ORDER NO. 88128

IN THE MATTER OF THE MERGER OF EXELON CORPORATION AND PEPCO HOLDINGS, INC.	* * * * * * * *	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND CASE NO. 9361

Issue Date: April 12, 2017

This matter comes before the Public Service Commission of Maryland ("Commission") as a compliance filing stemming from the May 15, 2015 Commission Order granting the Application for Approval of the Merger, subject to certain conditions, submitted by Exelon Corporation ("Exelon"), Pepco Holdings, Inc. ("PHI"), Potomac Electric Power Company ("Pepco"), and Delmarva Power & Light Company ("Delmarva") (collectively, the "Applicants"). Upon consideration of the record developed in this matter, and as more fully explained herein, the Commission hereby accepts the Requesting Parties' recommendations for a Most Favored Nation payment in the amount of $48,031,836 (net present value), subject to the modifications of the proposed allocation of certain benefits as discussed in this Order.

I. Procedural History

On November 3, 2016, pursuant to Order No. 86990, the Applicants submitted a recommendation to implement Condition 46 – the Most Favored Nation ("MFN") Provision. The MFN compliance filing was submitted jointly with Montgomery County, Prince George's County, and the coalition of the National Consumer Law Center, National Housing Trust, Maryland Affordable Housing Coalition, and the Housing Association of Nonprofit Developers (collectively, the "Requesting Parties").[1] As described in the filing, after conducting the Maryland MFN analysis, the Applicants determined that the benefits afforded to Maryland ratepayers stemming from Order No. 86990 are less than the aggregate level of benefits awarded by the Public Service Commission of the District of Columbia ("DC PSC") to its ratepayers.[2] Therefore, as articulated by the Requesting Parties, the implementation of the MFN Provision would result in an additional $48,031,836 in benefits on a net present value ("NPV") basis available to ratepayers in the Maryland Delmarva and Pepco service territories.[3] With the exception of approximately $4.5 million in MFN monies,[4] the Requesting Parties included a consensus proposed allocation of the additional benefit dollars as part of the MFN compliance filing, which Exelon agreed to disburse in installment payments over the next five years.[5]

Further, the Applicants included a request in the MFN compliance filing, on behalf of the Counties, that the Commission acknowledge certain supplements to other Merger conditions, such as the conversion of the $14.4 million Green Sustainability Fund created by the May 15, 2015 Merger Order to a full grant. The Applicants also stated

[1] ML#202990: *Most Favored Nation Compliance Filing and Joint Recommendation Concerning the Allocation of Additional Funds Pursuant to Condition 46 of Commission Order No. 86990* ("MFN Joint Filing") (Nov. 3, 2016).
[2] *Id.* at 6. The MFN analysis indicated that the Maryland benefits enumerated in Order No. 86990 exceed the aggregate level of benefits in both the Delaware and New Jersey merger orders; thus the proposed Maryland MFN adjustment assumes that the DC PSC Merger order is the appropriate baseline. *Id.*
[3] *Id.* at 1.
[4] *Id.* at 5. The Applicants, jointly with AOBA, propose allocating the non-consensus $4,545,951 to programs directed to commercial and multifamily customers, while the other Requesting Parties propose allocating the money toward the Counties' energy-efficiency programs. *Id.*
[5] *Id.* at 1-2.

their willingness to abide by, in the Maryland context, several enhanced conditions pertaining to employment and reporting metrics that developed through the Merger proceedings before the DC PSC.[6]

Subsequent to receipt of the MFN compliance filing, the Commission issued on November 10, 2016 a Notice of Hearing in which a schedule for receiving written comments on the matter was outlined.[7] In response, comments were received on January 4, 2017 from: the Office of People's Counsel ("OPC"); the Commission's Technical Staff ("Staff"); and the Apartment and Office Building Association of Metropolitan Washington ("AOBA"). As provided for in the Commission's Notice, reply comments were received on January 18, 2017 from: Exelon; Montgomery County; Prince George's County; and the National Consumer Law Center ("NCLC"). Additionally, comments were filed by the Maryland Energy Administration ("MEA") on January 18 and 27, 2017.

