

March 28, 2018

# Does lobbying pay? Ex-Exelon exec highlights former employer as poster child.

By STEVE DANIELS |

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"Is politics profitable?" the provocative slide asks.

The answer from a former Exelon executive and later top environmental officer in Pennsylvania in a presentation put together a year ago was yes. And Exhibit A for Michael Krancer was Exelon's nuclear plant bailout in New York.

The slide in question was from a **March 21, 2017, presentation** by Krancer, obtained recently by Buffalo, N.Y.-based Public Accountability Initiative, a nonprofit watchdog tracking the sometimes unholy intersection of business and government.

The slide goes on to note that Exelon paid \$110 million to buy the FitzPatrick nuclear plant in Oswego, N.Y., north of Syracuse, and paid out another \$500 million in the form of capital investment in its New York nuclear fleet plus lobbying and advocacy.

In return, the Cuomo administration in New York showered Chicago-based Exelon with

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## Is Politics Profitable?

- Exelon Nuclear in New York
- Costs: \$110 million to buy FitzPatrick and \$500 million in capital expenditures plus lobbying and public relations campaign.
- Return: 12 years of public subsidy, up to **\$5.7 Billion.**
- ROI: **Over 750%**

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The slide actually understated the level of subsidy Exelon is in line to receive in New York. It **exceeds \$7 billion.**

But it underscored in just about the crassest way possible how Exelon's successful lobbying of both Democratic and Republican governors in New York and Illinois has padded the bottom line for the nation's largest nuclear energy generator. In late 2016, Gov. Bruce Rauner signed into law the Future Energy Jobs Act, which has ratepayers statewide shelling out \$2.4 billion over 10 years to keep running two financially ailing nukes in central Illinois and in the Quad Cities on the Mississippi River.

After years of annual earnings declines, thanks to persistently low wholesale electricity prices, Exelon projects a **17 percent increase** in operating earnings per share in 2018. Two-thirds of that increase will come from the New York and Illinois subsidies combined, according to company investor disclosures.

In a statement, Exelon said, "Michael Krancer never lobbied on behalf of Exelon after leaving the company in 2010 and—as he has stated—never worked as a lobbyist for Exelon in New York or on any matters related to the New York Clean Energy Standard, and is in fact a registered lobbyist for fossil fuel interests that oppose the program



Exelon went on to defend the New York subsidies as cost-effective. It also preserves thousands of jobs, contributes what Exelon said was \$3 billion to New York's economy, and contributes \$144 million in annual state and local taxes, the company said.

Krancer did legal work and was registered as a lobbyist for Exelon after **departing in 2013** as former Pennsylvania Gov. Tom Corbett's secretary of the Department of Environmental Protection. He's done no legal work for Exelon since 2015.

Krancer may not have put together Exelon's subsidy campaigns, but he clearly understands them.

Some companies are good at influencing governments just to keep regulators off their backs, so they can peddle their wares with as little cost as possible.

Energy companies like Exelon are a special breed, though. Selling a commodity that no consumer or business is free to go without, their ability to navigate political currents generates returns as tangible as they come.

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