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**People's Counsel**

September 15, 2025

Brinda Westbrook Sedgwick  
Commission Secretary,  
Public Service Commission  
of the District of Columbia  
1325 G Street, N.W.,  
Suite 800  
Washington, D.C. 20005

**Re: WGPOR-202-01, In the Matter of the Investigation into the Establishment of a  
Purchase of Receivables Program for Natural Gas Suppliers and Their  
Customers in the District of Columbia**

**PEPPOR-2025-01, In the Matter of the Potomac Electric Power Company's  
Purchase of Receivables**

Dear Ms. Westbrook-Sedgwick:

Enclosed for filing in the above-referenced proceeding, please find the *Office of the People's  
Counsel for the District of Columbia Comments Regarding Purchase of Receivable Programs*.

If there are any questions regarding this matter, please contact me at 202.727.3071.

Sincerely,

/s/ Stephen Marencic  
Stephen Marencic  
Assistant People's Counsel

Enclosure

cc: Parties of record

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

<b>IN THE MATTER OF:</b>	)	
	)	
	)	
<b>Pepco Purchase of Receivables</b>	)	
	)	<b>PEPPOR-2025-01</b>
The Investigation into the	)	and
Establishment of a Purchase of	)	<b>WGPOR-2025-01</b>
Receivables Program for Natural	)	
Gas Suppliers and Their Customers	)	
in the District of Columbia	)	

**THE OFFICE OF THE PEOPLE’S COUNSEL FOR THE  
DISTRICT OF COLUMBIA’S COMMENTS REGARDING  
PURCHASE OF RECEIVABLES PROGRAMS**

**I. INTRODUCTION**

In response to the Public Service Commission of the District of Columbia’s (“PSC” or “Commission”) Notices of Inquiry in PEPPOR-2025-01 and WGPOR-2025-01, the Office of the People’s Counsel for the District of Columbia (OPC), the statutory advocate for utility consumers and ratepayers, respectfully submits these comments regarding the Purchase of Receivables (POR) Programs administered by the Potomac Electric Power Company (Pepco) and Washington Gas Light (WGL). These comments reflect OPC’s longstanding concerns about the structure, implementation, and consumer impact of the POR Programs, particularly the companies failure to deliver promised benefits to residential customers and their disproportionate harm to low-income households.

## **II. SUMMARY OF OPC'S COMMENTS**

OPC has consistently opposed the implementation of the POR Programs for Pepco and WGL due to their lack of demonstrable benefits and the disproportionate harm they impose on District ratepayers. From the outset—beginning with Formal Case 1085 in 2012—OPC raised concerns that the POR Programs would increase costs for all ratepayers without delivering meaningful advantages, particularly for residential consumers. OPC warned that shifting the burden of bad debt collection to utilities would divert focus from the companies' core mission of providing safe and reliable service.

OPC maintains its opposition today because the POR Programs have failed to fulfill their intended purpose. While some commercial customers may have experienced limited benefits, the adverse impacts on low-income and residential households far outweigh any gains. Accordingly, OPC urges the Commission to:

1. Eliminate the POR Programs for residential customers;
2. Consider targeted reforms to protect commercial participants; and
3. Prioritize consumer protections that shield economically vulnerable households from predatory practices in the retail energy market.

## **III. PROCEDURAL BACKGROUND**

The Commission formally established the POR Programs for electricity and natural gas suppliers in 2013 and 2019, respectively. On June 18, 2025, the Commission issued a Notice of Inquiry to assess the effectiveness and continued relevance of these programs for both Pepco and WGL. In response, OPC filed a Motion for Enlargement of Time to File Comments on July 8 and September 2, 2025. The Commission granted OPC's motion on September 10, 2025.

#### IV. DISCUSSION

To assess the effectiveness and continued relevance of the programs, the Commission's Notice of Inquiry posed a series of targeted questions. OPC provides the following responses, grounded in data analysis, consumer feedback, and market trends, to inform the Commission's evaluation and decision-making process.

