

The First 100 Years

The Creation of the Commission

The Public Utilities Commission of the District of Columbia came into existence on March 4, 1913, inauguration day. Just before leaving office, President William Howard Taft signed legislation creating the new agency. Regulation of DC's utilities switched from Congress to the PUC (now the Public Service Commission or PSC).

The law designated the commissioners of the new PUC to be the same presidentially appointed members of the DC Board of Commissioners who ran the city at that time.

Determining exactly which companies were subject to the law took some time. Eventually the list comprised streetcar, bus, taxi, lighting and heating gas, electric, telephone and telegraph, and pipeline companies.

The PUC had an enormous job ahead of it. First it needed to value the capital assets of every utility it regulated. The resulting dollar amounts would guide the agency in setting rates that would be fair both to consumers and to the companies. The task proved enormously challenging when some of the companies refused to cooperate. PUC staff had to literally count bricks and windows to come up with the needed figures.

Other tasks included investigating thousands of complaints from utility customers and brokering solutions, writing operating and accounting standards, investigating accidents, conducting hearings on proposed rate increases, and much more.

In the Commission's first annual report, General Counsel Conrad H. Syme wrote:

"The principle that the rights of the people ... constituted a most important element in the determination as to how much a corporation should charge in the exercise of a public grant came almost as a shock to corporate comprehension."



1 President William Howard Taft signed the Public Utilities bill into law minutes before his term ended on March 4, 1913.



2 The Commission's first offices were on the third floor of the District Building (completed 1908).

3 Col. Chester Harding was the PUC's first chairman. As the District's Engineer Commissioner, he was an Army Corps of Engineers officer.

Par. 2. That every public utility doing business within the District of Columbia is required to furnish service and facilities reasonably safe and adequate and in all respects just and reasonable. The charge made by any such public utility for any facility or services furnished, rendered, or to be furnished or rendered, shall be reasonable, just, and nondiscriminatory. Every unjust or unreasonable or discriminatory charge for such facility or service is prohibited and is hereby declared unlawful. Every public utility is hereby required to obey the lawful orders of the commission created by this section.



4 Section 8 of the 1913 DC Appropriations Act created the Public Utilities Commission.

Paragraph 2 set forth expectations for utility companies, to be enforced by the Commission.

SOME OF THE COMPANIES UNDER THE PUC'S JURISDICTION:

5 Chesapeake & Potomac Telephone Co.



6 Washington Railway & Electric Co., one of several street railways operating in DC in 1913. This photograph was taken at 11th and F streets, NW.

7 Federal Taxicab Co. The courts

determined that taxi service originating from public stands, like this one at Union Station, was subject to PUC regulation. Private service was not.



8 Potomac Electric Power Co. The company's headquarters and power plant were at 14th and Constitution, NW.

9 Washington Gas Light Co. This was the company's facility at 26th and G streets, NW.



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The PUC in War and Peace

Front-page news often affected the Public Utilities Commission's work. In 1916 the agreement ending a labor strike against the Capital Traction and WR&E streetcar companies handed the task of arbitrating unresolved issues to the PUC.

The next year the United States entered World War I. With men off fighting, employers—including streetcar companies and the PUC—faced manpower shortages. Regardless, the PUC had to keep the city moving: by adjusting routes, schedules, and stops. After the war, rapid price fluctuations brought the Commission a flood of new rate cases.

World War II brought drastic changes to the city. The arrival of thousands of war workers translated to a doubling in streetcar passengers between 1940 and 1943. With widespread shortages of fuel, rubber, and most other commodities, the government instituted gasoline and tire rationing. It banned taxis from cruising or carrying single passengers. It also allowed Capital Transit to switch to one-man cars while acknowledging that the company could solve its manpower shortage by hiring African-Americans.

Other events affected the Commission's structure. In August 1920 the 19th amendment—giving women the vote—became the law of the land. Weeks later President Woodrow Wilson appointed Red Cross Secretary Mabel T. Boardman as the first female DC Commissioner and utilities Commissioner.

As the PUC's mission grew, civic activists—led by William McK. Clayton—and lawmakers alike pushed for its restructuring. In 1926 President Calvin Coolidge signed legislation establishing two full-time, dedicated PUC Commissioners. The DC Engineer Commissioner retained his dual role. The law also provided for a "People's Counsel" to represent the customers in all PUC proceedings.



1 C&P Telephone Co. transported "telephone girls" to work in trucks during a 1916 streetcar strike.



2 Mabel Boardman was sworn in as PUC Commissioner on Sept. 25, 1920. A recess appointee, she was never confirmed by the Senate, so her term ended when President Wilson left office on March 4, 1921.



3 The Federation of Citizens Associations, led by founding president William McK. Clayton, lobbied for establishing, then restructuring, the Public Utilities Commission.



