Resolution No.: 18-85
Introduced: March 24, 2015
Adopted: March 31, 2015

**COUNTY COUNCIL**
**FOR MONTGOMERY COUNTY, MARYLAND**

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By: Councilmembers Berliner, Riemer, Katz, Hucker, and Elrich

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**SUBJECT:** Exelon-Pepco Merger

## Background

1. On April 30, 2014, it was announced that Exelon had agreed to purchase Pepco for $6.83 billion. If the purchase were consummated, Exelon would become the electricity distributor for 85% of the state and become the single largest energy player in the Mid-Atlantic region.

2. This proposed purchase can only be consummated if approved by the Maryland Public Service Commission. The legal standard that the five-member Commission muse use in reviewing this proposed merger is whether it is "in the public interest."

3. In testimony and briefs filed with the Commission, the State of Maryland, led by Attorney General Brian Frosh and the Maryland Energy Administration; the Office of People's Counsel representing ratepayers; and a host of intervenors have argued that the merger is not in the public interest, will harm ratepayers, and should be rejected.

4. On March 17, 2015, Exelon announced a settlement in that case with Montgomery County, Prince George's County, the National Consumer Law Center, the National Housing Trust, the Maryland Affordable Housing Coalition, the Housing Association of Nonprofit Developers, and the Mid-Atlantic Off-Road Enthusiasts (and related parties).

5. The proposed settlement between Exelon and Montgomery County includes many important benefits to the citizens of Montgomery County, including benefits that the Council has specifically endorsed in Resolutions 17-1079 and 18-47. The proposed settlement ensures 1st quartile reliability in the next three years, the top priority for the Council.

6. It also provides funding for a "green bank," solar projects, and microgrids, access to transmission lines for trails, funding for workforce development, and a commitment to be a partner in pursuing Utility 2.0.

7. While the settlement does contain these positive benefits, it does not adequately address the overarching issues that have led the State, the Office of People's Counsel, the environmental community, and other public interest organizations to maintain that the merger is contrary to the public interest.

8. Among the biggest issues for opponents of the merger is the fact that Exelon owns many nuclear power plants, power plants that are increasingly unprofitable due to the low cost of natural gas. This factor leads to two concerns: (a) Exelon will favor its nuclear power plants at the expense of renewable and distributed energy resources; and (b) Exelon needs as much revenue from utility ratepayers as it can obtain in order to offset its nuclear power plant losses.

9. If the serious risks the proposed merger poses to the public interest can be mitigated, it can only be mitigated by very strong, verifiable, and financially accountable commitments by Exelon to holding down costs and to clean, renewable, distributed energy, including energy efficiency, values at the heart of Maryland's energy policy.

**Action**

The County Council for Montgomery County, Maryland approves the following resolution:

> The Montgomery County Council urges the Maryland Public Service Commission to mitigate the serious risks to the public interest by insisting, at a minimum, on very strong, verifiable, and financially accountable commitments by Exelon (a) to holding down costs to ratepayers and (b) to national leadership in clean, renewable, distributed energy and energy efficiency, with a commitment to a renewable energy standard that is in line with top-performing states.

This is a correct copy of Council action.

Linda M. Lauer

Linda M. Lauer, Clerk of the Council