

**Office of the People's Counsel  
District of Columbia**

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**Elizabeth A. Noël**  
People's Counsel

August 1, 2008

**VIA ELECTRONIC FILING**

Dorothy Wideman  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1333 H Street, N.W.  
Second Floor West  
Washington, D.C. 20005

**Re: Formal Case No. 982, In the Matter of the Investigation of Potomac Electric Power Company Regarding Interruption to Electric Energy Service**

Dear Ms. Wideman:

Enclosed for filing in the above-referenced proceeding are an original and three (3) copies of the "Request of the Office of the People's Counsel for Formal and Community Hearings Regarding Pepco's Electric Distribution System Pertaining to the 2008 Unplanned Outages."

If there are any questions regarding this matter, please contact me at (202) 727-3071.

Sincerely,

Margayet Sallah  
Assistant People's Counsel  
D.C. Bar No. Pending

Enclosure

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF  
THE DISTRICT OF COLUMBIA**

**In the Matter of the** )  
**Investigation of Potomac Electric** ) **Formal Case No. 982**  
**Power Company Regarding Interruption** ) **(2008 Power Outages)**  
**to Electric Energy Service** )

**REQUEST OF THE OFFICE OF THE PEOPLE’S COUNSEL  
FOR FORMAL AND COMMUNITY HEARINGS  
REGARDING PEPCO’S ELECTRIC  
DISTRIBUTION SYSTEM  
PERTAINING TO THE 2008 UNPLANNED POWER OUTAGES**

Pursuant to Rule 105.8 of the Rules of Practice and Procedure of the District of Columbia Public Service Commission (“PSC” or “Commission”), 15 D.C.M.R. §105.8 (2004), the Office of the People’s Counsel (“OPC” or “Office”), the statutory representative of the ratepayers of the District of Columbia (“District” or “D.C”) in utility proceedings,<sup>1</sup> respectfully requests the Commission convene a formal evidentiary hearing in this proceeding. The purpose of the hearing would be to examine the operational and systemic causes of the 2008 unplanned outages and the Potomac Electric Power Company’s (“Pepco”) plans for corrective actions. OPC submits a proceeding of this nature is necessary in order to allow the Commission to conduct a comprehensive review and analysis of Pepco’s distribution infrastructure and fulfill its statutory mandate to ensure that Pepco provides “safe and reliable” electric service.

In addition, the Office requests the Commission hold a community hearing in each quadrant of the District to give D.C. consumers, who continue to bear the burden of these outages, the opportunity to express their views and concerns and relate their experiences regarding the electric service outages. Consumers repeatedly report that a major issue is the

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<sup>1</sup> D.C. Code § 34-804 (2001).

failure of Pepco to effectively communicate with the public when these outages occur.

Consumers are entitled to have an opportunity to voice their concerns on a public record.

## **I. Introduction**

On June 17, 2008, the Office filed a Petition for an Investigation into the 2008 Electric Service Outages in Pepco's District service territory.<sup>2</sup> The Office requested the Commission open a formal proceeding to investigate the plethora of unplanned power outages in 2008. After the close of business on June 17, the Office received Order No. 14834 from the Commission, which opened an investigation specifically directed at the electric service outage that occurred in the District on June 13, 2008. The Commission docketed this investigation as Formal Case No. 1062.<sup>3</sup>

OPC immediately filed a supplementary motion asking the PSC to combine the two investigations to ensure a comprehensive review of all the electric outage events that have occurred since January 1, 2008.<sup>4</sup> On June 18, the Commission moved OPC's petition from General Docket 74 to Formal Case No. 982. It issued an order on June 30, directing Pepco to address all the outages during the month of June with the exception of the June 13 event, which will be separately addressed in Formal Case No. 1062.<sup>5</sup> Order No. 14861, issued on July 18,

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<sup>2</sup> Petition of the Office of People's Counsel for an Investigation into the 2008 Electric Service Outages in Pepco's D.C. Service Area (June 17, 2008).

<sup>3</sup> Formal Case No. 1062, *In the Matter of the Investigation into the Electric Power Outage in the District of Columbia on June 13, 2008*, Order No. 14834 (June 17, 2008).

<sup>4</sup> Formal Case No. 1062, *In the Matter of the Investigation into the Electric Power Outage in the District of Columbia on June 13, 2008*, Motion of the Office of People's Counsel Requesting the Commission to Combine OPC's June 17, 2008 Petition for an Investigation into the 2008 Electrical Service Outages in Pepco's D.C. Service area with Formal Case 1062 (June 18, 2008).

