



Advisory Neighborhood Commission 2A

“Serving the Foggy Bottom and West End communities of Washington, D.C.”

April 17, 2015

Betty Ann Kane
Chairman
District of Columbia Public Service Commission
1333 H Street NW
Suite 200, West Tower
Washington, DC 20005

RE: The Merger Application of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC and New Special Purpose Entity, LLC (**FC 1119**)

Dear Chairman Kane and Members of the Commission,

At its regular meeting on April 15, 2015, Advisory Neighborhood Commission 2A (**“ANC 2A” or “Commission”**) considered the above-referenced matter. With seven of eight commissioners present, a quorum at a duly-noticed public meeting, the Commission approved the following resolution by a vote of (7-0-0):

ANC 2A opposes this merger, as outlined, for three principal reasons:

- The Commission believes that this merger would reduce the responsiveness of the local electric utility to District residents and, in the long-term, deprive the region of the level of investment and involvement in the area that it has come to expect from a public utility headquartered locally. As the host to Pepco’s former headquarters site for several decades, ANC 2A fully understands and appreciates the advantages of having an electric utility with corporate leadership based in the D.C. area, and believes that this arrangement ensures a level of accountability to local interests that would not be as pronounced in a corporate structure with top officials located in Chicago. The Commission would point the PSC to the negative experience of ratepayers and the public with utility mergers elsewhere, namely Florida customers of Duke Energy, in order to substantiate this point.
- ANC 2A is concerned about the possibility that current Pepco ratepayers might incur substantial costs in the future, should the merger be approved, due to Exelon’s heavily reliance on older nuclear facilities for power generation stock. It points out that costs to maintain, rehabilitate, or even decommission older nuclear power plants can run into the billions – if not tens of billions – of dollars, and that such costs would be passed through to current Pepco ratepayers.
- Our Commission believes that most – if not all – of the primary benefits for this merger, such as utilization of economies of scale in infrastructure and the potential reduction of redundancy in labor expenses, accrue to utility executives and shareholders rather than ratepayers. While Exelon has offered to prospectively return some portion of its revenue to ratepayers through rebates, ANC 2A expresses concerns that this offer only accrues to property owners, and that many renters who pay for utility expenses may not see this rebate passed through to them.

In any event, the Commission believes that the long-term deleterious effects of this merger outweigh any immediate benefits of direct compensation, and as such ANC 2A urges the Public Service Commission to reject the merger as proposed.



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Commissioners Patrick Kennedy (Patrick.Kennedy@anc.dc.gov) and Florence Harmon (floencedc@comcast.net) are the Commission's representatives in this matter.

ON BEHALF OF THE COMMISSION.

Sincerely,

Patrick Kennedy
Chairperson

cc: Cheryl Morse, Office of the People's Counsel