**A. Is the POR Program still necessary to encourage utility competition in the District? Please explain your position in detail.**

No. The POR Programs are no longer necessary to promote utility competition for residential consumers in the District. While the programs have contributed to an increase in the number of competitive energy suppliers operating in the District—from 12 electric suppliers in 2012 to 45 in 2023, and from 14 gas suppliers in 2019 to 20 in 2023<sup>1</sup>—this growth has not translated into meaningful benefits for residential ratepayers.

According to the Commission's own D.C. Power Connect website, 241 suppliers and brokers are currently licensed in the District<sup>2</sup>. However, only 18 are actively accepting new residential customers<sup>3</sup>, and just 10 have existing residential accounts. This limited participation falls far short of the robust and competitive market envisioned at the programs' inception. Many Third-Party Supplier (TPS) companies obtain licenses but either enroll few residential customers,

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<sup>1</sup> *PEPPOR-2025-01, In the Matter of Pepco's Purchase of Receivables ("PEPPOR-2025-01") and WGPOR2025-01, In the Matter of the Investigation into the Establishment of a Purchase of Receivables Program for Natural Gas Suppliers and their Customers in the District of Columbia ("WGPOR-2025-01")*, Notice of Inquiry, rel. June 18, 2025.

<sup>2</sup> Public Service Commission for the District of Columbia, [https://dcpssc.org/PSCDC/media/PDFFiles/Electric/EGTS\\_Approved.pdf](https://dcpssc.org/PSCDC/media/PDFFiles/Electric/EGTS_Approved.pdf) (visited 8/27/2025)

<sup>3</sup> DC Power Connect, <https://dcpowerconnect.com/approved-suppliers/> (visited 8/27/2025)

focus exclusively on commercial accounts, or exit the market before making any measurable impact on residential energy pricing.

OPC's 2020 study, *Third-Party Residential Retail Energy Supply Market in the District of Columbia*, conducted by SMBaldwin Consulting, found that residential consumers paid approximately \$20.5 million more over a two-year period by purchasing electricity from TPS companies than they would have paid under Pepco's standard service. This equates to an average annual net loss of \$278 per household<sup>4</sup>. Any short-term savings were often tied to introductory rates that later transitioned into higher, variable-rate contracts—practices that have generated a significant volume of consumer complaints.

Moreover, OPC has documented that TPS companies disproportionately target low-income households, particularly those enrolled in the Residential Aid Discount (RAD) program or receiving assistance through the Low-Income Heating and Energy Assistance Program. These consumers are often misled into contracts that siphon off the benefits of public assistance programs through aggressive and deceptive marketing tactics.

Since March 2022, OPC has received 11,419 consumer complaints, with 2,234—nearly one in five—related to TPS companies<sup>5</sup>. Many of these complaints involve misleading sales practices and excessive variable rates, disproportionately affecting low- and limited-income households.

In contrast, Maryland has recently enacted SB-1, which eliminates its POR Program and requires suppliers to assume responsibility for collecting overdue payments<sup>6</sup>. This shift is expected

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<sup>4</sup> Baldwin, S.M. (2020). *Third-Party Residential Retail Energy Supply Market in the District of Columbia* (Internal Rep.) SMBaldwin Consulting

<sup>5</sup> Office of the People's Counsel *Quarterly Consumer Services Division Problem IDs*. ServiceNow, 2022-2025

<sup>6</sup> 2024 Md. Laws Ch. 537

to improve supplier accountability and marketing practices. Maryland’s reforms also include price protections, a ban on variable rates and auto-renewals, and stricter licensing requirements for sales personnel—changes driven by consumer advocacy and public interest organizations<sup>7</sup>.

Given the lack of demonstrated benefits to residential consumers and the growing evidence of harm, OPC concludes that the POR Programs are no longer justified and should be discontinued for residential customers in the District.

