

## **Pepco peddles myths about trees, customers' expectations in failing effort to explain its problems**

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Wednesday, December 8, 2010; 10:42 PM

We can't count on Pepco to keep the lights on, but we can always rely on it to generate myths to try to absolve itself of blame.

For years, Pepco's favorite myth was that customers lost power so frequently because the Washington area had so many trees, whose falling branches kept knocking down the lines. It's America's fourth-densest tree canopy, Pepco said. The trade-off for customers was clear: Unless you'd rather give up your trees, we at Pepco can't guarantee you'll have juice.

That myth is now deceased. My Washington Post colleagues Joe Stephens and Mary Pat Flaherty revealed in a major investigative story Sunday on Pepco's outages that the tree canopy in the Washington area is actually average. Moreover, Pepco suffers more outages from its own equipment failures than from tree damage.

Now Pepco is peddling a new myth. This one's designed to explain why it didn't take sufficient action to improve its performance starting back in 2005, when it saw statistics showing that its reliability had fallen to among the worst in the nation.

The latest fiction is that Pepco is responding not to its own inadequacies, but to its customers' rising expectations for reliability. Pepco says that's why it has moved this year to increase its investments in maintenance and launch a major advertising campaign to assure customers of its commitment.

Pepco executives repeatedly used this talking point about "expectations" in interviews designed to contain the fallout from The Post report.

"It's clear that our customers' expectations changed, and they expected us to do better, so we accelerated an existing plan that we have been working on," David M. Velazquez, executive vice president for power delivery at Pepco Holdings, Pepco's parent company, said in a typical comment.

We should all be relieved that Pepco says it has enhanced its efforts to improve reliability, but this explanation is just baloney. As long as I send my power company a check each month for my bill, my expectation is now - and always has been - that the utility will do its best to provide the service I paid for.

A twist in this is that Pepco says customers' expectations are up because of increased teleworking and use of home offices. More people are working out of their dens, Pepco says, so they're more likely to be annoyed and even to lose revenue when the power goes out.

I'll concede that might be a minor contributing factor, but it's a pretty thin defense to justify why it took five years to mount what Pepco says is a major effort to correct the reliability problem.

"They first fell into the lowest quartile [in reliability] five years ago. Why wasn't that a huge red flag for them? Why wasn't that a huge red flag for the state regulators?" asked Montgomery County Council Vice President Roger Berliner (D-Potomac-Bethesda), a leading Pepco critic.

Pepco says it has increased its investment in reliability by \$190 million through 2014, on top of \$368 million that had been budgeted. The money will go to measures such as increased tree-trimming and upgrading, replacing or burying key lines that have had more than their share of trouble.

It seems beyond doubt that the real reason for Pepco's response - which I can't emphasize enough - was the surge of public outrage over the utility's poor showing in thunderstorms over the summer and snowstorms nearly a year ago. That prompted Pepco's customers to bury their elected officials with e-mails and phone calls demanding action. Many said they'd had trouble even when the weather was fine.

The politicians in turn pressured the regulators who allegedly conduct oversight over Pepco. In particular, the Public Service Commission in Baltimore ordered an investigation, with subpoena power, into Pepco's reliability.

Unfortunately, the PSC is not moving quickly to complete the inquiry. It has hired outside consultants to study the utility, and public hearings aren't expected until June.

That means the hearings would come only after the upcoming General Assembly session. The timing gives Pepco a convenient argument to make to Maryland legislators against passing laws that might force the PSC to get tougher with the utility.

Berliner, a longtime energy lawyer, and Del. Brian J. Feldman (D-Montgomery), chairman of the Montgomery County House delegation, are drafting a bill that would require the PSC to set written standards for Pepco reliability. The bill could go further and penalize Pepco shareholders if the standards aren't met.

"That's where you get a regulated body's attention, when you reduce the money that goes to them," Berliner said.

Pepco is promising better results and has put its top executive, Pepco Holdings chief Joseph Rigby, in TV ads pledging that reliability will improve.

"This is going to happen on my watch. I'm going to fix this," Rigby said at a meeting of Post editors and reporters.

The regulators and lawmakers need to make sure that doesn't become just another Pepco myth.

## **Clarification**

In my column Sunday, I faulted the Environmental Protection Agency for failing to respond by Friday afternoon to journalists' questions about a new study of the District's lead-in-the-water issue. I learned Monday that the EPA had sent a response Friday evening. The EPA said it will "carefully evaluate" the study from the Centers for Disease Control and Prevention in considering whether to change policy on partial lead-pipe replacements.