

Government of the District of Columbia
ADVISORY NEIGHBORHOOD COMMISSION 3F
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**Resolution of ANC 3F regarding
Exelon's Proposed Acquisition of Pepco**

- A. ANC 3F requests that the Council of the District of Columbia and the District of Columbia Government (DC Government) refuse to settle the DC Public Service Commission (PSC) Formal Case No. 1119 ("The Merger of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC and New Special Purpose Entity, LLC") without assurances that this merger will enhance the availability of local, clean, affordable, reliable electricity for all customers in the District of Columbia. This request is based on the following facts:
1. Potomac Electric Power Company (Pepco) has been given a franchise to serve as the District of Columbia's electric company since 1912, and because it is sheltered from competition, Pepco is obligated to operate in the public interest;
 2. Exelon Corporation (Exelon), a Chicago-based power company with more than 35,000 megawatts of electric generating capacity and the largest fleet of nuclear power plants in the country, seeks to acquire Pepco but first must receive approval from the District of Columbia's Public Service Commission (PSC) in Formal Case No. 1119;
 3. The DC Government is a party to Formal Case No. 1119 and participates in that proceeding, including any Settlement Conferences ordered by the PSC;
 4. The District of Columbia has made a significant commitment to sourcing at least 20% of our electric energy from renewable sources by 2020, and the Mayor's Sustainability Plan has set a goal of sourcing 50% of our electric energy from renewable sources by 2032;
 5. The District of Columbia has also adopted a strong policy of supporting and promoting development of local, distributed solar generation resources and its actions have been successful in promoting residential solar installations throughout the District;
 6. Exelon has a history of opposition to renewable energy deployment at the state and national level, including working with and supporting groups in

Massachusetts, New Jersey, Maryland, Illinois, and Ohio to defeat renewable energy initiatives supported by local stakeholders;

7. A substantial portion of Exelon's business model is based on selling the energy from nuclear power generators to customers at the highest market prices, but the development of renewable energy sources threatens that business model because renewable generation lowers the competitive price of electric energy;
 8. The District of Columbia has historically had local control of its electric utility, and this local control has helped to ensure reasonable energy prices and reliability for all residents, regardless of income; and
 9. The PSC has rejected the DC Government's proposed classification of the case before them as a "rate case" that would permit a more thorough investigation of the merger and would have required Exelon to provide additional funding to support the resources needed for this case.
- B. Based on these facts, ANC 3F is concerned that Exelon's corporate interests are not consistent with the policy objectives of the District of Columbia and that Exelon's acquisition of Pepco would not be in the public interest unless the PSC requires substantial protections for customers. In particular, ANC 3F is concerned that:
1. Because of its interests in preserving high prices for its nuclear and other non-renewable generating resources, Exelon will attempt to weaken or roll back the District of Columbia's achievements and commitments to developing local renewable energy resources;
 2. Because Exelon is Chicago-based, the District of Columbia will have reduced control over its local public utility and the distribution grid, and Exelon will take actions to increase electricity bills and to impede the installation of local distributed generation, which would be contrary to the public interest;
 3. As the Independent Market Monitor for the regional grid operator warned, Exelon's merger with Pepco will "reduce the competition to build competitive transmission projects . . . [and] a reduction in competition will likely result in higher costs for customers"; and
 4. Because of the shortened schedule and inadequate funding to conduct a thorough inquiry, the parties may be feel pressure to reach a settlement that does not adequately protect electric customers in the District of Columbia and that is not in the public interest.
- C. For these reasons, ANC 3F resolves that in any settlement negotiations, the Council and the DC Government should require at least the following provisions:
1. A binding Exelon commitment to implement programs that will reduce the average electricity bills of low-income customers by 50% or more through a combination of energy efficiency and locally-based solar generation;

2. A binding Exelon commitment to work cooperatively with electricity customers in the District of Columbia to implement the Mayor's sustainability plan, including a goal of reaching at least 50% renewable energy by 2032 and documented reforms to Pepco's grid planning processes to ensure future investments and upgrades help the District reach this goal; and
3. A binding Exelon commitment as part of this merger to develop and implement, in conjunction with the PSC and the Council, the structure for a utility of the future, including a new regulatory framework that integrates clean, locally produced energy, energy efficiency, storage, and state-of-the-art grid management techniques to create local jobs and to produce reliable, clean, affordable energy.

Finally, ANC 3F urges all members of the DC Council to publicly pledge that they will not accept campaign contributions or constituent service funds from Exelon as a demonstration that DC residents' interests are paramount.

Adopted by ANC 3F at its duly noticed meeting on February 17, 2015, by a vote of 5 to 0 with no abstentions (a quorum being 4).



Adam Tope, Chair