



Public Service Commission of the District of Columbia
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Press Release

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Commission Denies Pepco/Exelon Merger Application

(Washington, D.C.) Today, the Public Service Commission of the District of Columbia (“Commission”) voted to deny an application for acquisition of Pepco Holdings, Inc. (PHI) by Exelon Corporation as not being in the public interest. In determining whether the Proposed Merger is in the public interest pursuant to D.C. Code §§ 34-504 and 34-1001, the Commission first considered the effect of the Proposed Merger transaction on each of the seven public interest factors. This included the effects of the transaction on ratepayers and shareholders, on competition in the local retail and wholesale markets and on conservation of natural resources and preservation of environmental quality. In doing so, the Commission identified how the effects of the Proposed Merger on each of the seven public interest factors would benefit or harm the public (including Pepco, District ratepayers, and the District community). The Commission then used its findings to assess the transaction as a whole. The Commission concluded that, taken as a whole, the transaction as proposed by Exelon and Pepco is not in the public interest. In a separate opinion, Commissioner Phillips concurred in part and dissented in part.

Exelon announced its purchase of PHI, the parent company of the Potomac Electric Power Company (“Pepco”), on April 30, 2014, and the application seeking a change of control was filed on June 18, 2014. Parties to the proceeding included the Office of the People’s Counsel, the District of Columbia Government, the Apartment and Office Building Association of Metropolitan Washington, D.C. Solar United Neighborhood, District of Columbia Water and Sewer Authority, the General Services Administration, GRID2.0 Working Group, and others. Over 3,000 residents, non-profits and small businesses submitted written testimony on the merger, both in support and in opposition. In addition, the Commission held four community hearings in which 178 participants submitted testimony. Further, the Commission received comments from 26 Advisory Neighborhood Commissions and several members of the D.C. Council.

Chairman Kane stated, “The public policy of the District is that the local electric company should focus solely on providing safe, reliable and affordable distribution service to District residences, businesses and institutions. The evidence in the record is that sale and change in control proposed in the merger would move us in the opposite direction.”

Commissioner Fort agreed, stating that “The Proposed Merger would diminish Pepco’s ability to directly raise issues that address the needs of District ratepayers while posing regulatory challenges for the Commission and the interested parties who participate in Commission proceedings.”

Commissioner Phillips stated, “I agree with my colleagues that the merger application as filed is a bad deal for the District. However, I am disappointed in the loss of the many opportunities that could have achieved benefits for our local communities and across the region.”

In other jurisdictions, the application for the merger of PHI and Exelon has been approved, including Virginia, New Jersey, Delaware, Maryland, and the Federal Energy Regulatory Commission. The only jurisdiction to deny the application is the District of Columbia. Pepco and Exelon have 30 days to ask the Commission to reconsider its decision.

The Public Service Commission of the District of Columbia is an independent agency established by Congress in 1913 to regulate electric, natural gas, and telecommunications companies in the District of Columbia.

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