4 Taxicabs were a popular and affordable means of transportation in the 1940s, so the city suffered when drivers went

on strike to protest new PUC rates in 1943.

5 Frustrated commuters try to board crowded streetcars during the taxi strike.



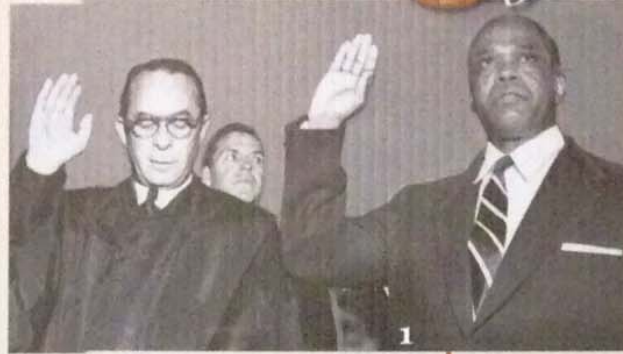
6 With many men away at war, Capital Transit Co. in 1943 hired women for the first time. Conductor Edna Cobb and operator Bessie Allison, the city's first all-woman streetcar team, took a trial run in April 1943.



7 Washingtonians marched in May 1943 (seen here at 11th and Vermont, NW) to urge Capital Transit to hire African-American bus and streetcar drivers. The company refused.

*Public
Service Is
the Mission*

In the 1980s, the Commission approved low-income discount rates and energy efficiency programs. Jurisdiction over transportation ended in 1987, as taxicab regulation moved to the DC Taxicab Commission. The PSC began focusing more attention on public participation and ensuring minority access to contracts.



The commission had said it would hold the hearing to determine whether discrimination exists. An order from a previous public service commission, telling the company to change its employment practices, was thrown out by a U.S. District Court judge on procedural grounds.

The company maintained that the judge's statement in a preamble to the order, asserting the commission had authority to investigate the



Only utility lawyers and regulators were in the audience when the vote came.



7 The 1970s brought a new focus on consumer rights. Pepco conducts orientation for new Customer Service staff on various types of metering equipment.

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Regulation in a Competitive Environment

Utility regulation changed dramatically in the 1980s. Utility companies had long been monopolies, and that was considered good. But in 1974 the US Department of Justice filed an anti-trust suit against the telecommunications giant AT&T-Bell. A 1983 settlement broke up AT&T and created seven regional Bell operating companies. These "RBOCs" were prohibited from manufacturing equipment or providing information or long-distance services. The door was open for new companies to enter the market.

The state PSCs now found themselves in the complex world of competition. The DC Commission became a model for the nation when it modified its regulatory framework to address telecommunications competition.

The energy sectors were next. In 1988 the PSC authorized Washington Gas Co. to allow its "interruptible" customers—i.e., large commercial and industrial customers equipped to switch to an alternate fuel source when interruptions occur—to select their own gas supplier. Later, the PSC approved a Choice Program for other commercial customers and, in 1999, residential customers.

Competition in wholesale power sales received a boost from the federal Energy Policy Act of 1992. The Federal Energy Regulatory Commission followed up in 1999 with an order establishing regional transmission organizations. That same year the Commission authorized Pepco to sell its generation plants. Two years later customers were allowed to choose their electricity supplier.

The PSC directed Washington Gas and Pepco to redesign their monthly bills to itemize the various charges. Both utilities retained responsibility for distribution.

In the new era of competition the PSC recognized that its role now included informing utility consumers of their rights and responsibilities.



The AT&T Breakup: A World of Confusion

By Peter Behr and Michael Isakoff

For most of this century, the telephone has been a simple necessity of American life, as much taken for granted as the kitchen faucet.

That relationship between Americans and their telephone is about to be turned inside out. On New Year's Day, American Telephone & Telegraph Co., the country's oldest and largest monopoly, will be broken up into eight separate billion-dollar companies, scattering a chain re-

pay much more than that, depending on where you live. It can be 100 percent or 200 percent."

In the District, the Chesapeake & Potomac Telephone Co. has proposed to raise the flat monthly local telephone charge from \$5.00 to \$13.50 and the cost of a pay phone call from 13 cents to 25 cents. Larger rate requests are pending in suburban Maryland and Virginia. C&P President Thomas Gilmore predicts that local rates in the Washington metropolitan area will double in the next several years.

Nationally, the local Bell phone companies—about to be separated from AT&T—are seeking an unprecedented \$6.7 billion in higher rates and fees, at least in part to help cover the costs of divestiture. In addition, the Federal Communications Commission has ordered that consumers and businesses pay a new set of access fees to receive service on the local phone.

These higher rates and fees have triggered political fire in Congress that the country's 50-year-old monopoly is too big to fail.

