

Sunday, February 28, 2021

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Business



# Peco parent Exelon plans to separate into two firms: 'Our customers expect us to continuously innovate'

The Chicago company plans to spin off its power-generation business from the company's six utilities, including Peco, Atlantic City Electric and Delmarva Power.

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Exelon's Limerick Generating Station in Montgomery County. The power plant would be owned by a new generation company that Exelon announced Wednesday it was spinning off into a separate company.

MICHAEL S. WIRTZ / Staff Photographer



by Andrew Maykuth

Published Feb 24, 2021

Exelon Corp. announced Wednesday that it [plans to spin off](#) its power-generation business from the company's six utilities, including Peco, Atlantic City Electric and Delmarva Power.

The Chicago company said the separation of the business units, a [strategy previously adopted by PPL Corp. in Allentown](#) and other utilities, is aimed at streamlining operations and increasing shareholder value.

» ***READ MORE: 'End of an era:' After 45 years, Three Mile Island nuclear power plant is closed***

The spin-off will be completed in the first quarter of next year, Exelon said. Existing Exelon shareholders will receive shares in the new entity.

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“This is a very good strategic move for us,” Exelon chief executive officer Christopher Crane said in a conference call.

The spin-off would finalize moves that Peco and other utilities began in the last century, when many states including Pennsylvania and New Jersey ***required utilities to cleave off their power-generation businesses***

into competitive divisions. The utilities became strictly distribution companies that manage the wires and networks to deliver power generated by competitive companies.

The Exelon separation affects a number of operating companies and employees in the Philadelphia area, including the three utilities that

distribute power to retail customers. The spin-off company will contains two key units. One, Constellation Energy, based in Baltimore, markets energy. The other, Exelon Generation, based in Kennett Square, operates power plants including the nation's largest fleet of nuclear reactors.

The corporate separation will have no immediate impact on the local companies, said Paul Adams, an Exelon spokesperson. The name of the new company and where it will be based will be announced later. "Until the separation is complete, we will continue to operate as one company with no changes to our headquarters or operating footprint," Adams said in an email.

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Utilities produce most of their revenue from regulated rates, so the returns are more predictable than for power generators, which are



vulnerable to market conditions. Exelon's distribution utilities deliver electricity and natural gas to more than 10 million customers in five states and the District of Columbia. Its Peco utility, which is based in Philadelphia and serves the city and surrounding counties, is the largest electric utility in Pennsylvania.

Exelon's three other distribution companies are based in Chicago, Baltimore and Washington.

» **READ MORE: [Exelon launches \\$20 million fund for start-ups to mitigate climate change](#)**

But the power generation businesses have faced fierce competitive pressures, especially Exelon's nuclear fleet, which in recent years closed reactors at Three Mile Island in Pennsylvania and Oyster Creek in New Jersey. Exelon also operates the Limerick and Peach Bottom nuclear plants in Pennsylvania, and owns 43% of the Salem Generating Station in New Jersey.

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All told, Exelon owns more than 31 gigawatts of generation capacity consisting of nuclear, wind, solar, natural gas and hydroelectric plants.

consisting of nuclear, wind, solar, natural gas and hydroelectric plants.

The company says it produces about 11% of the nation's carbon-free energy.

Exelon on Wednesday underscored the unpredictable nature of the competitive generation business when it announced that it expected to report \$560 million to \$710 million in losses from its three Texas-based power plants, which experienced periodic outages this month during the severe cold weather that crippled the state's electric grid.

Exelon's shares closed Wednesday at \$40.19 in Nasdaq trading, down \$0.61 (1.50%).

Some activist investors have estimated that Exelon shares would be worth about \$60 — 50% more than current price — if the company

separated its businesses. Exelon [said in November](#) that it was conducting a review of its operations and was evaluating such a move.

“Our industry is changing at a rapid pace, and our customers expect us to continuously innovate to stay ahead of growing demand for clean energy, evolving business conditions and changing technology,” Crane said in the statement.

Published Feb. 24, 2021



Andrew Maykuth [✉](#) [🐦](#)

I cover how we produce and use energy, as well as its impact on the economy and the environment.






