

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., SUITE 200, WEST TOWER
WASHINGTON, DC 20005

ORDER

June 20, 2007

**FORMAL CASE NO. 945, IN THE MATTER OF THE INVESTIGATION INTO
ELECTRIC SERVICE MARKET COMPETITION AND REGULATORY
PRACTICES, Order No. 14341**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) directs the District Department of the Environment’s Energy Office (“DDOE”) and the Potomac Electric Power Company (“PEPCO”) to implement the D-3 Residential Aid Discount (“RAD”) Arrearage Retirement and Education Program (“D-3 Program”) as described herein.

II. BACKGROUND

2. The District of Columbia Retail Competition and Consumer Protection Act of 1999 (“Act”) requires the Commission to establish programs that will: 1) foster universal service by providing assistance to low-income customers; 2) promote energy efficiency; and 3) encourage the use of renewable energy sources.¹ By Order No. 12778, the Commission designated DDOE to act as administrator of the Reliable Energy Trust Fund (“RETF”), which funds all three groups of programs.²

3. On August 31, 2004, DDOE filed a revised RETF Long-Term Plan for the District.³ By Order No. 13475, the Commission approved thirteen RETF programs on a two-year pilot basis.⁴ The D-3 Residential Aid Discount (“RAD”) Arrearage Retirement and Education Program (“D-3 Program”) was one of the thirteen programs approved.⁵ The purpose of the D-3 Program is to reduce eligible District residents’ arrearages for unpaid electricity bills to help bring their debt down to a manageable level and to educate

¹ D.C. Code § 34-1514 (c)(1)(A), (c)(2)(A), (c)(3) (2006).

² *Formal Case 945, In the Matter of the Investigation into Electric Service Market Competition and Regulatory Practices, (“F.C. 945”), Order No. 12778, rel. July 9, 2003.*

³ *F.C. 945, District of Columbia Energy Office’s Supplemental Information Related to the Reliable Energy Trust Fund Long-Term Program Plan (“Revised RETF Plan”), filed August 31, 2004.*

⁴ *F.C. 945, Order No. 13475, rel. March 7, 2005.*

⁵ *Id.* at 50.

residents about energy use and bill management.⁶ The Program provides funding to PEPCO to retire up to \$250 of unpaid bill arrearages for eligible customers.⁷ Upon enrollment, half of the maximum \$250 arrearage payment, i.e. \$125, is applied to the customer's unpaid balance. A twelve-month (customer specific) payment arrangement plan is then prepared to address all outstanding arrearages. If the customer is successful in meeting the terms of the payment plan, at the end of the twelve months, the remaining \$125 arrearage payment is applied to the customer's account.

4. On December 12, 2006, DDOE filed its Reliable Energy Trust Fund Interim Evaluation Report ("Report").⁸ In this Report, DDOE stated that it had been trying to reach an agreement with PEPCO about when to enroll customers in the D-3 Program.⁹ According to DDOE, PEPCO refused to enroll customers unless it received an up-front payment from DDOE.¹⁰ DDOE stated that this method was inconsistent with the RAD and Low-Income Home Energy Assistance Program ("LIHEAP") programs in which PEPCO enrolls the customer and then invoices DDOE.¹¹

5. Apparently, DDOE had earlier thought that it had resolved its dispute with PEPCO because it had been using the following procedures: 1) DDOE received a list of PEPCO's RAD clients, and 2) attempted to establish payment arrangements with the customers.¹² DDOE asserts that it subsequently discovered that PEPCO was ignoring the arrangement and refusing to apply the \$125 initial arrearage payment to customers' accounts.¹³

6. On April 4, 2007, the Commission directed DDOE and PEPCO to file a joint implementation plan for the D-3 Program and suggested that the parties reach a mutually agreeable resolution.¹⁴ On May 4, 2007, both DDOE and PEPCO filed separate letters stating that they had not been able to resolve the dispute.¹⁵

⁶ *Id.*

⁷ *Id.*

⁸ *F.C. 945*, DDOE Reliable Energy Trust Fund Program Interim Evaluation Report ("DDOE Interim Report"), filed Dec. 12, 2006.