The stakeholder comments pertaining to the MFN compliance filing indicated two primary issues of dispute: (1) whether the determination of the $48,031,836 (NPV) in Maryland MFN dollars was appropriately calculated; and (2) whether the proposed allocation of the MFN monies recommended by the Requesting Parties is appropriate. In their January 4, 2017 comments, OPC and Staff express similar viewpoints with respect to the first issue, disagreeing significantly with the methodology employed by Exelon to calculate the Maryland MFN monies.[8] OPC's and Staff's comments diverge, however, with respect to the appropriateness of the Requesting Parties' proposed allocation of such

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[6] *Id.*
[7] ML#203764: *Notice of Hearing and Request for Comments* (Nov. 10, 2016).
[8] ML#209166: *Comments of the Office of People's Counsel on the Applicants' Most Favored Nation Compliance Filing* ("OPC Comments") (Jan. 4, 2017) at 1-12; ML#209162: *Staff Comments on Exelon's Most Favored Nation Compliance Filing* ("Staff Comments") (Jan. 4, 2017) at 7-11.

funds, with the latter concluding that the proposal is consistent with the Commission's directives in the Order approving the Merger.[9]

AOBA did not comment on the calculation methodology, but did argue together with the Applicants that $4,545,951 (NPV) of MFN dollars should be allocated to improve Pepco operations and systems that would directly benefit commercial and multifamily customers.[10] In its comments, MEA concurs with AOBA that commercial customers should benefit from additional funds attributed to compliance with Condition 46 and thus provided information regarding its administration of several programs targeted toward commercial and industrial ("C&I") customers.[11] MEA further encourages the Commission to give due consideration to the DC PSC's Merger order, as well as to the parallel MFN proceedings completed already in New Jersey and Delaware.[12]

The Commission held a legislative-style hearing in this matter on January 25, 2017, at which representatives from the Requesting Parties, AOBA, OPC, and Staff were present.

II. Commission Decision

a. Most Favored Nation Calculation

Condition 46 of Order No. 86990 directed Exelon to provide:

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[9] Staff Comments at 13.
[10] ML#209161: *AOBA Comments on the MFN Compliance Filing* ("AOBA Comments") (Jan. 4, 2017) at 2-3.
[11] ML#211988: *Maryland Energy Administration Comments on Condition 46* ("MEA Jan. 27 Comments") (Jan. 27, 2017) at 1.
[12] ML#210633: *Maryland Energy Administration Comments Re: Case No. 9361 – In the Matter of the Merger of Exelon Corp. and Pepco Holdings, Inc.* ("MEA Jan. 18 Comments") (Jan. 18, 2017) at 1.

> "an analysis indicating the total dollar amount of any customer investment fund approved in each jurisdiction (including a calculation of that amount on a per distribution customer basis) and explaining the valuation of the customer benefits awarded in that jurisdiction as compared to the valuation of the customer benefits awarded in Maryland (calculated in each case on a per distribution customer basis)."[13]

The required analysis was included as Exhibit 2 to the Requesting Parties' November 3, 2016 MFN compliance filing, and demonstrates that the District of Columbia ("DC" or the "District") ratepayers attained an aggregate level of benefits that exceeded those awarded to Maryland ratepayers on a per distribution customer basis.[14] Specifically, using the February 29, 2016 Pepco DC distribution customer count of 339,822, the DC PSC Merger Order benefits of $74,827,090 (NPV) yields $220.19 per DC distribution customer, compared to $160.00 per Maryland distribution customer stemming from Order No. 86990.[15] In order to derive the "per distribution customer" level of benefits in the Maryland context (as well as in the Delaware and New Jersey MFN analyses), the February 29, 2016 customer counts in the Maryland Delmarva and Pepco service territories were adjusted to reflect individual customers that are part of master-metered accounts; this action was taken to be consistent with the customer count directed by the DC PSC in its Merger order.[16]

It is with this adjustment that both Staff and OPC take issue, with OPC contending that the Exelon methodology "substantially understated the additional financial benefit that must be provided to Maryland customers to satisfy the MFN

