

**STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350**

**IN THE MATTER OF THE MERGER OF
EXELON CORPORATION AND PEPCO
HOLDINGS, INC.**

PRE-HEARING ORDER

BPU DOCKET NO. EM14060581

Parties of Record: **Stefanie A. Brand, Esq., Director, and Brian Lipman, Esq.**, Division of Rate Counsel;
Alex Moreau and Carolyn McIntosh, DAsG, for Board Staff
Colleen Foley, Esq., for Exelon Corporation (“Exelon”), Pepco Holdings, Inc. (“PHI”), Purple Acquisition Corp. (“Merger Sub”), Exelon Energy Delivery Company, LLC (“EEDC”), New Special Purpose Entity, LLC (“New SPE”), and Atlantic City Electric Company (ACE”), known as (the “Joint Petitioners”)

BY COMMISSIONER JOSEPH L. FIORDALISO:

On June 18, 2014, Exelon Corporation (“Exelon”), Pepco Holdings, Inc. (“PHI”), Purple Acquisition Corp. (“Merger Sub”), Exelon Energy Delivery Company, LLC, New Special Purpose Entity, LLC, and Atlantic City Electric Company (“ACE” or “Company”) (collectively, the “Joint Petitioners”) filed a petition with the Board of Public Utilities (“the Board”) for approval pursuant to N.J.S.A. 48:3-10 and N.J.S.A. 48:2-51.1 of a change in control of ACE to be effected by the merger of PHI with Merger Sub, a wholly-owned subsidiary of Exelon, along with approvals for ACE’s participation in Exelon’s General Services Agreement, relief for ACE from certain restrictions previously imposed on its participation in PHI’s money pool, and approval of the relocation of ACE’s books and records from Wilmington, Delaware to PHI’s headquarters in Washington, DC.

By Order dated July 23, 2014, the Board retained this matter for hearing, and designated me as the presiding officer with authority to establish and modify schedules, decide all motions and otherwise control the conduct of this case, subject to Board ratification. Additionally, the Order set August 15, 2014, as the last day for motions to intervene in this matter.

Pursuant to the authority granted under the August 23 Order I **HEREBY ISSUE** this as the Prehearing Order in this matter.

1. NATURE OF PROCEEDINGS AND ISSUES TO BE RESOLVED:

Whether the proposed merger satisfies the requirements of N.J.S.A. 48:2-51.1, specifically, whether the merger does not negatively affect competition, the rates of ratepayers affected by the acquisition of control, the employees of the affected public utility, and the provision of safe and adequate utility service at just and reasonable rates. Whether, as required by N.J.A.C. 14:1-5.14 (c), positive benefits will flow to customers and to the State of New Jersey from the proposed merger and, at a minimum, whether there will be no adverse impacts on any of the criteria listed above.

Whether ACE will remain able to fulfill its pension obligations to its employees as required by N.J.S.A. 48:3-10.

2. PARTIES AND ATTORNEYS ARE REPRESENTATIVES:

As of the date of this Order, parties to this matter include the Joint Petitioners, Rate Counsel, and Board Staff.

Public Service Electric & Gas (“PSE&G”), PSEG Power LLC and PSEG Energy Resources & Trade LLC (collectively the “PSEG Companies”) filed a motion to intervene on July 11, 2014. Rockland Electric Company filed a motion to participate on

August 12, 2014. These motions, along with any others filed on or prior to the August 15, 2014, will be addressed in a separate Order.

3. SPECIAL LEGAL REQUIREMENTS AS TO NOTICE OF HEARING:

Public hearings will be held in the Company's service territory after publication of notice in newspapers of general circulation in the service territory. The public hearings will be held in early –mid October 2014 with sessions at 3:30 P.M. and 5:30 P.M at a location to be determined.

4. SCHEDULE OF HEARING DATES, TIME AND PLACE:

Evidentiary hearings shall be scheduled for December 8-12, 2014 at (location to be announced) in Newark New Jersey.

