

Dear Councilmember xxxx:

As you know, Exelon Corporation is in the process of acquiring locally-based Pepco Holdings, Inc, including its operating company, Pepco, which provides electric service to 260,000 D.C. customers. The undersigned organizations are gravely concerned that D.C. residents will not get a fair deal from the merger. We encourage you to impart upon the D.C. Public Service Commission the importance of ensuring that D.C. Pepco customers get the direct financial benefits they deserve from this merger. These direct financial benefits should include at least $19 million for energy efficiency improvements to the City’s low-income affordable housing.

Exelon’s current proposal of direct financial benefits for Pepco is insufficient. Exelon is offering ***75% less* in direct financial benefits** to D.C. Pepco customers than those received by Baltimore Gas & Electric’s (BGE) customers when Exelon acquired BGE in 2012. As outlined in the attached fact sheet, Pepco customers in D.C. are being offered benefits of approximately $50 per customer, while the MD Public Service Commission required Exelon to provide specific and measurable benefits four times greater in the 2012 Exelon-BGE merger: an immediate $100 bill credit per BGE customer and long-term benefits of an additional $100 per BGE customer in the form of energy efficiency and low-income energy assistance via a Customer Investment Fund.

The D.C. Public Service Commission (PSC) has an obligation to ensure that the merger of Exelon and Pepco will result in substantial direct benefits to D.C. residents. We are concerned that, unless pressed to provide a more substantial direct benefit to Pepco’s customers, D.C. residents will be severely shortchanged in this transaction relative to the Exelon-BGE merger.

At a minimum, as a condition of approving the merger, the D.C. PSC should require Exelon to:

* Provide Pepco customers with direct and tangible financial benefits equal to roughly $200 per customer, or approximately $56 million, put the current merger on par with the direct benefits provided to Maryland residents when Exelon acquired BGE; and
* Direct that two-thirds of that amount ($38 million) be directed to assisting low-income Pepco customers, with 50% of the amount for low-income customers ($19 million) earmarked for energy efficiency investments in existing, affordable multifamily buildings.

***Why $19 Million for existing, multifamily buildings?*** Improving the energy efficiency of multifamily housing will provide long-lasting benefits to D.C.’s building owners and tenants in the form of lower utility bills, lower maintenance costs and increased comfort, health and safety. Half of D.C.’s residents live in multifamily housing**.** 78% of Pepco’s low income residential D.C. customers are renters. Energy investments help to preserve affordable housing, increasing the impact of other housing investments such as Low Income Housing Tax Credits. Investment in energy efficiency will also help D.C. to achieve the goals of the Clean and Affordable Energy Act of 2008 and the Sustainable D.C. Plan.

Sincerely,