

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION )  
OF DELMARVA POWER & LIGHT COMPANY, )  
EXELON CORORPATION, PEPCO HOLDINGS, ) PSC DOCKET NO. 14-193  
INC., PURPLE ACQUISITION CORPORATION, )  
EXELON ENERGY DELIVERY COMPANY, LLC )  
AND SPECIAL PURPOSE ENTITY, LLC )  
FOR APPROVALS UNDER THE PROVISIONS )  
OF 26 *Del. C.* §§ 215 AND 1016 )  
(FILED JUNE 18, 2014) )

**ORDER NO. 8581**

**AND NOW**, to-wit, this 8<sup>th</sup> day of July, 2014;

**WHEREAS**, Delmarva Power & Light Company ("Delmarva") is a public utility subject to the jurisdiction of this Commission that provides electric and natural gas distribution and supply services within this State; and

**WHEREAS**, on June 18, 2014, Delmarva, Exelon Corporation ("Exelon"), Pepco Holdings Inc. ("PHI"), Purple Acquisition Company, Exelon Energy Delivery Company, LLC ("EEDC") and Special Purpose Entity, LLC ("New SPE") (collectively the "Applicants"), filed an application (the "Application") seeking approvals under 26 *Del. C.* §§215 and 1016 for a change of control of Delmarva to be effected by a merger of PHI with Merger-Sub, a wholly owned subsidiary of Exelon; and

**WHEREAS**, under the proposed transaction, PHI will become the subsidiary of New SPE, which will be a subsidiary of EEDC,<sup>1</sup> and thus

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<sup>1</sup> EEDC owns Exelon's regulated public utility companies. They are Baltimore Gas and Electric ("BG&E"), Commonwealth Edison ("ComEd") and PECO.

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PHI will become an indirect, wholly-owned subsidiary of Exelon, and PHI's stock will no longer be publicly traded; and

**WHEREAS**, upon completion of the merger, PHI's subsidiaries, of which Delmarva is one, will operate as part of Exelon's holding company system and Delmarva will remain as a separate public utility and a subsidiary of Exelon through its subsidiary EEDC;<sup>2</sup> and

**WHEREAS**, under the provisions of 26 *Del. C.* §§215(d) and 1016, the Commission has determined that the Application should be the subject of further investigation, public comment sessions, and public hearings before a final decision is made by the Commission; and

**WHEREAS**, under the provisions of 26 *Del. C.* §1016(a), the Commission must conclude its review of a change of control of Delmarva within 120 days, unless the Commission and the Applicants agree to a longer period;<sup>3</sup> and

**WHEREAS**, the representatives of the Applicants, the Division of the Public Advocate and Commission Staff have agreed to a schedule that extends the review process until January 6, 2015, which schedule is incorporated into a Scheduling Order attached hereto as Exhibit "A" and incorporated herein;

**NOW, THEREFORE, IT IS ORDERED BY THE AFFIRMATIVE  
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

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<sup>2</sup> PHI's operating utilities are Potomac Electric Power Company ("Pepco"), Delmarva and Atlantic Electric Company ("ACE").

<sup>3</sup> Under the provisions of 26 *Del. C.* §215(d), if the Commission decides to hold a hearing on application for a transfer of control under §215(b), the Commission must begin a hearing on a transfer of control application within 30 days, unless the Commission and the parties agree to a longer period.

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1. That pursuant to 26 *Del. C.* §§215 and 1016, a Commission determination of the proposed approvals sought in the Application is hereby deferred pending the completion of a public evidentiary hearing as directed hereafter.

2. That Mark Lawrence is designated as Hearing Examiner for this matter pursuant to the terms of 26 *Del. C.* §502 and 29 *Del. C.* ch. 101. Hearing Examiner Lawrence shall schedule and conduct public comment sessions in all three counties in this matter, monitor and resolve any discovery disputes among the parties, and preside over the evidentiary hearings to be held before the Commission in accordance with the attached scheduling order (Exh. A). Pursuant to 26 *Del. Admin. C.* §1001.2.9 of the Commission's Rules of Practice and Procedure, Hearing Examiner Lawrence is specifically delegated the authority to grant or deny petitions to intervene. In addition, Hearing Examiner Lawrence is specifically delegated the authority to determine, under 26 *Del. C.* §102A, the appropriate time, form, and manner of any public notice for any further public comment sessions and for the public evidentiary hearing. In order to expedite this matter, Hearing Examiner Lawrence shall conduct a pre-hearing conference beginning at 10:00 AM on Wednesday, July 30, 2014 in the Commission Offices. All potential parties must attend the pre-hearing conference. In addition, on that same date, Hearing Examiner Lawrence shall conduct an initial public comment session on the Application.

