



10 Reasons the Exelon-Pepco Merger is Good for DC

1. Improved electric service.

The combined expertise of the two companies will improve service reliability and lead to fewer and shorter power outages.

2. Enhanced emergency response and storm recovery.

Pepco will be able to call upon their sister energy companies in the region during significant weather events to achieve faster service restoration.

3. Substantial economic benefits for DC.

Combined with reliability improvement projects already underway (including DC PLUG), the economic impact from the merger commitments will produce approximately 900 to 1,300 new jobs and between \$95 million to \$134 million in benefits to the District's economy.

4. Reduced service costs.

Cost savings created by the merger will flow to customers through lower rates in their monthly bills. In addition, District residents and businesses will see the benefit of the Exelon-Pepco \$14 million Customer Investment Fund that will be distributed by the Public Service Commission in the form of bill credits, low-income assistance, energy efficiency programs or similar programs.

5. Exelon-Pepco will exceed Pepco's 2013 charitable giving record.

That equals more than \$1.6 million in donations every year for at least 10 years to DC-area charities.

6. Union contracts have been enhanced and extended.

Pepco has entered into contract extensions with the unions and the unions have endorsed the merger. In addition, there will be no net involuntary job losses for Pepco employees for at least two years after the merger.

7. Better customer service.

Pepco has already made significant improvements to customer service over the last four years, and those efforts will continue under Exelon.

8. Exelon-Pepco will continue its support of DC's undergrounding project.

This merger will not affect the schedule for DC PLUG and Exelon has committed to its work on the initiative.

9. Pepco remains a DC-based company.

Although Exelon is based in Chicago, Pepco will maintain its regional headquarters in the same Washington, DC building where it currently operates, and with local leadership.

10. Commitment to the environment and renewable energy.

Exelon is committed to clean, sustainable energy including solar, wind, hydro and nuclear power.



Exelon



Pepco Holdings, Inc

THE MERGER OF EXELON AND PEPCO HOLDINGS

The Facts on Rates, Reliability and Renewables

The proposed merger will provide benefits to customers and the community.

- Exelon and PHI are committed to build on the significant reliability improvements underway for Pepco — including the D.C. Power Line Undergrounding project (DC PLUG).
- Joining a family of utilities with distinguished emergency-response capabilities with crews and resources located in the mid-Atlantic area will benefit Pepco and its customers during major storms, while helping to reduce costs.
- The merger commitments are expected to result in significant economic benefits for the District of Columbia, as detailed in an economic modeling analysis included in the merger approval filings.
 - Combined with reliability improvement projects already announced by PHI and underway (including DC PLUG), the merger commitments are expected to produce approximately 900 to 1,300 new jobs and between \$95 million to \$134 million in benefits to the Washington, D.C., economy. These results are anticipated to be achieved within six years after the merger closes.
- Exelon has committed to a Customer Investment Fund, including \$14 million in the District of Columbia, based on the number of customers in the District. After the merger is completed, the Customer Investment Fund is to be used as the PSC deems appropriate for customer benefits, such as bill credits, assistance for low income customers and energy efficiency measures.
- Exelon also has committed to maintain charitable contributions in the PHI utility service territories for at least 10 years – a total commitment of \$50 million.

RATES

FACTS:

- There is no evidence that the merger would cause increased rates.
- Cost savings created by the merger will actually flow through rates to benefit customers. As a result, rates in the future will be lower than they otherwise would have been without the merger.
- Pepco will maintain local control even after the merger and will continue to be headquartered in the District of Columbia.
- The Public Service Commission of the District of Columbia will retain its existing exclusive authority to regulate Pepco's Washington, D.C., operations. This includes the setting of rates as well as the establishment and enforcement of regulations.
- Similarly, the Council of the District of Columbia will retain its oversight authority, and the Office of the People's Counsel will retain all of its current rights and responsibilities with respect to representing residential customers in matters involving the utility.
- The merger of Pepco and Exelon does not shift local control away from local authorities nor does it impose any new regulatory burdens. The scope of local regulation will not change by virtue of having a new parent company.

