

**Opening Statement
of
Betty Ann Kane, Chairman
Public Service Commission of the District of Columbia
before the
Committee on Business, Consumer, and Regulatory Affairs
Council of the District of Columbia
April 25, 2016**

Good morning, Chairman Orange and Members of the Committee. I am Betty Ann Kane, Chairman of the Public Service Commission. I am pleased to appear before you today to present testimony on the Mayor's Fiscal Year 2017 Budget request for the Commission. I am joined by our Agency Fiscal Officer, Gurmeet Scoggins.

I. The Mayor's Proposed Budget for the Commission

In FY 2017, the Commission has requested, and the Mayor has proposed, a gross budget of \$13,889,207 and 84.6 Full Time Equivalent (FTE) positions. This represents an increase of \$703,020 and 1 FTE over the approved FY 2016 budget of \$13,186,187 and 83.6 FTE positions. The proposed FY 2017 gross budget includes no local funds, \$13,315,718 in Special Purpose Revenue funds (O-type funds), and \$551,489 in federal grants and \$22,000 in private donations. The single additional FTE position we propose is an additional Pipeline Safety Engineer to conduct pipeline inspections and support enhanced protection, enforcement, and safety.

Special Purpose Revenue or O-type revenue (\$13,315,718) remains the funding source for 97 percent of the Commission's budget. Pursuant to D.C. Code §34-912, this revenue comes from assessments on Pepco, Washington Gas, Verizon and all competitive electric, natural gas and telecommunications service providers conducting business in the District. In the FY 2015 assessment, 95 companies contributed to the annual budget including 14 natural gas companies, 53 competitive local exchange carriers, and 25 electric companies. We expect a similar number in 2016. The remaining budget will be primarily covered by a federal grant: \$551,489 from the U.S.

Department of Transportation (DOT) to support the Natural Gas Pipeline Safety and damage prevention programs. The rest of the Commission's budget request consists of \$22,000 in private donations to support educational travel and training during the year.

By the way, April is National Safe Digging Month. Some of the funds from the DOT grant are used, among other things, to support a campaign to encourage people to call before they dig and thus avoid accidentally damaging utility lines and possibly causing injuries or property damage. I want to thank the Council for the Ceremonial Resolution and thank the Mayor for the Proclamation making April Safe Digging Month in the District. The Commission staff has also produced a short video to help inform the public about the need to call before they dig.

Please note that our budget includes \$41,348 for the lease of Commission vehicles. Of that amount, \$19,428 is part of the federal Grant. As part of our effort to conserve natural resources and contribute to environmental quality in the District, we will be replacing conventional vehicles with hybrid vehicles as the leases expire.

II. Other Developments

At our oversight hearing in February, we reported in detail about our 2015 accomplishments. I won't repeat that here, but I do want to make note of a few things:

First, during 2015, the Commission relocated its offices to 1325 G Street, N.W... We are now all on the same floor and the improvements in efficiency and camaraderie are clear. We particularly want to thank the Department of General Services which did an excellent job of helping us find new space, designing our new offices, and supervising the construction. Not only is the new space more convenient but it is also less expensive, reflecting a decrease in rent per square foot from \$54.59 to \$48.75. If you haven't visited our offices yet, please do so.

Second, I want to mention the publication of our book, *Protecting the Public Interest: The First Hundred Years*. As you know, the Commission celebrated its centennial anniversary in 2013 and we decided that it would be appropriate to chronicle that landmark with a history of the Commission. I believe that all Councilmembers have received a copy; we have also provided copies to public libraries and to historical archives. We are also arranging for publication of the history as an eBook through George Washington University. This book is for the general public; it is an easy read and the many pictures are very enjoyable. Another version, one that is aimed at the scholar of regulated utilities, will soon be available on our website. This version includes information on every utility rate case the Commission has handled, as well as analyses of the impact of utility rates on District households.

Third, I want to draw your attention to an important docket the Commission has opened. As we discussed last year at this hearing, we need to be sure that we are doing everything we can to understand the implications of issues such as Micro Grids, Direct Load Control, Distributed Generation, and Electricity Storage. We have initiated Formal Case 1130, *Modernizing the Energy Delivery Systems for Increased Sustainability* (MEDSIS), to address in a more global way the outlook for energy growth in the District, including the feasibility of developing more energy storage facilities, and increasing distributed generation. We have held two well-attended workshops and will host another this week, on April 28. The workshops are streamed and archived on our website, so interested persons not able to attend the workshops can still see and hear them.

Further, as has been requested, we will be providing the Committee staff with Section-by Section analyses of two pieces of legislation that we support: revisions to the Right of Way payment provisions and codification of the Commission's authority over D.C.-certified Renewable Portfolio Standards systems.

Before I close, I also want to bring to your attention a significant increase in revenue that is coming into the Renewable Energy Development Fund. The

Commission will be providing to the Council on May 1st the annual report on compliance by electricity suppliers with the renewable portfolio standards law. Our preliminary estimate is that suppliers will be paying about \$19 million dollars in alternative compliance fees. While this is good news in terms of funds that will be available for renewable energy projects, it also represents a significant increase in electricity bills for District residents, businesses, and institutions. It is also very important that these funds be protected from diversion for other uses. I realize that the Renewable Energy Development Fund is under the jurisdiction of a different committee, however, because of the continued and increasing impact on customers' bills, I wanted to bring it your attention.

Thank you for the opportunity to testify today. I am happy to answer any questions you may have.