### Editor's Note

The Inquirer does not host comments on most stories. **Here's why.**

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### Latest Headlines

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-  Is Jimmy Rollins a Hall of Famer? 'Absolutely,' Charlie Manuel says
-  Readers sound off on Philly's most notable trades
-  Philly man charged with kidnapping, robbery of 2 postal workers
-  Mumia Abu-Jamal has COVID-19, supporters say
-  Delaware man arrested in shooting at Pat's King of Steaks

### Pennsylvania News





## TerraVida medical marijuana stores acquired by Chicago weed company in \$135 million deal

TerraVida's founder and president, Chris Visco, will remain with the newly merged company as executive in charge of retail sales.



Sam Wood Feb 27, 2021



Maddie Hanna  
@maddiehanna



Wolf revives push to change charter school funding—a proposal that stalled last year. School districts have been pressing for this, as enrollment in cyber charters has spiked amid the pandemic [inquirer.com/education/gov-...](https://www.inquirer.com/education/gov-...)



### Wolf revives push to change charter school funding

Maddie Hanna Feb 26, 2021

### Honoring Black History





**Apps and maps bring the Underground Railroad to life for students in this South Jersey town**



**Photos in 'The Black Civil War Soldier' by Deborah Willis remember a quest for freedom**



**The 1905 Philadelp. Giants are mostly forgotten, but they were one of baseball's great teams**

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## Business





## COVID-19 hit to Pennsylvania's largest universities nears \$800 million

The universities have been able to cover most of the losses with reserves and savings from canceled activities, like travel.



Harold Brubaker Feb 27, 2021

Business







## What happened when a SEPTA officer's handgun spontaneously fired in Philly's Suburban Station

Documents reveal new details of an incident that prompted SEPTA to stop using the Sig Sauer P320 handgun.



Catherine Dunn Feb 27, 2021

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### Future of Work



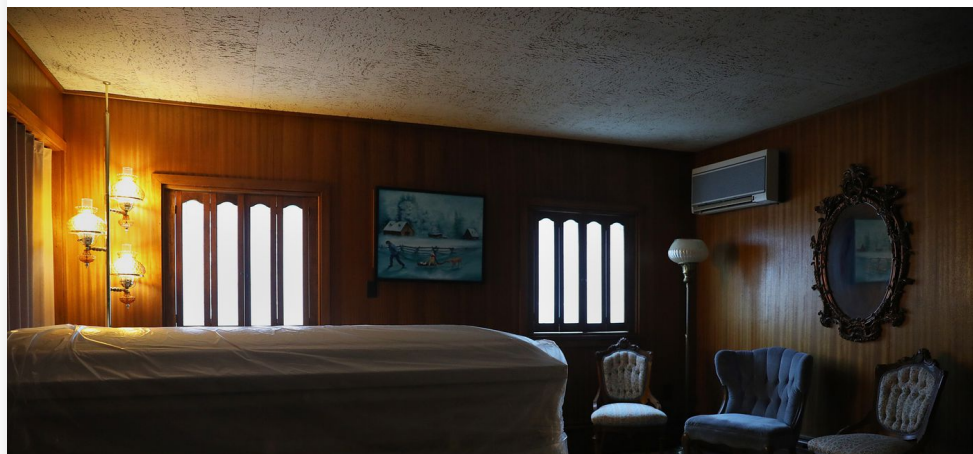


## COVID-19 testing — and Philly employment — get boost with 50 new lab jobs at Penn Medicine

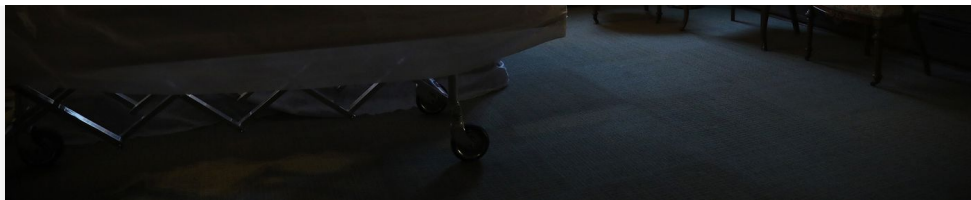
A partnership between the University City District's West Philadelphia Skills Initiative (WPSI) and Penn Medicine has led to the hire of 50 new lab assistants.