RELIABILITY

FACTS:

- Pepco must meet certain reliability requirements under District of Columbia Electric Quality of Service Standards (EQSS), and Pepco is currently meeting and exceeding those standards.
- Pepco has already exceeded the 2020 target standard for the frequency of outages and met the measurement equivalent to the 2016 standard for the duration of outages.
- Exelon in its merger filings has committed to standards for 2020 that exceed Pepco's projections while holding the budget to current projections for capital expenditures. It also has committed to financial penalties if it falls short of that mark.
- The current standard for the duration of outages in 2020 is not realistic at current budget projections, and Pepco believes that at some tipping point the incremental benefits of reliability work may not justify the expense to achieve them.
- Pepco is eligible in 2015 to request reconsideration of the standards for duration. If that reconsideration were denied, Pepco would have to significantly increase its capital expenditure budget commitments to meet those standards — which would have an impact on customer bills. Capital expenditures for reliability are subject to recovery from customers.

RENEWABLES

FACTS:

- Renewable energy is an important and growing part of Exelon's generation portfolio and a critical component of the company's efforts to advance clean energy.
- Exelon is the 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. Exelon built and owns the nation's largest urban solar project on Chicago's South Side. Exelon's Constellation subsidiary has more than 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. The company is developing 285 to 300 megawatts of new generation in Maryland — all of it clean — including 125 megawatts of wind and solar energy.
- In 2013, Exelon 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 the largest rooftop solar power systems on a single building in the District.
- Exelon's existing utilities support customers who embrace distributed generation, including solar. BGE in central Maryland has more than 4,400 net metered customers with more than 50 megawatts of distributed generation, and PECO in southeastern Pennsylvania has more than 2,500 customers in its net metering program with approximately 53 megawatts of renewable resources.
- Exelon is committed to conducting its business in ways that minimize environmental impacts and support the communities in which it operates. Exelon has focused on being a low-carbon company since its formation in October 2000, and climate change is highly relevant to its business strategy and operations.



10 Things You Need to Know about Exelon's and Pepco's Environmental & Renewable Energy Work

1. Exelon is the largest producer of carbon-free energy in Maryland.
2. Exelon installed 1,940 solar panels on Dunbar High School, making it the largest rooftop solar power system on a single building in DC.
3. All three of Exelon's utilities—and Pepco—are implementing smart meter programs to help customers conserve energy, save money and make smarter energy choices.
4. Exelon ranked second among U.S. utilities in *Newsweek* magazine's "2014 Green Rankings."
5. Exelon built and operates the nation's largest urban solar project on Chicago's South Side.
6. Exelon has made major investments in solar energy, such as the 230-megawatt Antelope Valley Solar Ranch in Southern California.
7. Exelon is the country's 11th largest wind producer generating approximately 1,300 megawatts of wind generation in 12 states.
8. Both Exelon and Pepco have long-standing partnerships with the Wildlife Habitat Council (WHC) to help restore and enhance wildlife habitats at company facilities. In addition, Exelon manages some 19 WHC-certified "Wildlife at Work" programs in four states.
9. Exelon has been named to the Dow Jones Sustainability Index for North America nine years in a row, and it was named to the S&P 500 Climate Disclosure Leadership Index for a fifth time in 2014, with a perfect 100 score.
10. Exelon produced more than 5.8 million megawatt hours (MWh) of electricity from renewable sources that include owned wind, hydro and solar facilities.

"The combination of Pepco and Exelon is good for the environment, the non-profit community, and the citizens of Washington, DC generally."
James Piper Bond, President & CEO, Living Classrooms National Capital Region

"The Arbor Day Foundation works with both Pepco's parent company, PHI, and Exelon through our Energy-Saving Trees program. By participating in Energy-Saving Trees, both companies have demonstrated care and concern for maintaining a clean environment. We hope to continue this important work with them into the future." Jared Carlson, Director, Innovation & Business Development, Arbor Day Foundation

"As a long time community partner with Pepco, AWS has every expectation that our environment and communities will see and benefit from sustainable best practices, adaptive management, and leadership that will bring additional resources to the needs and work of its customers, communities, and community partners when Pepco becomes part of the Exelon network of utilities." James R. Foster, President, Anacostia Watershed Society