cost to ratepayers is a top priority for the Commission. To this end, the Commission established reliability standards and benchmarks in 2007 as part of Electric Quality of Service Standards (EQSS) rules in order to monitor Pepco’s compliance with the rules, and direct Pepco to institute corrective actions as necessary. The three reliability standards measure the frequency and duration of non-major outages. Now, after several years of tracking Pepco’s performance, the Commission is concerned that although Pepco has been meeting the reliability performance benchmarks, the number of Pepco’s non-major outages continues to grow. Thus, it has become evident that the Commission’s reliability standards and benchmarks may not be stringent enough and therefore they need to be revised to bring them more in line with industry averages.



INITIATIVE 2.4: Consider dynamic pricing during FY 11.

The new meters that Pepco will begin deploying in October 2010 will be able to record usage on at least an hourly basis. Thus, new rates can be designed and implemented that also vary on a time of use basis to promote energy efficiency. On April 1, 2010, at the direction of the Commission, Pepco filed a dynamic pricing and associated rate design plan. The Commission issued a Notice of Proposed Rulemaking (NOPR) on May 7, 2010. In FY11, while completing the rulemaking, the Commission will also address implementation-related issues such as customer bill modifications.

INITIATIVE 2.5: Establish a process for levying forfeitures.

The Commission will publish a Notice of Proposed Rulemaking (NOPR) in the D.C. Register establishing procedures for applying civil forfeiture and penalty provisions of Title 34 of the District of Columbia Official Code. The purpose of this rulemaking is to implement the Commission’s authority under D.C. Law 18-223 that was passed in the summer of 2010 to impose forfeiture penalties and other sanctions on persons or utilities that fail to redress violations of rules, orders or regulations issued, adopted, or approved by the Commission. Failure of public utilities or persons to adhere to the authority of the Commission could pose immediate and continuing threats to the public health, safety, and welfare of the District by, among other things, inhibiting and compromising the Commission’s responsibility and function to regulate and immediately and expeditiously order repairs, improvements, changes, or additions to public utility services or equipment. The new rules are designed to insure both that due process rights are preserved and that the provisions of the District of Columbia Code are enforced.

PROPOSED KEY PERFORMANCE INDICATORS

Measure	FY2009 Actual	FY2010 Target	FY2010 Actual	FY2011 Projection	FY2012 Projection	FY2013 Projection
Industry Benchmark Measure - USDOT rating for the Commission's natural gas pipeline safety program ⁵	98%	95%	94%	98%	98%	98%
Adjudicative case decisions to be issued within 90 days from the close of the record	100%	90%	100%	95%	95%	95%
Cost per informal consumer complaint ⁶	\$69.20	\$67.84 ⁷	\$63.57	\$67.84	\$67.84	\$67.84

⁵ USDOT’s pipeline safety program ratings are for prior calendar year performance. The PSC’s rating of 94% in Fiscal Year 2010 for the 2009 calendar year is below target in part because federal evaluators determined that one of the District’s standards was less stringent than the federal standards. The PSC has disputed the rating received in 2010 and agreed to modify its rules to avoid further argument..

⁶ Cost refers to agency personnel expenses in processing informal consumer complaints. The target



Number of hits to EducateDCConsumer section of the homepage of the website (includes customer choice sections) ⁸	Not Available	100,000	153,298	205,000	280,000	380,000
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originally included a 3% escalator due to District Government-mandated cost of living increases and step increases. However, no DC Government pay increases have been approved for FY09 through FY11 and step increases have been eliminated as of the beginning of FY11

⁷ Revised

⁸ Revised