



## **THE MERGER OF EXELON AND PEPCO HOLDINGS: Five Things You May Not Know**

### **Merging with Exelon will not increase PHI utility customers' utility rates.**

- Customer rates will not increase as a result of the merger.
- Rates will continue to be determined by the public service commissions.
- By combining our companies, we will operate more efficiently, generating cost savings that will be passed on to PHI utility customers over time. As a result, in future rate cases the merger will actually lower rates from what they otherwise would be.
- On top of that, Exelon will, promptly upon merger closing, provide \$100 million for a Customer Investment Fund across the Pepco Holdings utilities to be used as the public service commissions see fit for customer benefits, such as bill credits, assistance for low-income customers and energy efficiency measures.
- Exelon will maintain PHI's commitment to its local communities and has pledged an annual average of charitable contributions and local community support that exceeds PHI's 2013 level.

### **The PHI utilities will keep their local focus.**

- Exelon is committed to maintaining the PHI utilities' local presence and local leadership.
- Exelon recognizes that every utility has a special relationship with its local community, and that their success is one and the same.
- As is the case with Exelon's current utilities (BGE in Baltimore, ComEd in Chicago and PECO in Philadelphia), Pepco Holdings' utilities will retain their regional headquarters in May's Landing, N.J. (Atlantic City Electric), New Castle, Del. (Delmarva Power), and Washington, D.C. (Pepco).
- At the close of the merger, Dave Velazquez, currently executive vice president, Power Delivery for PHI, will become president and chief executive officer of the PHI utilities. Donna Cooper (Pepco), Vince Maione (Atlantic City Electric) and Gary Stockbridge (Delmarva Power) will also remain with the company in their roles as regional presidents.
- Exelon has proposed that PHI have a seven-member board of directors, with three outside members from the Delmarva Power, Pepco and ACE service areas and four members who will consist of some combination of officers or directors of Exelon and officers of one or more of PHI, Delmarva Power, Pepco and ACE. The PHI directors will select boards of directors of Delmarva Power, Pepco, and ACE.

### **Exelon supports renewable energy.**

- Exelon is committed to conducting its business in ways that minimize environmental impacts and support the communities in which we operate. We have focused on being a low-carbon company since Exelon's formation in October 2000, and climate change is highly relevant to our business strategy and operations.
- Renewable energy is an important and growing part of Exelon's generation portfolio and a critical component of our efforts to advance clean energy.
- Exelon is country's 11th largest wind producer, with approximately 1,300 megawatts of wind generation in 12 states.
- In 2013, Exelon continued to invest in low-carbon generation, including 153 megawatts of new utility-scale solar generation as part of the 230-megawatt Antelope Valley Solar Ranch in Southern California.
- Exelon has made other major investments in solar, as well. We built and own the nation's largest urban solar project on Chicago's South Side, which can power the equivalent of up to 1,500 homes per year; and our Constellation subsidiary has 170 megawatts of retail customer solar installations installed or under contract nationwide.

- Exelon is the largest producer of carbon-free energy in Maryland and an active developer of new sources of clean energy in the region. We are developing 285 to 300 megawatts of new generation in Maryland – all of it clean – including 125 megawatts of wind and solar energy.
- In 2013, we also installed 1,940 solar panels on Dunbar High School in the District of Columbia. This system has the ability to meet approximately 20 percent of the school's annual estimated energy needs and is one of the largest rooftop solar power systems on a single building in the District.

**Exelon believes energy technologies should compete on their own merits, without government subsidies.**

- Exelon believes that the greenhouse gas reduction goals that the Obama administration has set for the nation require technology and capital investments that should be left to subsidy-free capital markets, which are best suited to ensuring that least-cost compliance with these goals is achieved.
- The Price-Anderson Act is not a subsidy for nuclear energy, it is an insurance program, and not a single federal dollar has ever been paid out.
- Price-Anderson would facilitate prompt payment of claims in the event of a nuclear incident to those who are affected, avoiding the potential for years of litigation and allowing them to recover more quickly.
- Energy companies – not the public or the federal government – pay for this insurance through an annual premium to cover each nuclear reactor.
- The federal wind production tax credit, on the other hand, encourages wind producers to sell their energy output for less than the market price, or even less than it costs to produce, because they can make up for it by collecting the tax credit.
- This artificially lowers prices, hurts effective market competition and threatens more reliable clean energy sources. The loss of these sources could lead to serious electricity reliability problems, costing consumers more and making it more difficult to meet the nation's climate goals.
- There was a time when some government support was needed to help jumpstart certain clean energy technologies, but that's no longer the case.
- Now it is time for all energy technologies to compete on their own merits. That's why we oppose production and investment tax credits for wind and solar.

**Exelon's world-class nuclear fleet won't affect utility customers.**

- Exelon operates one of the world's best-run fleets of nuclear power plants, and we believe nuclear power is an important part of the nation's energy future.
- It's true that some of our nation's existing nuclear plants face economic challenges that threaten their continued operation.
- Exelon already has strong safeguards in place to ensure that nuclear plant costs do not impact utility customers at BGE, ComEd and PECO.
- As part of the merger with PHI, Exelon has proposed measures to shield the PHI utilities financially from unrelated events at Exelon or its subsidiaries.
- Exelon is assessing potential solutions to enhance the value of its nuclear fleet. But if we do not see a long-term path to sustainable profitability for a particular unit emerge, then we will consider all options, including unit shutdowns.