WORK SESSION OF THE GREENBELT CITY COUNCIL held Wednesday, January 18, 2017, with Friends of the Greenbelt Theatre and Pepco.

Mayor Jordan started the meeting at 7:33 p.m. The meeting was held in Room 201 of the Greenbelt Community Center.

PRESENT WERE: Councilmembers Judith F. Davis, Konrad E. Herling, Leta M. Mach, Silke I. Pope, Edward V. J. Putens, Rodney M. Roberts and Mayor Emmett V. Jordan.

STAFF PRESENT WERE: Nicole Ard, City Manager; Michael McLaughlin, Former City Manager; and Cindy Murray, City Clerk.

ALSO PRESENT WERE: Jerry Pasternak and Tami Watkins, Pepco; Gwen Vaccaro and Carol MacAdam, Greenbelt Theatre; Jim Giese, Greenbelt News Review; John Mason and Bill Orleans.

Mayor Jordan explained the purpose of the meeting was to discuss the significant increase in electric bills at the Greenbelt Theatre. He said the City has owned the Greenbelt Theatre since 2002 and contracted with the Friends of the Greenbelt Theatre (FOGT) to operate the theater in early 2015. At the city's request, FOGT transferred the Pepco account from the city's name to FOGT. It was noted that for FOGT's first year of operation, its Pepco bills ranged from $120 to $270 per month and this was based on electric usage at a rate code of MGT LV II.

In June of 2016, Pepco notified FOGT that the rate code was being changed to the GS code. The result of this change has caused FOGT's monthly electric bill to increase by five times or more. When FOGT questioned Pepco about the change, no explanation was provided other than the wrong rate code was initially used. Additionally, Pepco is seeking corrected payment for the first twelve months of operation of the theater at the higher (GS) rate code at a cost amounting to approximately $12,000.

FOGT appealed this change to the Public Service Commission (PSC) but the PSC found that Pepco was within its scope to rebill FOGT.

Mr. Pasternak explained that Pepco bills for electric usage are based on the rate class (grouping by amount of electricity used) and a multiplier (determined by type of equipment required for service). He noted that Pepco rates are determined by the PSC and are designed to recover revenue to cover its cost of running the business and provide an opportunity for a reasonable return on investment.

Mr. Pasternak said Pepco received an application in 2015 from the City for a heavy up service which was recommended as part of the theater renovation project. He said an application for heavy up service indicates that an increase in demand/consumption is anticipated. Therefore, about a year after any heavy up, Pepco conducts a review of the account to determine if the account is in the correct rate class and being charged correctly. He said it's often found that the account has been overbilled or under billed and an adjustment is required. In the case of the theater, Pepco's review found the MGT LV II rate was clearly the wrong category for the theater. The correct category was determined to be GS.

Ms. Mach noted there had never been change in usage type of the theater building since 1937. She asked for a history of electric usage before and after the heavy up.

Ms. Davis, Mr. Herling and Ms. Pope expressed frustration that FOGT had not received any advance notice of the rate change and then they were unable to receive an explanation from Pepco when it occurred. They noted this was very poor customer service.

Mr. Pasternak recognized that Pepco could have done a better job of informing FOGT of the service changes. However, he said that it is now more than a year later and an arrangement must be worked out for payment of the past due amount of $17,000 owed to Pepco to avoid service disruption. Mr. Pasternak noted that FOGT had not paid its monthly bills while it was appealing to the PSC and this had added to the amount due on the account.

Ms. Watkins said that Pepco requires a 50% payment before they are willing to consider a payment arrangement with any customer in significant arrears. She said in this case, Pepco is willing to waive that payment and will set up a payment plan for the past due amount which will work out to approximately $400 a month. Ms. Watkins said this would be in addition to the FOGT monthly service bill.

Mr. Putens asked how often customers rate class changes. Mr. Pasternak explained that Pepco has ongoing regular programs to review accounts to determine if the class category is correct.

Ms. Davis asked if there would be any change to the rate code if the City took over the bill for the theater. Mr. Pasternak said no. Mr. Putens said the large range of City facilities owned by the City should affect its bulk rate charges for Pepco service. Mr. Pasternak noted that changing the name of the customer billed (FOGT vs. City) will not change the rate class of service. He noted that the rate class is determined by nature of usage, not by who owns the building or pays the bill.

Mayor Jordan asked if the electric meter for the theater had been checked for accuracy. Mr. Pasternak said he wasn't aware that it has been requested but will arrange for it to be done.

In response to a question from Mr. Roberts, Mr. McLaughlin said there hadn't been a Pepco rate change in any other City building. However, he added there hadn't been any need for heavy up service for any of these buildings.

Mayor Jordan asked whether Pepco had energy efficiency grants available for commercial establishments. Mr. Pasternak said yes and explained the procedure. Mr. Putens requested Pepco take a look at the theater and make recommendations to FOGT on ways to lower electric consumption.

In response to a question from Ms. Davis, Ms. MacAdam said the last monthly bill (usage only) from Pepco in November was for $683 and added that she expects the next bill will be approximately $1,000 (usage only). She said FOGT cannot afford to pay this amount for electric service on a monthly basis. Ms. MacAdam added that these bills do not include any back payment amounts. Ms. Vaccaro said any help the City could provide would be deeply appreciated.

Ms. Pope asked staff to determine if any of the other businesses in the Center had experienced an increase in their electric bills similar to the theater.

Council noted the importance of the theater to the City and said further discussion is necessary to determine how the City will deal with the situation.

Ms. Mach asked if Pepco had a foundation to assist those in need with paying their bills. Mr. Pasternak said yes, noting that Pepco provides $85,000 a year to three partnering organizations (one in Prince George's County, another in Montgomery County and the third in the District of Columbia) to assist Pepco customers in need of assistance.

Mayor Jordan suggested putting the matter on hold for 60 to 90 days. Mr. Pasternak noted Pepco believes the matter has been on hold too long already and was only willing to hold off another 45 days.

Mr. Roberts said if the City assumes the Pepco bill for the theater, it may need to review the operating agreement with FOGT. He also suggested a legal review of the situation.

After further discussion, Council suggested a work session be scheduled with FOGT to review the bills and discuss next steps. It was requested that Pepco provide the past five years billing history.

Mr. Pasternak thanked the City and FOGT for the meeting and the commitment from everyone to move forward on a resolution.

Mr. Orleans asked and was provided answers to several questions.

Informational Items

Ms. Davis reported on the Maryland Municipal League Utility Subcommittee meeting.

The meeting ended at 9:55 p.m.

Respectfully submitted,

Cindy Murray
City Clerk