TURMOIL OVER TELEPHONES

PART 1

action of confusing changes in rates and service.

Utility Regulators Feeling Heat Of Increased Public Scrutiny

By Elizabeth Tucker

Washington Post Staff Writer

The power and the police have always been there, but for many years, the public officials who set utility rates in Maryland, Virginia and the District of Columbia did so largely outside of the consciousness of the consumers who paid them.

Now, with higher rates and major shifts in the nature of the utility industry under deregulation, these same officials are now entering the public eye.

complicated issues resulting from deregulation.

"It's getting more difficult because the consumer has gotten accustomed to one set of rates and [the] stability, and the regulator is very confused about what he is entitled to," said Maryland Public Service Commissioner Claude M. Ligon, the newest addition to the Maryland body.

"Utilities are branching out into unregulated areas... We all are being exposed to ways of doing things we haven't been accustomed to in the past," he said.

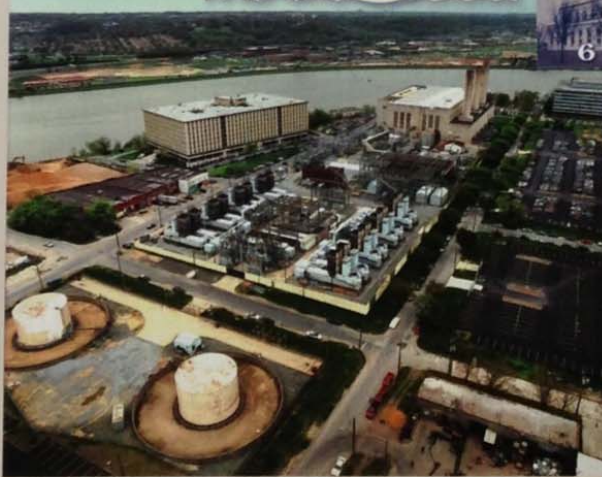
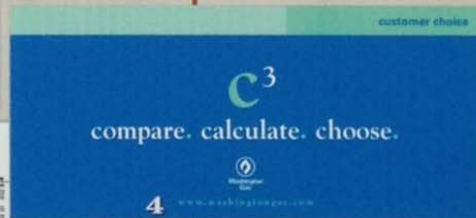
In addition, the



1 A boy talks on a public telephone in Chinatown, 1981. Until 1983 AT&T owned all pay telephones. The PSC has allowed other companies to install payphones but controls their location and monitors illegal use.

2 C&P Telephone ran this ad in a May 1983 issue of the *Washington Post*.

3 *Washington Post* headlines from Dec. 11, 1983, and April 8, 1985.



4 A flyer advertising Washington Gas Co.'s Customer Choice Program.

5 A Washington Gas bill shows itemized charges.

6 Pepco decommissioned its DC generation plants in 2012. The Benning plant opened in 1906. The Buzzard Point plant, aerial view, opened in 1933.

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The Commission Enters Its Second Century

Today's Public Service Commission is an entirely different body from the one created in 1913 (100 years ago!). Then, three white men appointed by the US president worked part-time to regulate a range of utilities, mostly monopolies. Streetcar and other transportation issues took up most of their time. Now, a diverse, full-time panel appointed by the District's elected Mayor oversees landline telephone service and electricity and natural gas distribution, while other parts of utility service are subject to competition.

Environmental protection and sustainability continue to be important goals. The Commission helps ensure that the District meets its annual renewable energy goal through consumer education and certification of renewable energy generation facilities. DC law requires a certain amount of electricity providers' supply to be derived from renewable energy sources, including a specific percentage from solar energy.

Technological advances have made possible the PSC's ongoing smart grid initiative, using computer-based remote control and automation to manage the networks that carry electricity from the generation plants to consumers. Under the Commission's oversight Pepco has installed smart meters throughout its District service area.

The Commission also continues to work with Pepco on whether to bury power lines, particularly in areas historically prone to power outages. More and more frequently, severe weather has left customers without power, sometimes for days on end.

In the area of telecommunications, competition has brought amazing new devices and services, but they are unaffordable to some people and inaccessible to others. The PSC enters its second century addressing issues related to the maintenance of Verizon's copper (landline) network while the company deploys a new fibre optic infrastructure.



1 Louise Meyer of Mount Pleasant has solar panels installed on her roof, 2010.



2 Pepco's DC customers may choose wind energy generated by turbines such as these (none are located in DC).



3 A PSC employee inspects a "smart meter," used to transmit information needed to remotely bill customers and operate their systems.



4 The aftermath of a storm.



5 A Verizon employee inspects a cable box in the "copper system."



6 A Commission employee chats with a customer about PSC programs.

7 Commissioners Joanne Doddy Fort and Betty Ann Kane with PSC staff in early 2013.