<sup>5</sup> Formal Case No. 982, *In the Matter of the Investigation of Potomac Electric Power Company Regarding Interruption to Electric Energy Service*, Order No. 14847 (June 30, 2008).

denied OPC's request to open a separate investigation into the 2008 outages and denied OPC's motion to consolidate.<sup>6</sup> However, the Commission incorporated OPC's petition into Formal Case No. 982, stating it would address the 2008 outages as part of the investigation in Formal Case No. 982.<sup>7</sup>

## II. Discussion

Pepco is legally obligated to provide adequate, safe and reliable electric service at just and reasonable prices to its District customers.<sup>8</sup> In return for this service, Pepco is given an exclusive franchise under which to operate as an electric distribution company. In other words, Pepco is a regulated monopoly free from competition with respect to distribution services. Pepco is required to maintain a safe and reliable distribution system in accordance with applicable orders, tariffs and regulations of the Commission.<sup>9</sup> To carry out this statutory mandate, Pepco must use its expertise and technology to undertake appropriate engineering system planning in light of forecasted needs and growth trends of the District of Columbia, its residents, consumers and ratepayers.

Formal Case No. 982 is an ongoing investigation initiated by the Commission in January of 1999. It was originally opened to investigate the circumstances surrounding the interruptions and shortages of Pepco's electric energy service during and following a severe winter ice storm.<sup>10</sup> Since then, the Commission has used this docket to investigate similar events, such as,

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<sup>6</sup> Formal Case No. 982, *In the Matter of the Investigation of Potomac Electric Power Company Regarding Interruption to Electric Energy Service*, Order No. 14861 (July 18, 2008).

<sup>7</sup> *Id.* at 3.

<sup>8</sup> D.C. Code § 34-1101(a) (2001).

<sup>9</sup> *Id.* at § 34-1506(2)(b).

<sup>10</sup> Formal Case No. 982, *In the Matter of the Investigation of Potomac Electric Power Company Regarding Interruption to Electric Energy Service*, Order No. 11314 (Jan. 19, 1999).

the major storms in August of 2003 and Hurricane Isabel. Historically, the investigations of these events have been limited to notice and comments, i.e., “paper proceedings.”

Unfortunately, this process has not resulted in an improvement in the reliability of Pepco’s distribution system.

In light of the increased frequency of the outages and Pepco’s seeming inability to explain the cause(s), OPC submits a higher level of regulatory attention is warranted at this time. An evidentiary hearing where Pepco provides the sworn testimony of expert witnesses would provide an opportunity for the Commission and the Office to probe beneath the surface as to the root causes of the reliability problems, and more importantly, create an evidentiary basis upon which the Commission can make a reasoned and informed decision.

More than 150 electric service outages had already occurred in the District when OPC filed its June 17 petition. The number has now surpassed 200. The latest incident was a feeder trip on July 22. The D.C. United soccer game, which was scheduled for that evening, was postponed for a day because the one feeder left in service at RFK Stadium was not capable of supplying power to the entire stadium. This same event also caused an entire public housing building of 274 units, Langston Terrace, to be without power for approximately 24 hours.<sup>11</sup> The District of Columbia’s Homeland Security and Emergency Management Agency had to provide cooling buses, 40 cases of water and 500 meals to the residents of Langston Terrace during this outage. The District’s Office of Aging and Department of Health also checked on residents to ensure medical needs were being met and that no elderly residents were in distress as a result of the outage.<sup>12</sup>

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<sup>11</sup> Langston Terrace Housing Complex, 21st and Benning Road N.E., Washington, D.C.

<sup>12</sup> D.C. Alert, Media Advisory at 16:55 and 17:02 on 7/22/08 < <https://textalert.ema.dc.gov/latest.php> > (last accessed July 24, 2008).

Over the last three years, there has been an increasing trend in the frequency and length of electric service interruptions in the District service territory. The number of interruptions peaked in 2006, but still remained very high the following year.<sup>13</sup> In 2007, Pepco participated in a transmission and distribution benchmarking study performed by Public Service Electric & Gas Company.<sup>14</sup> Three reliability indices were measured - System Average Interruption Duration Index (“SAIDI”), System Average Interruption Frequency Index (“SAIFI”) and Customer Average Interruption Duration Index (“CAIDI”). Of the 18 utilities responding, Pepco ranked 15 out of 18 (one being the best) for SAIFI and 17 out of 18 for both SAIDI and CAIDI.<sup>15</sup>

D.C. officials and policymakers are likewise concerned with Pepco’s poor performance. The Council’s Committee on Public Services and Consumer Affairs held a public oversight hearing July 14, on the reliability of Pepco’s distribution system.<sup>16</sup> Councilmember Mary Cheh asked PSC Chairperson Agnes Yates about Pepco’s performance with regard to the three industry-wide reliability indices as reflected in the benchmarking studies. Chairperson Yates testified that the poor performance of Pepco in the studies “is a concern for all of us....We are all concerned about the reliability of the system and the Commission understands its responsibility.”<sup>17</sup> Councilmember Cheh asked Pepco to explain its performance in the studies. Pepco responded that while it was not happy with the rankings, it participates in these benchmark studies because it is looking for best practice trends from a design, operations, and maintenance

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<sup>13</sup> Pepco’s 2008 Consolidated Report, pg. 128.

