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## From the Publisher's Desk...

### Pepco-Exelon Deal Smacks of Pay to Play

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Back in June we addressed this then looming disaster for DC residential (and, for that matter, small business) electric utility ratepayers in this space. Then last month we followed up, having, as we (admittedly, sarcastically) wrote, been "blindsided by Mayor Bowser's sudden about-face by which she and an influential gang of her cohorts -- office seekers who she has awarded with plum jobs, large donors to her (now suddenly due to overwhelming condemnation closed-down) political action committee, and large contractors trolling for DC government contracts -- [had] conned the PSC into re-opening the case and promising a quick reconsideration." (See, "[Stop Pepco Merger! Once Again, a Clarion Call.](#)")

Further, we wondered, "Could it be that the mayor has engineered this unseemly 360-degree turn of events so that things are totally greased to overturn the initial rejection?"

Questions, questions indeed. Who was/is really pulling the strings -- who is the *éminence grise* behind the screen? Now we may know and if this is truly so, then we have a major problem of potential "pay to play." We hope we are proven wrong.

What has brought us to this place was Aaron C. Davis' very disturbing November 30th report in the *Washington Post* about the role of former Pepco lobbyist and quintessential Washington business insider Beverly Perry who Bowser brought on board, as Davis wrote, "the mayor likens to her own, personal 'Valerie Jarrett,' President Obama's White House confidante." How pretentious.

Questions have been raised in many quarters around the city about Perry influencing the mayor to totally reverse her previous condemnation of the deal which, if finally approved will, reported Davis, "provide a windfall to shareholders of Pepco -- as well as to Perry herself."

Perry, however, has been emphatic that she had deliberately recused herself from any involvement in discussions or interactions with other administration officials, a claim backed up by those very officials. And, in fairness, we have to take her at her word unless and until a contrary scenario emerges.

But this still doesn't satisfy our serious skepticism in light of the fact that it was well known that she was a major Pepco shareholder, as summarized by Davis in his *Post* article:

"Perry owned 47,600 shares of Pepco stock and had an interest in tens of thousands of additional shares through long-term incentive programs when, in 2013, she stepped down from her role as senior vice president of Pepco, according to federal records reviewed by *The Washington Post*. Perry, in fact, is potentially one of the largest individual

beneficiaries of the merger.”

Notwithstanding these facts, Perry denied that there would be any actual financial benefit to her for promoting the merger. As she was quoted in the *Post* article, “Anything that I would receive at this point from a merger, I would receive no matter if I worked for the mayor or for Wal-Mart.”

And yet, as of the end of November, her shares were then worth around \$1.2 million – “an increase,” Davis reported, “of about \$300,000, over its pre-merger announcement price. It would also rise by about \$75,000 more when a deal is finalized. Exelon has agreed to pay a price per share about \$1.58 above where Pepco stock closed [on the 30th], according to federal filings by the companies.”

Even so why shouldn't a stockholder -- even a very prosperous one -- benefit from an increase the value of their shares? None whatsoever we respond -- except that when there seems to be a conflict of interest between the needs of the public and an official who is pledged to serve that public . . . well, you be the judge!

And in this instance Perry has been judged harshly by ratepayers and good-government advocates who are rightly saying, as Davis reported, that “the proximity of a former Pepco executive to the government officials in Bowser’s office working to finish the deal [is] nothing short of nefarious.”

Amplifying on this is the statement by the non-profit Community Power Network’s executive director, Anya Schoolman, “Pepco and Exelon have always been very confident — overly confident — in their dealings with DC on this merger, and we’ve heard it’s because they believed they had an inside track, someone on the inside. We always believed that was Beverly Perry.”

And so do we, and that, along with all the other reasons that previously had been analyzed and regarded by the PSC as disqualifying the merger application, should be the nail in the coffin of this deal for once and for all.

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