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Exelon, Pepco strike accord with DC on merger

Allen Greenberg | Oct 06, 2015

Exelon and Pepco announced Tuesday they have reached a settlement with District of Columbia regulators and others on the companies' proposed merger that will deliver more than $70 million in "substantially enhanced benefits" to consumers and businesses in the district.

The settlement was designed, the companies said, to address the concerns raised by the District of Columbia Public Service Commission in an August order that threw the $6.8 billion merger into question.

Opponents had argued the merger wouldn't benefit ratepayers and would harm the environment. The new package of benefits includes $72.8 million in commitments to provide bill credits, low-income assistance, fewer and shorter outages, a cleaner and greener D.C., and investment in local jobs and the local economy.

"We heard the Public Service Commission's concerns loud and clear, and this new merger proposal presents greater benefits to the District," Chris Crane, president and CEO of Exelon, said in a statement. "Our settlement includes more than 120 commitments to ensure the merger is unequivocally in the public interest."

"The District deserves a healthy utility company that guarantees affordability, reliability and sustainability for residents and ratepayers," said District of Columbia Mayor Muriel Bowser. "We kept the conversations with Pepco and Exelon alive, because we knew we had to do better for the District. My team negotiated a deal that puts District residents and ratepayers first - by delivering a public utility that is cost-effective, dependable and environmentally sound."

The bill credits and other elements of the package are expected to offset distribution rate increases for residential customers through March 2019, the companies said.

Of the direct funds provided, $16.15 million would be used to help low-income customers.

"This new proposal meets the needs of families and businesses in the District," said Joseph Rigby, chairman, president and CEO of Pepco Holdings. "Merging with Exelon is the only way to provide Pepco customers and communities these significant benefits, which we believe are too great to forfeit."

Todd Nedwick, an official with the National Housing Trust, said the settlement provides at least $6.75 million for energy efficiency retrofits.

Pepco and Exelon also committed to invest in advancing the District of Columbia's sustainability goals, including $3.5 million for new renewable energy and $3.5 million for energy efficiency programs.

Exelon also will significantly expand solar energy in the District by developing up to 10 MW of new solar generation and making it easier and faster for customers to install solar panels.

Exelon will provide another $5 million of capital to governmental entities to develop renewable energy in the District and will purchase 100 MW of wind energy. In addition, Pepco will work with the District to develop at least four new microgrids.

Pepco also promised to reduce the frequency and duration of power outages. Pepco 's reliability performance will exceed the standards the PSC has set or the company will face significant financial penalties if it fails to do so. Pepco is expected to reach these more aggressive goals for reliability without increasing planned budgets, providing cost protection to customers, the companies said.

Exelon and Pepco also vowed to promote local jobs and said they would provide an additional $5.2 million for workforce development in the District.

Exelon also will continue Pepco 's support for the local community by guaranteeing charitable contributions in the District of $19 million over 10 years to nonprofits that serve residents in the District.

The city was the only jurisdiction to reject the proposed merger between Chicago-based Exelon and Washington-based Pepco. Maryland and Delaware regulators previously approved the deal.

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