Zoe Rosenberg, For The Inquirer Feb 27, 2021

Coronavirus







## Social Security and Medicare may experience their own COVID-19 side effects, experts say

There could be bad news for people who turned 60 last year. Some long-haulers may also consider disability.



Stacey Burling Feb 27, 2021

Economy





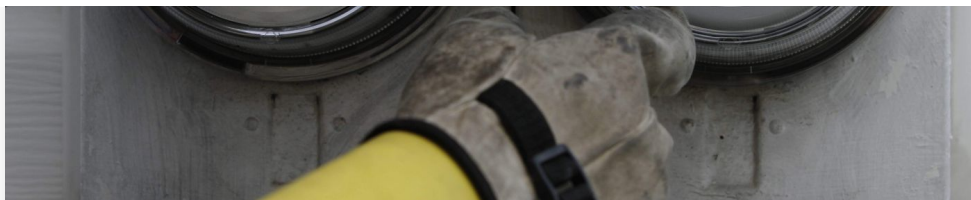
## U.S. consumers rebounded to boost spending 2.4% in January as income jumped

Friday's report from the Commerce Department shows that personal incomes, which provide the fuel for spending, jumped 10% last month.

Martin Crutsinger, The Associated Press Feb 26, 2021

Business





## IS A TEXAS-SIZED ELECTRIC BILL HEADED TO YOU?

The culprit is variable-rate power contracts that some customers signed up for from third-party energy suppliers. Many customers are unaware they signed up for a variable rate until it's too late.



Andrew Maykuth Feb 26, 2021

Review





## 2021 Volvo V90: So close to perfect, but it's a competitive world

The 2021 Volvo V90 offers another version of the sporty European wagon segment so well exemplified by our last vehicle tested, the Audi A6 Allroad. How does the Volvo measure up?

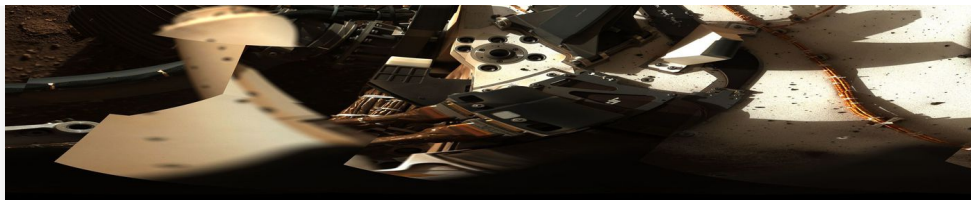


Scott Sturgis, Freelance Feb 26, 2021

Business







## As private companies erode government's hold on space travel, NASA looks to open a new frontier

The four astronauts who will fly aboard a SpaceX mission by the end of the year will be a bunch of private citizens with no space experience. One's a billionaire funding the mission; another a health care provider. The third will be selected at random through a sweepstakes, and the last seat will go to the winner of a competition.

Christian Davenport, Washington Post Feb 26, 2021



Laura McCrystal  
@LMcCrystal



"The greater problem right now is not the doses available to us but how quickly we can get those doses into people's arms."

Philly is getting more Pfizer vaccine, which officials worry will sit in hospital freezers. [inquirer.com/health/coronav...](https://www.inquirer.com/health/coronav...)



**Philly finally has more COVID-19 vaccine — but now it's not getting distributed fast enough, health**



**commissioner says**

Justine McDaniel, and Laura McCry... Feb 26, 2021

Business



**'Self-employed' PPP winners have been largely white-collar. New Biden rules aim to change that.**

The administration faces challenges as it seeks to use the \$953 billion program to aid the most vulnerable sectors and populations.



Jacob Adelman Feb 26, 2021

Business





## THIS BUILDING'S SELLING POINT? HEALTH.

The design contains no conference rooms, cafeterias, or communal areas where employees could cluster. Instead, there will be private balconies, high-end air flow, and more entrances and exits.



Katie Park Feb 26, 2021

### Business





## Gov. Wolf puts former treasurer Joe Torsella back on Pennsylvania's \$60 billion pension board

Gov. Tom Wolf has named former state treasurer Joe Torsella to represent him on the PSERS board, where Torsella will join a growing number of fund critics.



