

“SOCCEERGATE”: Did Influence-Peddling Impact Mayor Muriel Bowser’s Backing of the Pepco- Exelon Merger?

An independent investigation should inform the DC Public Service Commission’s review of the Mayor’s controversial back-room deal

Just days after striking a \$25 million naming rights deal with Pepco to pave the way for the future DC United Soccer Stadium at Buzzard Point, Mayor Bowser struck an 11th-hour deal with Chicago-based Exelon to advance its proposed \$6.8 billion merger with Pepco.

Public interest groups are calling on the District Board of Ethics and Government Accountability to launch an investigation into these “two high-stakes situations to ensure that there was no impropriety, collusion, or unethical conduct of any kind,” and are demanding the release of internal documents related to the mayor’s negotiations.

As scrutiny mounts on the role of pay-to-play politics in the Bowser administration—and of the now-disbanded “FreshPAC”—DC residents deserve to know whose interests were at the heart of the mayor’s deals with Pepco and Exelon.

These are just a few of the questions that the Public Service Commission must weigh as it reviews Mayor Bowser’s settlement deal:

- 1) **Why did Pepco give the Mayor’s office \$25 million for vague naming rights connected to the proposed DC United soccer stadium** just days before the Mayor gave Pepco her blessing for its multi-billion dollar merger with Exelon? Was there a quid pro quo?
- 2) **Why won’t Pepco or Exelon disclose whether or not Mayor Bowser’s now-disbanded super PAC, called “FreshPAC,” asked them for money as these negotiations unfolded?** As reported in the *Washington Post*, veteran DC journalist Tom Sherwood has asked Pepco and FreshPAC officials whether any solicitations were made, and received no direct answer.
- 3) **Would DC People’s Counsel Sandra Mattavous-Frye have suddenly reversed her stalwart opposition to the merger if the District had a truly independent People’s Counsel?** Mattavous-Frye endorsed the mayor’s controversial settlement—which does not appear to address the root ratepayers concerns previously raised by the People’s Counsel—just weeks before Mayor Bowser reappointed her to another term.
- 4) **Ultimately, whose interests are served by Mayor Bowser’s back-room deal?** Pepco shareholders will receive upwards of a \$2 billion premium. Meanwhile, Exelon can recoup its much touted bill “credit” through sharp rate increases starting in March 2019—right after the next mayoral election. A close reading of the facts shows that the settlement fails to meaningfully protect District ratepayers or address Exelon’s core conflict of interest with DC’s commitment to affordable, clean, and efficient energy.

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The following timeline of events underlines “Soccergate” questions:

May 2014: The Gray administration announces it has made a land swap deal with Pepco to move an existing Pepco substation at Buzzard Point to a residential neighborhood near K St and 1st St NW.ⁱ

June 17, 2014: Pepco and Exelon announce the proposed utility merger and file their application with the PSC.

Aug. 12, 2014: Council legislation is introduced authorizing the swap of Reeves Center for Akridge’s Buzzard Point property, and payments of up to \$90 million to acquire property belonging to Pepco and other entities.

Nov. 2014: The Gray Administration files testimony opposing the Pepco-Exelon merger.

Dec. 2014: News reports reveal that Pepco and Exelon each contributed the maximum allowable amount—\$10,000—to the mayor-elect’s inaugural committee.ⁱⁱ

Jan. 2, 2015: Mayor Muriel Bowser is sworn into office.

Jan. 2015 through May 2015:

- Mayor Bowser opposes the swap of the Reeves Center; Akridge refuses to sell at the District’s price. The mayor begins talking about seizing the property through eminent domain.ⁱⁱⁱ
- The Bowser administration reviews the District’s position on the merger and maintains opposition.
- Mayor Bowser allegedly tries and fails to get Pepco to donate the land for the soccer stadium at Buzzard Point, while maintaining opposition to the merger in hearings and briefs.

May 27, 2015: The PSC record closes on the merger case; the Bowser administration remains opposed.

June 9, 2015: After DC United threatens to move to Virginia, Mayor Bowser reaches a deal that commits the team to DC while committing DC to a September 30, 2015 deadline for taking control of the land.^{iv}

June 30, 2015: The DC Council approves legislation to purchase Pepco land at Buzzard Point for \$39.4 million and to sell K St NW property for \$15.8 million; net to Pepco is \$23.5 million.

Aug. 25, 2015: The DC PSC unanimously rejects the Pepco-Exelon merger as not in the public interest. **Mayor Bowser affirms, “I support the decision against the proposed merger.”^v**

Sept. 18, 2015: Pepco agrees to pay the District \$25 million for to-be-determined naming rights to Pepco Place or Pepco Park at one or more locations throughout DC.

Sept. 28, 2015: Reversing course on the merger, Mayor Bowser announces the appointment of Rashad Young as lead negotiator on a possible settlement with Exelon.^{vi}

Sept. 30, 2015: The DC government meets DC United’s deadline by filing for eminent domain over the Akridge land^{vii}—using the Pepco money to help cover the expected eminent domain costs.^{viii}

Oct. 1, 2015: Douglas Development Principal Matt Jamal makes in-kind donation of refreshments worth more than \$5,000 to Bowser’s FreshPAC fundraiser. Douglas is one of the companies that stands to benefit from the stadium deal.^{ix}

Oct. 6, 2015: Mayor Bowser announces that she’s reached a settlement deal with Exelon—and backs the companies’ request for an expedited review. The deal is expected to result in a \$2 billion premium for Pepco shareholders.^x

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ⁱ <http://www.washingtoncitypaper.com/blogs/housingcomplex/2014/05/23/city-finalizes-d-c-united-deal-sends-to-council-for-approval/>

ⁱⁱ <http://www.washingtoncitypaper.com/blogs/looselips/2014/12/15/bowser-inauguration-committee-rakes-in-cash/>

ⁱⁱⁱ <http://www.washingtoncitypaper.com/blogs/looselips/2015/03/24/bowser-hints-at-eminent-domain-use-for-d-c-united-stadium-with-negotiations-still-unfinished/>

^{iv} http://dcist.com/2015/06/sorry_mcauliffe_dcunited_stays.php

^v http://wamu.org/news/15/08/25/dc_regulators_reject_64_billion_pepco_exelon_merger

^{vi} <http://mayor.dc.gov/release/bowser-administration-statement-exelon-and-pepco-merger-negotiations>

^{vii} http://www.bizjournals.com/washington/breaking_ground/2015/10/d-c-closes-deals-with-mark-ein-super-salvage-for-d.html

^{viii} http://www.bizjournals.com/washington/breaking_ground/2015/10/how-pepco-will-fund-d-c-capital-projects-d-c.html

^{ix} <http://www.capitalcommunitynews.com/content/buzzard-point-development-potential>

^x <http://ieefa.org/wp-content/uploads/2015/01/Exelons-Proposed-Acquisition-of-Pepco-IEEFA-Jan-20-2015.pdf>

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