3. That Delmarva shall give public notice of this matter by causing publication of the notice hereto attached as Exhibit "B" in

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two-column format, outlined in black, in the legal classified sections of The News Journal and Delaware State News newspapers on the following dates:

Thursday, July 17, 2014      (The News Journal)

Friday, July 18, 2014      (Delaware State News)

4. That, in the event that a stipulation or settlement is offered to resolve any matter in this proceeding (as authorized by 26 *Del. C.* §512), Hearing Examiner Lawrence shall conduct such proceedings to review such settlement in accord with the requirements of 26 *Del. C.* §512(c) and shall report his recommendations about such stipulation or settlement to the Commission before Friday, December 12, 2014.

5. That James McC. Geddes, Esquire, and Julie M. Donoghue, Esquire are designated as Rate Counsel for this matter. Delmarva is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 *Del. C.* §114(b).

6. That the Commission reserves the jurisdiction and authority to enter such further Order or Orders in this matter as may be deemed necessary or proper.

**BY ORDER OF THE COMMISSION:**

/s/ Dallas Winslow  
Chair

/s/ Joann T. Conaway  
Commissioner

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/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

/s/ Harold Gray  
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary

Exhibit "A"

BEFORE THE  
DELAWARE PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION )  
OF DELMARVA POWER & LIGHT )  
COMPANY, EXELON CORPORATION, ) PSC DOCKET NO. 14-193  
PEPCO HOLDINGS, INC., PURPLE )  
ACQUISITION CORPORATION, EXELON )  
ENERGY DELIVERY COMPANY, LLC AND )  
NEW SPECIAL PURPOSE ENTITY FOR )  
APPROVALS UNDER THE PROVISIONS OF )  
26 DEL. C. §§ 215 AND 1016 (Filed June 18, )  
2014) )

**SCHEDULING ORDER**

The Commission adopts as the procedural schedule in this case, the proposed schedule submitted to it by the Applicants, Public Advocate and Commission Staff:

1. Intervention. Petitions to intervene must be filed on or before July 28, 2014.
2. Scheduling Conference. A Scheduling Conference will be held on July 30, 2014 at 10:00 am in the Commission Offices. All parties and those who have sought intervention should attend.
3. Discovery. Discovery issued to the Applicants will consist of two phases: the Initial Phase, and the Follow-Up Phase, as follows:
  - a. Initial Phase. Initial discovery requests to the Applicants must be served by July 31, 2014 and responses must be served by August 18, 2014.
  - b. Follow-Up. Follow-up discovery must be served upon the Applicants by August 29, 2014 and responses must be served by September 12, 2014.

c. Additional Discovery. To the extent necessary, additional follow-up discovery including, but not limited to, written interrogatories, request for admissions and/or depositions may be conducted at any time prior to November 10, 2014.

4. Public Comment. Public Comment Sessions will be held in each of New Castle, Kent, and Sussex Counties on dates and times to be determined between September 1, 2014 and September 12, 2014.

5. Direct Testimony. Staff, DPA, and any intervenors must serve any direct testimony on or before October 16, 2014.

6. Discovery. Any discovery on Staff, DPA, or intervenors must be initiated by October 27, 2014 and responses must be served by November 10, 2014.

7. Settlement Discussion. Initial settlement discussions shall take place on or before November 14, 2014.

8. Rebuttal Testimony. Applicants must serve any rebuttal testimony on or before November 20, 2014.

9. Pre-Hearing Briefs. Pre-hearing briefs shall be filed on or before December 3, 2014.

10. Evidentiary Hearing. The Commission will hold an evidentiary hearing on December 16-17, 2014. The parties should be prepared to present oral argument to the Commission at the conclusion of the evidentiary hearing.