Joseph N. DiStefano Feb 25, 2021

### Business







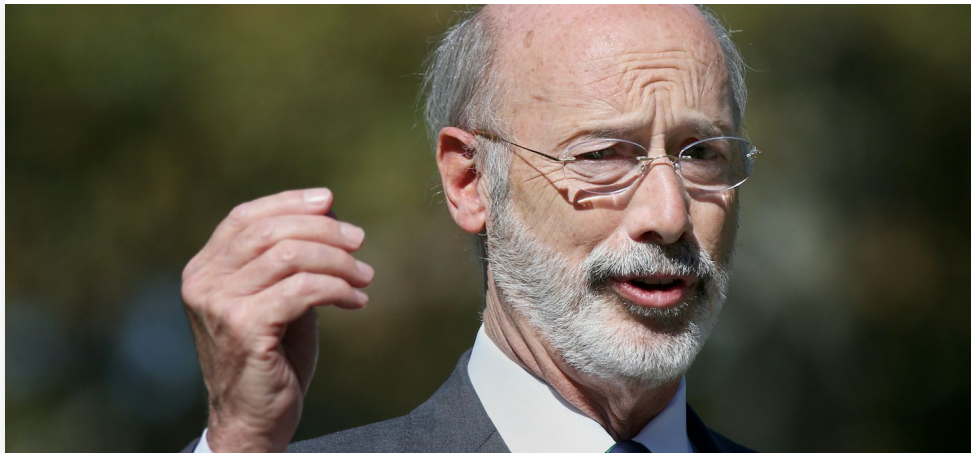
## Amid lawsuits, Delaware River Basin Commission makes fracking ban permanent

The formal ban came a month after a federal judge set an October trial date to hear a challenge to the drilling moratorium.



Andrew Maykuth Feb 25, 2021

Pennsylvania Politics





## Fact-checking Gov. Tom Wolf's statement that Pa. is the only state without a natural gas severance tax

Among the 34 states that produce oil or natural gas, Pennsylvania is the only one that doesn't tax the extracted resources.



Jessica Calefati Feb 25, 2021

Column





## Why Biden's rescue plan makes sense and how it can be better targeted | Moody's Mark Zandi

The president's plan includes a third round of stimulus checks that go to those making up to \$100,000 a year. That's too high.

Mark Zandi, For The Inquirer Feb 25, 2021

Jobs





## U.S. unemployment claims dropped last week to 730,000, lowest total since November

Still, before the coronavirus erupted in the United States last March, weekly applications for unemployment benefits had never topped 700,000.

Christopher Rugaber, The Associated Pr... Feb 25, 2021

### The Upside







## A dispute with Amazon forced this family-owned shipping company to retool its mission — and business took off

“Because of the pandemic, a lot of people have lost their jobs or need a side income. If they start a company, we can do the heavy lifting for them, and they can focus on sales and marketing.”



Kevin Riordan Feb 25, 2021

Opinion





## THIS MONTCO MAT MAKER CAN'T CATCH A BREAK

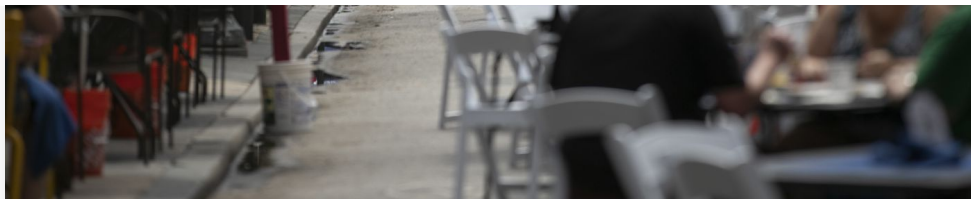
Mancino Manufacturing is a family-owned business battered by the pandemic. Their story is not unlike the global chip shortage that has U.S. leaders concerned about U.S. strength.



Maria Panaritis | Columnist Feb 25, 2021

Spotlight PA





## New coronavirus grants for small Pa. businesses aim for inclusivity, but can't track success

Applications open next month for \$145 million in state grants for small hospitality businesses, with a significant change by lawmakers intended to ensure the money is accessible to people of color.