5. STIPULATIONS:

The Board Staff, the Rate Counsel and the Joint Petitioners have entered into an Agreement of Non-Disclosure of Information Claimed to be Confidential. No other stipulations are pending at this time.

6. SETTLEMENTS:

Settlement conference(s) among the parties are encouraged, and may be convened at the convenience of the parties on notice to the parties without my prior approval.

7. AMENDMENTS TO PLEADINGS:

On July 28, 2014, the Joint Petitioners filed an amended Merger Agreement.

8. DISCOVERY AND DATES FOR COMPLETION:

Discovery shall be conducted in accordance with N.J.A.C. 1:1-10.4 unless otherwise provided in Exhibit A.

9. ORDER OF PROOFS:

The Joint Petitioners have the burden of proof. The hearings will be conducted by topic (see point 12, below) unless otherwise agreed by the parties. Within each topic, witnesses shall be presented and cross examination will be conducted in the following order (depending on the identity of the witness), pending a determination on additional parties:

Joint Petitioners

Rate Counsel

Board Staff

10. EXHIBITS MARKED FOR IDENTIFICATION:

None at this time.

11. EXHIBITS MARKED IN EVIDENCE:

None at this time.

12. ESTIMATED NUMBER OF FACT AND EXPERT WITNESSES:

Joint Petitioners will present the following witnesses:

Christopher M. Crane – overview of Merger and summary of benefits

Joseph M. Rigby – Shared vision and values of PHI and Exelon

Denis P. O'Brien – PHI Utilities Management, operational structure

Mark F. Alden – Exelon's commitment to reliability

Charles R. Dickerson- reliability commitments of ACE to New Jersey Customers

Carim V. Khouzami –overview of the merger and integration and core savings

Susan F. Tierney- quantitative and qualitative economic benefits to ACE

Calvin G. Butler –Exelon approach to electric system reliability and supplier diversity

Rate Counsel will present the following witnesses:

Andrea Crane

Max Chang

Karl Pavlovic

Matthew Kahal

David Peterson

Dante Mugrace

All parties shall notify the Commissioner and all other parties of the proposed order of witnesses no later than 5 days prior to the first day of hearings.

At this time, Staff does not anticipate having any witnesses.

13. MOTIONS CONTEMPLATED, PENDING OR GRANTED:

As described above, motions to intervene or participate are pending.

14. OTHER SPECIAL MATTERS:

None at this time.

I **DIRECT** Staff to post this Prehearing Order on the Board's website and distribute this Order electronically to the e-service list.

This provisional ruling is subject to ratification or other alteration by the Board as it deems appropriate during the proceedings in this matter.

DATED: August 13, 2014

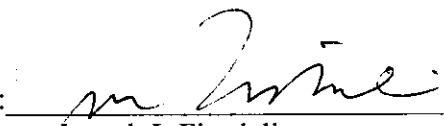
By: 
Joseph L. Fiordaliso
Presiding Commissioner

EXHIBIT A

IN THE MATTER OF THE MERGER OF EXELON CORPORATION AND PEPSCO HOLDINGS, INC.

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Procedural Schedule

Last date to file Motions to Intervene	August 15, 2014
Initial Discovery Requests Served	August 22, 2014
Responses to Initial Discovery Requests	September 5, 2014
Second Round Discovery Requests Served	September 19, 2014
Discovery/Settlement Conference	September 24 & 25, 2014
Responses to Second Round Discovery Requests	October 2, 2014
Public hearings	Early - Mid October, 2014
Rate Counsel/Intervenor Testimony	October 17, 2014
Discovery on Rate Counsel/Intervenor Testimony	October 24, 2014
Rate Counsel/Intervenor Responses	October 31, 2014
Discovery /Settlement Conference	November 4 & 5, 2014
Rebuttal Testimony	November 7, 2014
Discovery on Rebuttal Testimony	November 14, 2014
Responses to Discovery	November 21, 2014
Evidentiary Hearings before Comm. Fiordaliso	December 8-12, 2014
Settlement Conference	December 16 & 18, 2014
Post-hearing Briefs or Comments	January 7, 2015
Reply Briefs	January 23, 2015