**B. Should the POR Discount Rate calculation be modified? If yes, explain how it should be modified for Residential, Small Commercial, and Large Commercial Customers, and why?**

No. The POR Programs should be eliminated or possibly modified only if it is determined to financially benefit residential customers. Absent a correlation of costs and benefits between service providers and the residential customers and the utility, a working group should be convened for greater discussion on small commercial and large commercial customers.

**C. How should the Commission direct Pepco or WGL to treat existing and future under-collections and or over-collections? Please provide a detailed explanation.**

OPC recommends that the Commission establish clear and enforceable limits on the magnitude of under-collections and over-collections associated with the POR Programs. Although the Commission has consistently stated that these programs should be self-contained and not impose costs on general ratepayers<sup>8</sup>, in practice, bad debt accumulated through the POR Programs

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<sup>7</sup> Paula Carmody, *Commentary: Marylanders Need Protection from Deceptive Practices and Excessive Prices*, Maryland Matters (Mar. 25, 2024), <https://marylandmatters.org/2024/03/25/commentary-marylanders-need-protection-from-deceptive-practices-and-excessive-prices/>

<sup>8</sup>Formal Case No. 1085, Order No. 16916, ¶ 26 (Electric) & Formal Case No. 1140, Order No. 18798, ¶ 1(Gas)

is ultimately recovered through future rate cases—placing an undue financial burden on consumers.

To uphold the integrity of the POR Programs and protect ratepayers, the Commission should require utilities to transparently track and report all under- and over-collections, and ensure that any recovery mechanisms do not shift costs to the broader rate base. This approach would reinforce the Commission’s stated intent and promote fiscal accountability.

**D. Should the Commission change the POR Discount Rate calculation when there is a change in the utility commodity cost? If so, how should the threshold be determined?**

No. OPC does not support linking the POR Discount Rate to changes in utility commodity costs. Electricity prices under Standard Offer Service (SOS) are adjusted semiannually and are relatively predictable, whereas natural gas prices are highly volatile. Tying the POR Discount Rate to commodity fluctuations would expose consumers to additional market risk and undermine rate stability.

TPS companies operating in the natural gas sector have the option to offer fixed-price contracts to mitigate volatility, yet this practice is not widely adopted. Notably, the only active TPS in the natural gas market is WGL’s affiliate, which consistently offers lower prices than its parent company. OPC recommends that the Commission initiate an investigation into this pricing disparity, including whether the affiliate benefits from insider knowledge or preferential access to customer data and resource acquisition strategies.

**E. What is the current status of the utility competition (both electric and gas) in the District since the POR Programs were introduced? Please provide the status for residential and commercial suppliers separately, if available.**

There is a critical distinction between a market that is merely populated with numerous TPS companies and one that is truly robust and competitive. While the number of registered energy suppliers in the District has increased since the inception of the POR Programs, this growth has not translated into increased residential participation. In fact, the number of residential customers choosing TPS service has remained stagnant or declined.

The most notable trend since the POR Programs' launch has been the sharp rise in consumer complaints related to TPS companies. This increase in complaints—many of which involve misleading marketing, excessive rates, and exploitative practices—underscores the inequity of the current market structure. Rather than fostering meaningful competition that benefits consumers, the POR Programs have enabled a proliferation of suppliers whose practices often harm the very ratepayers the programs were intended to serve.

- F. At the outset of the POR programs in DC, proponents claimed that the POR program would incentivize retail market supplier competition in the District and provide more choices of utility supply for DC customers.**
  - i. Have DC customers benefited from the DC POR program? If so, explain the benefits, including the impact of the POR program on customers and the competitive market in DC.**

No. The implementation of the POR Programs have not produced meaningful benefits for residential consumers in the District. In fact, residential customers routinely pay higher rates under TPS contracts than they would under the incumbent utility's SOS. For low-income households, these variable-rate contracts can be two to three times higher than SOS rates, resulting in significant financial hardship.