Charlotte Keith Feb 25, 2021

News





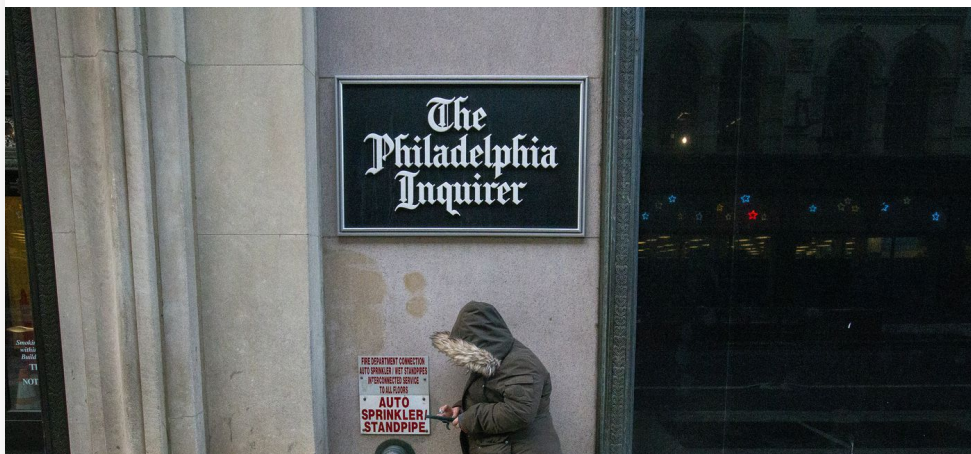
## LEGAL WEED FINALLY GETS REPUBLICAN SUPPORT IN PA.

It marks the first time any Pa. Republican senator has endorsed a plan to end the prohibition on cannabis.



Sam Wood Feb 24, 2021

Business







## Philadelphia Inquirer gets \$10M in federal Paycheck Protection Program coronavirus relief

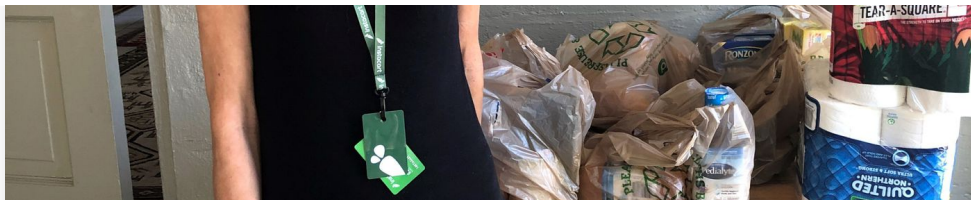
The award erases any risk of newsroom layoffs through 2021, although buyouts may be offered later in the year.



Jacob Adelman Feb 24, 2021

Business





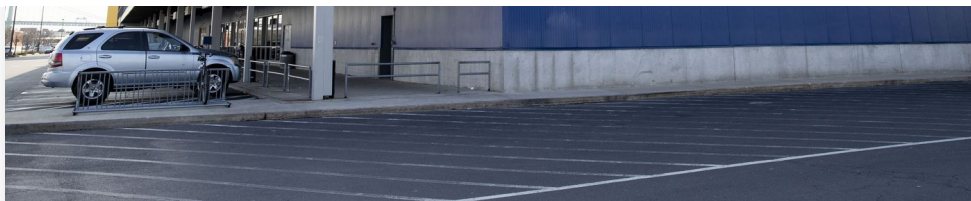
## As Congress scrutinizes gig worker rules, small-business owners need to know the basics

Many business owners don't fully understand the rules for contractors. "If it is someone the employer wants to work indefinitely for the company, then that person is also probably not a contractor."

Gene Marks, For The Inquirer Feb 24, 2021

Retail





## Ikea is discontinuing its catalog after 70 years. The last issue is on eBay, but other catalogs are flourishing.

The future of catalogs is not going to be a bland product but ones that evoke emotion. That's why print catalogs will live on.



Katie Park Feb 24, 2021

### Residential Real Estate





## Demand is high for newly built homes, but the pandemic-related delays continue to hinder builders

Home buyers are less patient with builders than they were early in the pandemic, but builders are still facing supply-chain disruptions, price hikes for materials, and other pandemic fallout.



Michaelle Bond Feb 24, 2021

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