[13] Order No. 86990 (May 15, 2015) at A-47.
[14] MFN Joint Filing at 6, Exhibit 2.
[15] *Id.* at 6.
[16] *Id.* at 5, note 9.

clause."[17] Rather, both OPC and Staff argue that the actual number of billed customers in *both* jurisdictions should be the basis of the MFN calculation, which in turn yields a $263.97 NPV benefit per distribution customer in the District and a $166.87 NPV benefit per distribution customer in Maryland.[18] OPC's and Staff's approach would cause an increase in the aggregate level of Maryland MFN benefits to $74,295,447 (NPV) – over $26 million more than that presented in the Requesting Parties' November 3, 2016 MFN compliance filing.[19]

In response, Exelon asserts that the approach advocated for by OPC and Staff disregards "both the MFN provision's plain terms and the fairness principle on which it rests."[20] Exelon highlights that the OPC and Staff approach violates the MFN provision's direction to derive the "per distribution customer" calculation from the "final Orders" that are "file[d] with the Commission" from the other jurisdictions in the MFN process by asking the Commission to rewrite the DC PSC's order by removing over 56,000 master-metered apartment customers from the District's customer count.[21] Exelon contends that such a result would prove untenable in the context of the MFN provision by always requiring greater payments to Maryland on a per distribution customer basis (and to New Jersey and Delaware) as compared to the District, and is further unsustainable in light of the DC PSC's refusal to approve the Merger until Exelon agreed to higher benefits in the

[17] OPC Comments at 4. It should be noted that OPC did not dispute the use of the NPV approach, or the quantification of the financial benefits stemming from the Maryland Merger Order (i.e. $127,668,325 NPV) and the DC Merger order (i.e. $74,827,090 NPV). *Id.*
[18] OPC Comments at 8-9; Staff Comments at 10-11.
[19] Staff Comments at 11.
[20] ML#210631: *Exelon Corporation's Reply to Comments Regarding Implementation of Condition 46 of Commission Order 86990* ("Exelon Reply Comments") (Jan. 18, 2017) at 4.
[21] *Id.*

District using a customer count that specifically includes master-metered apartment customers.[22]

Put simply –we concur with the Requesting Parties on this issue. As MEA encourages in its January 18, 2017 letter, we should give due consideration to the DC PSC's order approving the Merger, as well as to the parallel proceedings that have taken place already in New Jersey and Delaware.[23] While this due consideration is not extended as a matter of law, we recognize our sister commissions and extend deference to their factual findings as a matter of public policy – especially when such findings of fact extend to matters pertaining to their own ratepayers, as it does here with respect to the District's customer count.[24] Furthermore, using a customer count for the District of 283,464 customers, as advocated for by OPC and Staff,[25] would directly contradict the finding of fact included in the DC PSC's final order on the Merger, and thus would violate our own Merger Order Condition 46, which dictates a baseline for the MFN analysis of the "final Orders and/or Settlement Stipulations from Delaware, New Jersey, and the District of Columbia."[26]

Given that the DC PSC prefaced its Merger order on a customer count that included master-metered apartment customers, and because we find that it would violate the plain language of our MFN provision to disturb that customer count, we conclude that the principles of fairness on which the MFN is based demand that a similar adjustment be

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[22] *Id.* at 5.
[23] MEA Jan. 18 Comments at 1.
[24] As noted by Exelon, District precedent dating back 35 years dictates the inclusion of master-metered apartment units among residential customer counts. Master-metered apartment units are considered in rate-setting, and are also reflected in the monthly calculation of Pepco's DC Bill Stabilization Adjustment. Exelon Reply Comments at 11-12.
[25] OPC Comments at 8; Staff Comments at 10.
[26] Order No. 86990 at A-47.

made to the Maryland Delmarva and Pepco customer counts. The Maryland customer counts must include master-metered apartment customers in order to yield an "apples-to-apples" comparison of the aggregate Merger benefits in each jurisdiction on a per distribution customer basis and to ensure that Maryland ratepayers realize an "equivalent amount" of benefits.[27] Indeed, if such an adjustment to the Maryland customer count is not made, the MFN benefits realized by Maryland ratepayers would actually amount to approximately $7 million less than that proffered by the Requesting Parties in the November 3, 2016 MFN compliance filing.[28]