Moreover, consumers have been subjected to misleading marketing practices that often involve introductory fixed rates followed by automatic renewals into higher, variable-rate products. These tactics have led to substantial financial losses and the diversion of public energy

assistance funds—such as those provided through the RAD program—to TPS companies. Rather than expanding choice and lowering costs, the POR Programs have facilitated exploitative practices that disproportionately harm the District’s most economically vulnerable residents.

The POR Programs currently rely on consolidated billing, where customers receive a single bill that includes both supply and distribution charges. If the POR Programs are discontinued, this billing structure may no longer be necessary. TPS companies would likely shift to direct billing, issuing separate invoices for supply charges while the incumbent utility continues billing for distribution. OPC is prepared to support consumer education efforts to help ratepayers understand these changes.

OPC recommends that the Commission convene a stakeholder working group to explore alternative billing models, similar to efforts underway in Maryland, following its POR Program repeal. Additionally, TPS companies would be required to assume full responsibility for managing bad debt, rather than shifting that risk to utilities and ratepayers. This change would incentivize improved marketing, enrollment, and customer service practices, fostering a more equitable and accountable energy market.

While some TPS companies may exit the market if the POR Programs are discontinued, those that remain will likely do so under stronger consumer protection standards. This transition may reduce the number of available suppliers, but it will also improve the quality and transparency of offerings available to consumers.

Importantly, the elimination of the POR Programs would benefit low- and limited-income households by preserving the value of energy assistance programs and reducing exposure to

exploitative pricing. General ratepayers would also benefit from reduced bad debt recovery in future rate cases, resulting in fairer and more sustainable utility rates across the District.

**G. What additional factors (if any) should the Commission consider when deciding about the future of the POR program in the District?**

OPC recommends that the Commission consider several additional factors when evaluating the future of the POR Programs:

**Protecting Low-Income Consumers:** The Commission should explore limiting TPS access to low-income consumers, as has been done in certain northeastern states. These households are particularly vulnerable to misleading marketing and pricing practices and often rely on public assistance programs that TPS companies have exploited under the current POR framework.

**Implementing Price Ceilings:** The Commission should consider establishing a ceiling price for electricity supply based on the incumbent utility's SOS rates, which are competitively bid and consistently lower than TPS offerings. TPS participation in the market should be conditioned on their ability to offer rates below this ceiling. While natural gas pricing is more volatile, the Commission could use WGL's weighted average commodity price as a benchmark for setting a ceiling, provided it demonstrably benefits consumers.

**Reevaluating the Programs' Purpose:** The POR Programs have not fulfilled its original goal of fostering a competitive retail energy market that delivers lower prices and expanded choices for consumers. Instead, it has enabled TPS companies to disproportionately target low-income households, diverting limited energy assistance funds and shifting financial risk to ratepayers.

Without meaningful regulatory intervention, these harms will persist. OPC urges the Commission to eliminate the POR Programs to protect consumers from further exploitation and restore fairness and accountability to the District’s energy market.

**V. CONCLUSION**

The POR Programs have not delivered on its intended promise to benefit District ratepayers. Instead, it has disproportionately advantaged energy suppliers, who continue to offer rates that exceed those of the incumbent utility—even with the support of POR Programs discounts. The foundational rationale for the POR Programs was to expand consumer choice and reduce energy costs. However, there is no evidence that residential customers have realized these benefits.

**WHEREFORE**, for the reasons stated above, OPC respectfully urges the Commission to terminate the POR Programs in the District to protect consumers and restore fairness to the retail energy market.

Respectfully submitted,

*/s/ Stephen Marencic*  
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**CERTIFICATE OF SERVICE**

**WGPOR-2025-01, In the Matter of the Investigation into the Establishment of a Purchase of Receivables Program for Natural Gas Suppliers and Their Customers in the District of Columbia**

**PEPPOR-2025-01, In the Matter of the Potomac Electric Power Company's Purchase of Receivables**

I certify that on September 15, 2025, a copy of the *Office of the People's Counsel for the District of Columbia Comments Regarding Purchase of Receivable Programs* was served on the following parties of record by hand delivery, first class mail, postage prepaid, or electronic mail:

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