11. Minute Order. A Minute Order regarding a Decision by the Commission will be entered on or before December 17, 2014.

12. Final Order. The Final Order of the Commission will be issued on or before January 6, 2015.



subsidiary of New SPE, which will be a subsidiary of EEDC,<sup>4</sup> and thus PHI will become an indirect, wholly-owned subsidiary of Exelon, and PHI's stock will no longer be publicly traded. Upon completion of the merger, PHI's subsidiaries (of which DP&L will be one) will operate as part of Exelon's holding company system and DP&L will remain as a separate public utility and a subsidiary of Exelon through its subsidiary EEDC.<sup>5</sup>

In the Application, the Applicants set forth the reasons they believe the merger is in accordance with law, for a proper purpose, and consistent with the public interest. They also set forth seven identified benefits from the merger: (1) Increased Scale and Scope - Diversification; (2) Local Control; (3) Reliability; (4) Enhanced Expertise in Renewable Energy, Energy Efficiency, and Demand Response; (5) Commitment to Employees; (6) Synergies, Efficiencies and Cost Savings; and (7) Strong Leadership In Local Communities.

Under the provisions of 26 Del. C. §215, the Commission may approve a merger of, or transfer of control over, a public utility if the Commission finds the transaction to be in accordance with law, for a proper purpose, and consistent with the public interest. In addition, under the provisions of 26 Del. C. §1016, the Commission must, in reviewing any such transaction involving DP&L, take such steps, or impose such conditions, to ensure that any successor entity provides safe and reliable electric distribution and transmission

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<sup>4</sup> EEDC owns Exelon's regulated public utility companies. They are Baltimore Gas and Electric, Commonwealth Edison and PECO.

services. Finally, under the provisions of 26 Del. C. §1016(b), any merger and acquisition of DP&L must comply with certain requirements related to DP&L's labor force contracts.

The Commission will hold public comment sessions at which members of the public may provide their views on the proposed merger. The Commission will also conduct a public evidentiary hearing on the Application prior to its final decision. People or entities who are granted party status may present formal evidence at the public evidentiary hearing. In addition, the evidentiary hearing may involve consideration of a settlement proposed by some or all of the parties. The Commission's final determination on the Application will be based on the record developed at the public evidentiary hearing.

If you wish to become a party to the proceedings, with the right to present evidence at the public hearings, you must file a petition to intervene under 26 Del. Admin. C. §1001.2.9 of the Commission's Rules of Practice and Procedure. Such petitions must be served and filed with the Commission, at the address given below, on or before July 28, 2014. Petitions filed after that date will be granted only for good cause. **In addition, the Commission will conduct a mandatory pre-hearing conference beginning at 10:00 AM on Wednesday, July 30, 2014 at its Dover office. Any person who wishes to participate as a party to this matter must attend such procedural conference.** The Commission will provide notice of the public evidentiary hearings in this matter at a later date.

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<sup>5</sup> PHI's operating utilities are Potomac Electric Power Company

The Commission will also conduct an initial public comment session on Wednesday, July 30, 2014, beginning at 10:00 AM. That initial public comment session will be held at the Commission's Dover office located at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904. You are invited to attend and present your views. If you are unable to attend, you may submit written comments to the Commission at the above address. Such written comments must be filed and served on or before July 28, 2014.

You may review and copy the Application, the testimony and materials now filed by the Applicants, and any other non-confidential materials subsequently filed in this matter during normal business hours at the Commission's Dover office at the above address. In addition, you may also review and copy the Application and accompanying submissions at the office of the Division of the Public Advocate located on the fourth floor of the Carvel State Office Building, 820 North French Street, Wilmington. Please call (302) 577-5077 to arrange a time for such review.

If you are disabled and wish to participate in these proceedings or to review these filings, please contact the Commission to discuss any auxiliary aids or services you might need. You may contact the Commission in person, by writing, by telephone (including text telephone and TRS service), or by Internet e-mail.

If you have any questions about this matter, you may contact the Commission Staff, toll-free within Delaware, at 1-800-282-8574. You

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("Pepco"), Delmarva and Atlantic Electric Company ("ACE").

can also contact the Commission at (302) 736-7500 and that number can also be used for Text Telephone calls. Inquiries can also be sent to the Commission by Internet e-mail to [connie.mcdowell@state.de.us](mailto:connie.mcdowell@state.de.us).