Lastly, we dismiss OPC's remaining argument pertaining to the MFN methodology utilized by Exelon in which OPC asserts that a two-step calculation is called for by Condition 46.[29] In reviewing the proposed two-step calculation advocated for in OPC's comments, it appears that OPC has erred in its assignment of similar benefits in the District and in Maryland between the "Section A" and "Section B" portions of OPC's analysis.[30] We concur with Montgomery County that workforce development monies constitute a "financial benefit" appropriately considered under

[27] During the January 25, 2017 hearing, Exelon offered a thorough explanation of the methodology used to derive the master-metered customer counts in Maryland, Delaware, and New Jersey, which included the hiring of several firms and a cross-check of the methodology's application in the District compared to actual DC records. *See* Jan. 25, 2017 Tr. at 36-40. Further, no party took issue with the methodology utilized by Exelon to estimate master-metered accounts, but rather disputed the inclusion of the results in the MFN calculation. *See* Jan. 25, 2017 Tr. at 24-25.

[28] *See* Jan. 25, 2017 Tr. at 24. *See also* ML#210592: *Reply Comments of Prince George's County* (Jan. 18, 2017) at 2. We note that using a Maryland customer count of 765,090 (excluding master-metered units) yields a per distribution customer benefit of $166.87, which compared to the total per distribution customer benefit in DC of $220.19 (using the customer count in the DC PSC Merger order) results in a differential of only $53.32 per customer as opposed to the $60.20 differential that results from the Exelon methodology.

[29] OPC Comments at 9-12.

[30] *Id.*

Section A,[31] and similarly that the Green Sustainability Fund and Grid of the Future consultant monies also provide a financial benefit, credit, or payment to Maryland ratepayers. Further, we agree with Exelon that the MFN provision intends a singular analysis, and regardless, if the two-part calculation recommended by OPC is performed correctly, the outcome is identical to the situation in which a single calculation is performed.[32]

As observed in the reply comments provided by Prince George's County in this matter, "[c]ertainly the notion to add another approximately $26 million to Maryland is very attractive and tempting, however, it does not comport with the spirit of the MFN provision."[33] We concur with this sentiment, and further find that the methodological approach advocated for by both OPC and Staff would violate the plain language of our MFN provision and would disturb the factual findings of the DC PSC and the results from the parallel MFN proceedings in Delaware and New Jersey. Therefore, we find that the amount owed by Exelon to ratepayers of the Maryland Delmarva and Pepco service territories stemming from application of Order No. 86990 Condition 46 is $48,031,836 (NPV).

b. Allocation of the Most Favored Nation Funds

Although the Commission retained its authority through Condition 46 with respect to the allocation of any additional financial benefits stemming from an MFN analysis, the Requesting Parties submitted a recommendation that they assert would

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[31] ML#210488: *Reply Comments of Montgomery County, Maryland on the Most Favored Nation Compliance Filing and Joint Recommendation Concerning the Allocation of Additional Funds Pursuant to Condition 46 of Commission Order No. 86990* (Jan. 18, 2017).
[32] Exelon Reply Comments at 6.
[33] Prince George's County Reply Comments at 2.

further "the Commission's goals of achieving long-term customer and public benefits and environmental sustainability, as well as enhancing assistance for limited- and moderate-income customers."[34] The proposal represents a consensus recommendation from the Requesting Parties, except with respect to approximately $4.5 million (NPV), for which the Applicants joined with AOBA in advocating for an allocation to certain enhanced customer-service programs for commercial and multifamily customers.[35] The Counties, however, propose allocating the disputed $4.5 million (NPV) to county-led energy efficiency programs.[36]