<sup>14</sup> Pepco’s 2008 Consolidated Report, pg. 37.

<sup>15</sup> Id. at 38.

<sup>16</sup> Council of the District of Columbia Committee on Public Services and Consumer Affairs, *Abbreviated Notice of Public Oversight Hearing*, District of Columbia Register Vol. 55 - No. 27, pg. 007268 (July 4, 2008).

<sup>17</sup> Statement of Agnes Yates, Chairperson of the Public Service Commission on July 14, 2008, Committee Oversight Hearing.

stand point. Regarding the large urban/city survey cited by Councilmember Cheh, many of the companies that participated are different geographically and electrically from Pepco, and therefore face different complications. Comparing Pepco to these companies is not an apples-to-apples comparison but more like that of apples-to-oranges. According to Pepco,

the reliability of the electric grid is fine. Ninety-nine percent (99%) of the time we deliver and we deliver well....Since our first day of operation in 1896, we have continued to improve our system which allows us to communicate with confidence that we deliver safe, reliable and affordable electric service.<sup>18</sup>

OPC disagrees. Clearly, 200 plus electric service outages in the first six and a half months of this year are not indicative of a reliable electric distribution system or service.

OPC submits at this juncture, a different regulatory approach is needed. Yes, Pepco files a consolidated report that contains new and proposed projects supposedly designed to improve the productivity and/or reliability of the distribution system.<sup>19</sup> Yes, reliability and productivity projects are discussed at the Productivity Improvement Working Group that includes members of the Commission's Staff and OPC.<sup>20</sup> Yes, Pepco creates reports addressing both major and non-major outages in accordance with the Electricity Quality of Service Standards adopted by the Commission in February of this year.<sup>21</sup>

However, all this information received in a vacuum and through written reports does very little to assist in the analysis and identification of the true causes behind the tangible problems and failures taking place regularly on Pepco's distribution system. A full evidentiary hearing,

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<sup>18</sup> Testimony of Vincent Orange, Vice-President of the Pepco Region on July 14, 2008, Committee Oversight Hearing.

<sup>19</sup> Formal Case No. 991, *In the Matter of the Investigation into Explosions Occurring in or around the Underground Distribution Systems of Potomac Electric Power Company*, Order No. 12735, pg. 54 (May 16, 2003).

<sup>20</sup> The Productivity Improvement Working Group was established in 1983 in accordance with 15 DCMR 513.5.

<sup>21</sup> District of Columbia Register, Vol. 55-No.9, February 29, 2008, pp. 001943 - 001960.

including discovery, pre-filed written testimony and cross-examination of witnesses under oath, on the record, is the most effective way to truly get to the bottom of these outages, which equate to inadequate and insufficient electric service being provided to District consumers and ratepayers.<sup>22</sup>

Consumer participation in the process is also critical. Consumers have first hand experience about the effect of these outages on their daily lives. Unfortunately, one of the unresolved frustrations expressed by consumers is Pepco's failure to communicate. As far back as the 1999 Ice Storms and Hurricane Isabel, consumers have expressed their frustration at the inability to get information from Pepco when their power is out. Consumers should have an opportunity to present these issues to the Commission on a public record.

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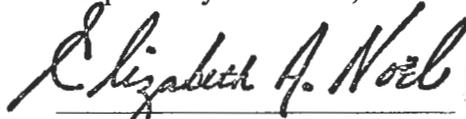
<sup>22</sup> D.C. Code §§ 34-908 and 34-915 (2001); 15 D.C.M.R. §120.1 (2004).

**III. Conclusion**

WHEREFORE, for the foregoing reasons, OPC respectfully requests the District of Columbia Public Service Commission to:

1. order a formal evidentiary hearing on the state of Potomac Electric Power Company's distribution system for the District service territory; and
2. schedule and hold a community hearing in each quadrant of the District to hear the views and concerns of Pepco ratepayers regarding the electric service outages.

Respectfully submitted,



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Dated: August 1, 2008

**CERTIFICATE OF SERVICE**

**Formal Case No. 982, In the Matter of the Investigation of Potomac Electric Power Company  
Regarding Interruption to Electric Energy Service**

I hereby certify that on this 1st day of August, 2008, a copy of the "Request of the Office of the People's Counsel for Formal and Community Hearings Regarding Pepco's Electric Distribution System Pertaining to the 2008 Unplanned Outages" was served on the following parties of record by hand delivery; first class mail, postage prepaid; or, electronic mail:

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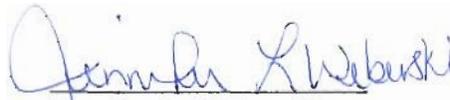
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