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Governor Christie Joins Exelon and Pepco Officials to Highlight Merger's \$126 Million in Benefits to New Jersey

Monday, December 5, 2016

Tags: [Jobs and the Economy](#)

Job-Creating Deal Includes Rate Relief for Atlantic City Electric Customers and \$4.5 million in Low-Income Ratepayer Support

Trenton, NJ – Governor Christie joined Exelon President and CEO Christopher M. Crane, Pepco Holdings President and CEO David M. Velazquez and Atlantic City Electric (ACE) President Vincent Maione to announce \$126 million in total benefits from the Pepco Holdings Inc. merger with Exelon.

The N.J. Board of Public Utilities' (Board) approval of the merger provides rate relief for customers, protects and expands jobs at ACE, delivers support for low-income customers and energy efficiency and improves the solar interconnection process. The Board's approval also includes improved standards of reliability with the goal of reducing the number and length of electric service outages.

"Atlantic City Electric customers are the big winners from the merger of Exelon and Pepco," said Governor Christie. "This job-creation deal provides many financial benefits to the company's customers, the regional economy and the state. The settlement also will mean millions of dollars will be invested in support of low-income customers, customer energy efficiency improvements and work force development and training."

As a result of the Board's final approval of the merger in October 2016, ACE customers and New Jersey are receiving total benefits worth \$126 million. The final settlement nearly doubles the original settlement approved in March 2015. As part of the Board's approval of the initial settlement reached by Exelon, Atlantic City Electric, the N.J. Division of Rate Council and the other parties, a Most Favored Nation (MFN) clause was included in the settlement.

The MFN clause served to protect the interests of ACE's ratepayers and New Jersey in the event another jurisdiction reached a more lucrative agreement after the merger was approved in New Jersey. Fortunately for the company's ratepayers and the regional economy, a settlement reached by the D.C. Public Service Commission resulted in better terms than originally received by New Jersey, thus triggering the MFN clause which required the parties to return to settlement talks in New Jersey. As a result, the parties agreed and the Board approved additional benefits totaling \$56.7 million, bring the total to \$126 million.

"One of Exelon's top priorities is helping communities thrive by providing economic opportunities for our customers and area residents," said Chris Crane, Exelon president and CEO. "We're pleased to partner with state officials and local organizations to provide bill savings and assistance, energy efficiency programs and job training initiatives that will make a difference to families and communities in southern New Jersey."

The benefits to ACE customers, the South Jersey economy and the state are substantial. Atlantic City Electric customers have already received a one-time direct bill credit of \$113.16 per customer for a total of \$62 million dollars. In addition, ACE customer will receive more than \$22 million in additional customer rate offsets beginning June 1 next year, which means a typical residential customer will see a bill decrease of about \$3.43 per month until the fund is fully used in about seven to eight months. Additionally, over \$16 million in one-time avoided rate charges related to the Non-Utility Generator Charge and uncollectible deferred balances means customers did not receive a \$2.06 per month increase in those rates that were effective June 1, 2016, through May 31, 2017.

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In addition to protecting current jobs, the merger settlement commits ACE to recruiting, hiring and training more than 60 new union employees. And with the MFN settlement, the company will be investing \$6 million in workforce development initiatives over six years. The program will develop, fund and/or expand job training and workforce development efforts to help improve employment opportunities in ACE's Southern New Jersey service area.

ACE also will continue its support of the community it serves. The company has already donated more than \$533,000 to community nonprofits serving New Jersey residents since March 2016 and that number is still growing. With the MFN settlement, the company will give four nonprofit agencies a total of \$4 million for low-income customer support over four years. The Affordable Housing Alliance, Catholic Charities, NJ SHARES and the People for People Foundation will each receive four annual initial payments of \$250,000 each.

ACE also will spend \$15 million over five years on energy-efficiency programs for ACE customers with the potential of creating up to \$30 million in savings over the life of the energy-efficiency measures. The company is providing for faster and easier solar installations as well, including an improved online application process for solar interconnections.

The company is on target for meeting its commitment to higher reliability performance and customers are already seeing the benefit of fewer and shorter power outages.

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