In its comments, Staff concurs that the Requesting Parties' proposed allocation of the additional MFN monies is consistent with the Commission's intent on balancing short- and long-term benefits, and further notes that the proposed allocation is also consistent with the percentage of funding to the categories directed in Order No. 86990.[37] Staff disagrees, however, with the Exelon/AOBA proposed allocation of the non-consensus $4.5 million (NPV), citing the concern that such funds would be targeted to commercial customers in the Pepco service territory only.[38] Instead, Staff notes that the Commission could direct that these funds be earmarked for commercial energy efficiency programs in the Pepco *and* Delmarva service territories.[39]

In addition to disputing the calculation of the Maryland MFN benefit amount, OPC also takes issue with the Requesting Parties' recommended allocation of the resulting funds. In its comments, OPC focuses instead on allocation categories that it

[34] MFN Joint Filing at 7.
[35] *Id.* at 5.
[36] *Id.*
[37] Staff Comments at 13.
[38] *Id.* at 13-14.
[39] *Id.* at 14.

deems would provide "more direct benefits to the actual customers of Pepco and Delmarva," recommending that the overwhelming majority of the MFN funds (approximately 69%) be directed to fund additional residential rate credits beyond the $100 residential rate credit required already by Order No. 86990.[40] The remainder of the MFN monies OPC would direct toward crisis or emergency assistance programs, and toward energy efficiency programs administered by a third party after a solicitation for proposals in each service territory.[41]

We find merit in portions of the proposals made by each stakeholder in the Maryland MFN process, and thus move forward with an allocation of the MFN benefit dollars that is different in some respects from the recommendations of the Requesting Parties. We note, however, that we accept in full the recommendation of the Requesting Parties as it pertains to the allocations for the Montgomery County energy efficiency programs ($12.7 million), the Prince George's County energy efficiency programs ($9.2 million), and the Delmarva Maryland energy efficiency programs ($8.2 million).[42] Table 1 below summarizes our decision with respect to the allocation of the $48 million (NPV) in Maryland MFN benefit dollars.

[40] OPC Comments at 13-16.
[41] *Id.* at 14-15.
[42] Our approval is conditioned on the deployment of these funds in the percentages contained in the Requesting Parties' proposal to benefit limited- and moderate-income customers, and to benefit investments in multifamily housing. *See* MFN Joint Filing at 8.

Table 1: Allocation of Maryland MFN Benefit Dollars (NPV)[43]

	MFN Benefit Allocation (NPV)
Montgomery County Energy Efficiency, of which: •20% shall be directed to benefit limited- and moderate-income customers •10% shall be directed to benefit investments in multifamily housing	$ 12,717,968
Prince George's County Energy Efficiency, of which: •20% shall be directed to benefit limited- and moderate-income customers •10% shall be directed to benefit investments in multifamily housing	$ 9,181,159
Delmarva MD Energy Efficiency, of which: •20% of which shall be directed to benefit investments in multifamily housing	$ 8,196,562
Contribution to Assist Low- and Moderate-Income Customers	$ 6,740,561
Maryland Energy Administration C&I Energy Efficiency Programs	$ 9,000,000
Public Conference 44 - Grid-of-the-Future Funding	$ 2,195,586
Total	**$ 48,031,836**

With respect to our approval of the additional funding directed toward energy efficiency programs, we concur with stakeholders such as NCLC, who argued during our hearing that funneling additional monies to benefit limited-income, single- and multi-family customers in energy efficiency programs will yield greater returns in the longer-term,[44] and also with OPC who stated that "the use of funds for supplemental energy efficiency programs would provide important customer-specific benefits as well as

[43] The MFN benefits directed to Montgomery County, Prince George's County, and the Delmarva Maryland energy efficiency programs shall occur in equal installments over 3 years, as proposed by the Requesting Parties. Similarly, the $6.7 million contribution to assist low- and moderate-income customers shall occur in equal installments over five years. The allocations to MEA shall occur in equal installments over two years. Exelon shall make available the funding for PC44 in one installment to PHI within six months of this Order, and Delmarva and Pepco shall not seek recovery in utility rates of any of this funding.