⁹ *F.C. 945*, DDOE Interim Report at 26-27.

¹⁰ *Id.* at 26.

¹¹ *Id.*

¹² *F.C. 945*, Reply Comments of the District Department of the Environment's Energy Office, ("DDOE Reply Comments"), filed February 5, 2007 at 2-3.

¹³ *Id.* at 3.

¹⁴ *F.C. 945*, Order No. 14240, rel. April 4, 2007.

¹⁵ *See F.C. 945*, DDOE Letter, filed May 4, 2007; PEPCO Letter, filed May 4, 2007.

7. On May 11, 2007, DDOE filed a motion for a four-month extension for ten of the RETF programs, including the D-3 Program.¹⁶ In its Motion, DDOE stated that the D-3 Program had unspent funds and requested approval to use \$166,666 of the unspent funds for the D-3 budget through September 2007. By Order No. 14321, the Commission granted DDOE the authority to continue the D-3 Program through September 30, 2007, reserving the issues of the budget and enrollment to a later order.¹⁷

III. DECISION

8. In 2005, by Order No. 13475, we approved a Year 1 budget of \$500,000 and a Year 2 budget of \$500,000 for the D-3 Program.¹⁸ According to DDOE, \$900,000 of the D-3 budget remains unspent.¹⁹ By this Order, we authorize DDOE to use part of the first year annual budget, i.e. \$166,666, to cover the total cost from the date of this Order through September 30, 2007. The \$166,666 figure includes both programmatic and administrative costs for the D-3 Program from the date of this Order through September 30, 2007.

9. Part of the enrollment process developed by DDOE requires PEPCO to prepare an invoice with the names and addresses of the certified D-3 Program customers who will receive the \$125 payment and then send the invoice to DDOE. DDOE forwards this invoice to the Office of Finance for processing of payment to PEPCO. Upon approval by the Financial Officer, PEPCO receives payment within 3-5 business days.²⁰ According to DDOE, PEPCO objects to this process and insists on being paid prior to enrolling residents in the D-3 Program.²¹ DDOE maintains that the District's contracting procedures require an invoice establishing that goods and/or services were received and states that this method is the same process used in the RAD and LIHEAP programs.²²

10. PEPCO has not objected to DDOE's characterization of the dispute or provided us with any explanation whatsoever as to why it cannot simply prepare an invoice and present it to DDOE for payment. In light of the fact that DDOE has asserted, without objection from PEPCO, that the District's contracting procedures require an invoice prior to payment, that this process is the same used in other RETF programs, and

¹⁶ *F.C. 945*, District Department of the Environment's Energy Office's Motion for Four-Month Extensions of Ten Reliable Energy Trust Fund Program ("DDOE Motion"), filed May 11, 2007.

¹⁷ *F.C. 945*, Order No. 14321, rel. May 31, 2007 at 3.

¹⁸ *F.C. 945*, Order No. 13475 at 51.

¹⁹ *F.C. 945*, DDOE Motion at 19.

²⁰ *F.C. 945*, Quarterly Report on Administrative Costs for the Reliable Energy Trust Fund ("May 3, 2006 DDOE Quarterly Report"), filed May 3, 2006 at 46-47.

²¹ *F.C. 945*, DDOE Reply Comments at 3.

²² *F.C. 945*, DDOE Letter, filed May 4, 2007 at 1; DDOE Reply Comments at 3.

to facilitate program operation until September 30, 2007, PEPCO is directed to follow DDOE's enrollment process as set forth in DDOE's Quarterly Report on Administrative Costs for the RETF.²³

THEREFORE, IT IS ORDERED THAT:

11. DDOE and PEPCO shall implement the D-3 RAD Arrearage Retirement and Education Program as directed within this Order from the date of this Order until September 30, 2007.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:

CHIEF CLERK



**DOROTHY WIDEMAN
COMMISSION SECRETARY**

²³ F.C. 945, May 3, 2006 DDOE Quarterly Report at 46-48.