

Exelon Merger Yields \$25 Million in Low-Income Benefits

On March 23, the D.C. Public Service Commission (DC PSC) gave final approval to the merger of Exelon Corporation and PHI Holdings (operating companies of Pepco, Delmarva, and Atlantic City Electric). The merger had previously been approved in the states of Virginia, New Jersey, Maryland, and Delaware, and at the Federal Energy Regulatory Commission. Given these prior approvals, the entire deal hung on the DC PSC's decision. The DC PSC had previously denied the merger on August 27, 2015, at a point in the proceedings when most parties strongly opposed it, and none supported. Shortly thereafter, Exelon and several parties, including the National Consumer Law Center (NCLC) and National Housing Trust (NHT) reached a settlement, which was presented to the PSC on October 6, 2015. There have been many twists and turns since, including the DC PSC initially rejecting the settlement, but ultimately approving a revised version.

NCLC and NHT were actively involved in the case for two years, presenting testimony and advocating that the merger should not be approved unless it included substantial investments in energy efficiency (EE) in affordable housing as well as other benefits for low-income households. Based on our advocacy, the settlement filed on October 6 included \$6.75 million for low-income energy efficiency investments, as well as substantial funding for other benefits targeted to low-income households. In the PSC's final order, it actually increased the amount primarily targeted for EE in multifamily housing to \$11.25 million.

The final order also commits the company - working in conjunction with NCLC, NHT, and other interested parties, to develop an Arrearage Management Program that will help customers who are behind on their bills to wipe out those arrearages so long as they pay the current, monthly bills regularly. However, we were quite disappointed that the final DC PSC order redirected \$9 million originally included in the settlement as a supplement to the federal fuel assistance funds the District receives. Instead setting those funds will be set aside to fund future grid modernization pilots.

In addition, due to a "most favored nation clause" (MFN) in the earlier Maryland decision, the low-income benefits that NCLC and NHT achieved for Maryland low-income customers will also increase. Under the MFN, Exelon now must roughly double the benefits already achieved in Maryland to equalize them, on a per customer basis, with those just included in the DC PSC order. In DC, the benefits work out to about \$213 per customer, while the per customer benefits in the Maryland case were closer to \$100.

There may be lengthy discussions and negotiations as to exactly how much the benefits in Maryland will now need to increase, but we believe the investments for EE in Maryland affordable multifamily housing will reach \$15 million to \$20 million.

Thus, the total for low-income energy efficiency between D.C. and Maryland will likely exceed \$25 million. In addition, in Maryland - as in D.C. - Exelon must develop an Arrearage Management Program for low-income customers in arrears on their bills. This will add significant additional benefits for low-income households.

Many thanks to our partners at NHT who've been involved throughout the negotiations to achieve this impressive win for low-income utility customers.