[44] Jan. 25, 2017 Tr. at 60.

aggregate customer and public benefits."[45] Additionally, we note that the Counties' energy efficiency programs have undergone significant strides in development since our Merger Order and are well-prepared to receive additional funds and distribute them effectively and efficiently.[46] The Counties are well-versed in the EmPOWER programs and are prepared to administer their programs in a manner that *supplements* existing EmPOWER programs.[47]

We cannot, however, support the Counties' request to direct the non-consensus \$4.5 million (NPV) to these same county-led energy efficiency programs; we concur with MEA, Exelon, and AOBA that a certain portion of MFN benefits should be targeted solely toward C&I customers.[48] Yet, we cannot support the recommended allocation for these non-consensus funds offered by AOBA and Exelon, either. As noted by Staff, the joint Exelon and AOBA proposal would target commercial customers in the Pepco service territory only,[49] and as observed by the Counties, MFN funds should not be allocated to address customer service improvements that could be perceived as required standard service.[50] Instead, we adopt the recommendation of Staff that we direct these monies toward energy efficiency programs benefiting C&I customers in both the Maryland Delmarva and Pepco service territories. Further, we increase this allocation from \$4.5 million to \$9 million (NPV) of the MFN benefit to ensure that C&I customers realize a reasonable and appropriate level of additional MFN funds, and accept the

[45] *Id.* at 14.
[46] Montgomery County Reply Comments at 6-8; Prince George's County at 4-6.
[47] We are not persuaded by OPC's request that the Commission should exercise more rigorous oversight over the expenditure of the Counties' energy efficiency program funds (OPC Comments at 15), especially given that OPC offered no convincing evidence to contradict our findings in Order No. 86990 with respect to the Counties' expertise in this area. *See* Order No. 86990 at 54, note 236.
[48] *See, e.g.* MEA Jan. 25 Comments at 1.
[49] Staff Comments at 13-14.
[50] *See* Prince George's County Reply Comments at 4.

assistance of MEA in executing this goal.[51] MEA has enjoyed immense success in the implementation of two programs targeted for the benefit of C&I customers: its Combined Heat and Power ("CHP") grant program; and its Next Generation Energy Efficiency Gains ("NGEEG") program. Thus, we are confident that MEA can deploy the $9 million (NPV) of MFN monies through these programs[52] to C&I customers in the Maryland Delmarva and Pepco service territories in an effective and efficient manner.[53]

We are also committed to ensuring that low- and moderate-income ("LMI") customers receive a reasonable and appropriate share of the MFN benefits, and thus accept the recommendation of the Requesting Parties to direct $6.7 million (NPV) in MFN monies toward assistance for these LMI customers. We do not, however, accept the Requesting Parties' proposal to carve-out $700,000 of this benefit to fund administrative costs for the pending Arrearage Management Proposal ("AMP") pilot.[54] While we acknowledge that the AMP pilot was developed in accordance with Merger Condition 18(B), we concur with OPC that MFN benefit dollars should not be directed toward fulfilling a requirement imposed on Exelon, and further, such an action would be premature given the Commission has yet to review or approve the AMP in any form.[55] Instead, the entire $6.7 million (NPV) MFN benefit targeted for LMI customer assistance shall be directed to a program (or programs) chosen by Pepco and Delmarva (in

[51] MEA Jan. 25 Comments at 1.

[52] While we have directed MEA to disburse these MFN funds through its CHP and NGEEG programs based on the information received in comments and at the hearing, MEA may subsequently consider disbursing the funds to C&I customers in the Maryland Delmarva and Pepco service territories through another program offering; however, a decision to do so must first be approved through a subsequent filing with the Commission.

[53] The $9 million (NPV) in MFN monies must be disbursed proportionately to C&I customers in the Maryland Delmarva and Pepco service territories based on the number of C&I customers in each service territory.

[54] MFN Joint Filing at 11.

