Testimony in opposition to the Pepco-Exelon Merger

Thank you Chairman and members of the Committee for holding this hearing on this terrible miscarriage of justice and common sense. My name is Delvone Michael. I am the Executive Director of DC Working Families. DC Working Families is part of the Working Families organization. We are dedicated to having a society that works and listens to everyone, not just the wealthy and well-connected. The tenants of Working Families are as follows: no matter where people come from, they deserve the right to be hear by their government and treated fairly and without regards for their net worth or who they may or may not know.

If it is unclear by now, let me state unequivocally that we oppose this abomination of a merger. Not only because it was a backroom deal done under the cover of darkness—or in a smoke filled room—whichever metaphor suits you, but because it was not in the best interests of the citizens of DC just a few short months and with little changing, we feel that it is still not in the best interests of the citizens of DC today.

I was taught in school that the legitimacy of a process rests on achieving 2 primary goals: 1) Get it right the first time, and 2) Transparency so that the loser accepts the outcome.

Well we had a transparent process that took place above board and this body ruled against the merger in one of the strongest worded rebukes that I’ve read in my years in advocacy. Yet instead of accepting the outcome, the proponents found more money—in their couches no doubt, to buy another bite at the apple. A quick glance would reveal that even those funds are illusory at best.

The new proposal undermines the year-long public process that resulted in the rejection of Exelon’s bid and raises serious ethical and legal questions.

The new proposal claims that “Exelon and Pepco will relocate 100 positions to the District of Columbia from locations outside of DC. In addition, Pepco will hire at least 102 union workers in the District...”1

The Fact is that the jobs that Exelon will “relocate to DC” come from Pepco employees working in Northern Virginia—they are not new hires for the region. The “102 union jobs” represent an unenforceable pledge. The proposal actually says “Pepco will use best efforts to hire, within two (2) years after the Merger closing date, at least 102 union workers in the District of Columbia.” There is no guidance on how “best efforts” are measured or enforced.

Exelon can start firing people on January 2, 2018. The companies only “commit that the Merger’s impact will be net jobs-positive for the District through at least January 1, 2018.” Given that Exelon CEO Christopher Crane said in April 2014 that he plans PEPCO layoffs to achieve “synergies,” this hardly sounds like a promise of job creation. These jobs aren’t real.

The new proposal increases Exelon’s originally proposed investment in the District from $14 million to $78 million.”2 The fact is Exelon’s previous rejected offer was worth $30 million. Their increase of 42.8 million isn’t what it seems as they will benefit from an immediate rate increase worth over $25 million. Even their bribes are fake.

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I only ask this body to guide itself by the principles that led it to reject this merger the first time around. You found that the original deal ignores thousands of interested persons who have voiced opposition to placing the control of Pepco into the hands of the management of a diversified utility holding company that receives 63% of its revenues from generation assets.

- 27 out of 42 Advisory Neighborhood Commissions (ANC) have passed resolutions in opposition to the takeover, no ANC has come out in support. ND note: out of the 27 resolutions opposing the original merger proposal, approx. 12 rejected the take over outright. The 27 ANC’s conservatively represent 300,000 District residents.

**THE NEW PROPSAL DOESN’T CHANGE THIS.**

You found that as an energy generator Exelon has an inherent conflict of interest that might inhibit our local distribution company from moving forward to embrace a cleaner and greener environment.

**THE NEW PROPOSAL DOESN’T CHANGE THIS**

You found that the economic picture is almost certain to trend negative within several years as the protections for job retention are lifted at PHI and Pepco.

**THE NEW PROPSAL DOES NOT CHANGE THIS.**

For all of the aforementioned reasons, and more, this merger should be rejected once and for all. Thank you for allowing me to share.