[55] OPC Comments at 16.

conjunction with the other Requesting Parties) to provide electric utility bill assistance to customers in Prince George's County, Montgomery County, and Delmarva's Maryland service territory.[56]

With respect to the remainder of the Maryland MFN benefit dollars (approximately $2.2 million (NPV)), we direct Exelon to provide this money as a supplement to the initial funding made available through Order No. 86990 Condition 14 (i.e. the grid-of-the-future proceeding condition). At our MFN compliance hearing, stakeholders expressed generally positive sentiments regarding this potential use of funds (albeit not in lieu of their own recommended allocations),[57] and we find that such funding would ultimately serve to benefit all classes of ratepayers given the work we have undertaken already in Public Conference 44 ("PC 44). This funding will further facilitate the Commission's efforts in PC 44 to modernize our State's electric grid and provide reliable, cost-effective, and environmentally sustainable electric service for all.

Lastly, our decision with respect to the allocation of the Maryland MFN benefit dollars has departed in some respects from the recommendations of the Requesting Parties and from OPC, most notably with our decision not to allocate additional monies toward workforce development programs or for additional residential rate credits. While we were supportive of funding directed toward workforce development stemming from the initial Merger proceedings, and indeed consider this to be a direct benefit to our ratepayers, we find that on balance the competing categories of programs to which we

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[56] In addition, Pepco and Delmarva should consult with OPC, DHR, and OHEP prior to disbursing the funds to the chosen program(s). The funding must be disbursed proportionately to LMI customers in the Maryland Delmarva and Pepco service territories based on the number of residential customers in each service territory.

[57] *See, e.g.* Jan. 25, 2017 Tr. at 48-49, 51.

have allocated MFN monies herein represents an equitable distribution of the additional MFN benefit dollars across the affected ratepayer classes. Additionally, we could not support the OPC proposal to funnel the majority of MFN monies into a short-term benefit residential rate credit, given that the $100 residential rate credit provided by Order No. 86990 was already twice the amount proposed by the Requesting Parties in the Merger settlement,[58] and because such an allocation would not provide sufficient flexibility for us to disburse the remaining MFN benefit dollars in an equitable manner across other customer classes.

c. Supplemental Merger Conditions

In the November, 2016 MFN compliance filing, the Requesting Parties also asked that the Commission acknowledge and approve several miscellaneous items intended to supplement or supersede certain conditions articulated in Order No. 86990. Specifically, these items pertained to the conversion of the $14.4 million Green Sustainability Fund to a grant, and the addition in Maryland of several employment-related, operational, and reporting conditions that were included in the DC PSC Merger order.[59] No party objected to this request in written comments or at the January 25, 2017 hearing; thus, we approve Conditions 6.1, 21.1, 48, 49, 50, and 51 as delineated in Exhibit 1 to the Requesting Parties' November 3, 2016 MFN compliance filing given that these enhanced conditions are in the public interest.

IT IS THEREFORE, this 12th day of April, in the year Two Thousand Seventeen, by the Public Service Commission of Maryland,

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[58] *See* Prince George's County Reply Comments at 6.
[59] MFN Joint Filing at 2, 14-15.

ORDERED: (1) That Exelon shall pay an additional $48,031,836 (NPV) in benefits to ratepayers of the Maryland Delmarva and Pepco service territories;

(2) That the allocation of the $48,031,836 (NPV) in Most Favored Nation benefits shall occur in accordance with Table 1 and with the conditions outlined herein;

(3) That the request to convert the $14.4 million Green Sustainability Fund created by Order No. 86990 into a full grant, thereby eliminating the need for the Counties to return to Exelon any funds at the end of the 20-year period or to provide reporting to Exelon, is granted and Condition 6.1 in Exhibit 1 to the Requesting Parties' November 3, 2016 MFN compliance filing is adopted; and

(4) That the enhanced conditions related to involuntary attrition at Pepco, annual employment reporting, annual reporting of the economic benefits of the Merger, the filing of an annual supplier and workforce diversity report, an annual safety report, and a requirement that Pepco Holdings, LLC (formerly known as PHI) obtain Commission approval before investing in non-utility operations, as described in Conditions 21.1, 48, 49, 50, and 51 in Exhibit 1 to the Requesting Parties' November 3, 2016 MFN compliance filing, are adopted.

/s/ W. Kevin Hughes

/s/ Harold D. Williams

/s/ Michael T. Richard

/s/ Anthony J. O'Donnell
Commissioners