

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, N.W., SUITE 800
WASHINGTON, D.C. 20005**

NOTICE

October 20, 2017

FORMAL CASE NO. 1148, IN THE MATTER OF THE INVESTIGATION INTO THE ESTABLISHMENT AND IMPLEMENTATION OF ENERGY EFFICIENCY AND ENERGY CONSERVATION PROGRAMS TARGETED TOWARDS BOTH AFFORDABLE MULTIFAMILY UNITS AND MASTER METERED MULTIFAMILY BUILDINGS WHICH INCLUDE LOW AND LIMITED INCOME RESIDENTS IN THE DISTRICT OF COLUMBIA

Background

On March 23, 2016, the Public Service Commission of the District of Columbia (“Commission”) issued Order No. 18148 in *Formal Case No. 1119* (the Exelon Corporation (“Exelon”)/Potomac Electric Power Company (“Pepco”) merger), wherein the Commission: (a) granted an Exelon/Pepco Request for Other Relief; (b) adopted the terms and conditions of proposed Option 2 in that Request, which, as set forth in Attachment B of that Order, contains 128 commitments as a resolution on the merits of the Merger Application; and (c) determined that the Exelon/Pepco Joint Application for a change of control of Pepco as amended by Attachment B of that order was in the public interest and therefore approved.¹ The Joint Applicants consummated the merger on March 23, 2016.²

Commitment No. 7, in Attachment B of Order No. 18148, captioned “Support for Energy Efficiency and Energy Conservation Initiatives Fund,” provides in pertinent part:

To support innovative energy efficiency and energy conservation initiatives with a primary focus on assisting low and limited income residents and to help reduce the burden of energy bills and long-

¹ See *Formal Case No. 1119, In the Matter of the Joint Application of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC and New Special Purpose Entity, LLC for Authorization and Approval of Proposed Merger Transaction (“Formal Case No. 1119”)*, Order No. 18148, ¶ 50, rel. March 23, 2016 (“Order No. 18148”); (“The terms and conditions in Option 2 of the Joint Applicants’ Request for Other Relief filed pursuant to Order No. 18109 by Exelon Corporation, Pepco Holdings, Inc., the Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (collectively, the “Joint Applicants”) on March 7, 2016, as modified by this Order, are ADOPTED as a resolution on the merits of the Merger Application;”) (Emphasis added).

² On appeal by several of the parties, Order No. 18148 was affirmed by the District of Columbia Court of Appeals on July 20, 2017. See *Office of the People’s Counsel, et al. v. Pub. Serv. Comm’n.*, 163 A.3d 735 (D.C. 2017).

standing energy debt on low and limited income residents in the District:

(a) Within sixty (60) days after Merger close, Exelon shall provide funding in the amount of \$11.25 million to the Energy Efficiency and Energy Conservation Initiatives Fund Subaccount within the Formal Case No. 1119 Escrow Fund to support innovative energy conservation or energy efficiency programs targeted primarily towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that are sponsored or operated by the District or by qualified non-profit entities that support and enable targeted energy-efficiency programs. The funds shall be held in escrow until the Commission directs that the funds be released.³

The Joint Applicants timely established the escrow account and deposited the \$11.25 million required by Commitment No. 7(a). The next step in this process is to select and implement appropriate energy efficiency and energy conservation (“EEEC”) “programs targeted primarily towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that are sponsored or operated by the District or by qualified non-profit entities that support and enable targeted energy-efficiency programs.” We note that the Commission’s objective is to select and implement innovative programs that are not already being offered in the District by either the District Government or some other organization.⁴

By Order No. 19145, the Commission opened an investigation into the establishment and implementation of EEEEC programs in the District of Columbia as set forth in Order No. 18148, Attachment B, Paragraph 7.⁵ In that Order, the Commission also directed that: (1) any person interested in providing comments and/or suggestions on the selection and implementation of innovative programs targeted towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that should be eligible for funding from the EEEEC Initiatives Fund Subaccount may submit written comments and reply comments within 30 days and 45 days, respectively, from the date of this Order; and (2) following receipt of the comments and replies, the Commission will schedule a roundtable discussion for all interested persons to discuss the suggested programs and implementation procedures and to provide a forum for additional recommendations for proceeding on Commitment No. 7(a).⁶ A copy of that Order is attached to this Notice.

³ *Formal Case No. 1119*, Order No. 18148, Attach. B, ¶ 7.

⁴ A few examples of energy efficiency and energy conservation programs already being offered in the District of Columbia are: (1) Weatherization Assistance Program; (2) Property Assessed Clean Energy Financing; and (3) District of Columbia Sustainable Energy Utility (“DCSEU”) Utility Rebates and Energy Efficiency Services.

⁵ *Formal Case No. 1148, In the Matter of the Investigation into the Establishment and Implementation of Energy Efficiency and Energy Conservation Programs in the District of Columbia (“Formal Case No. 1148”)*, Order No. 19145, rel. October 19, 2017.

⁶ *Formal Case No. 1148*, Order No. 19145, ¶ 9-10.

Public Comments – Roundtable Discussion

Thus, the Commission hereby gives notice that all persons interested in providing comments and/or suggestions on the selection and implementation of innovative programs targeted towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that should be eligible for funding from the Energy Efficiency and Energy Conservation Initiatives Fund Subaccount referenced in Paragraphs 5-7 of Order No. 19145, may submit written comments on or before November 20, 2017, and reply comments on or before December 4, 2017. Comments may be filed with Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1325 G Street, N.W., Suite 800, Washington, D.C., 20005.

Following receipt of comments and replies, the Commission will schedule a roundtable discussion for all interested persons to discuss the suggested programs and implementation procedures and to provide a forum for additional recommendations for proceeding on Commitment No. 7(a).

The Commission expressly notes that existing energy EEEEC programs in the District of Columbia, examples of which are referred to in footnote 4 above, should not be included in the public's proposed/suggested EEEEC programs in this proceeding. The Commission, by opening this proceeding, is looking for innovative EEEEC program proposals and suggestions.

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET N.W., SUITE 800
WASHINGTON, D.C. 20005**

ORDER

October 19, 2017

FORMAL CASE NO. 1148, IN THE MATTER OF THE INVESTIGATION INTO THE ESTABLISHMENT AND IMPLEMENTATION OF ENERGY EFFICIENCY AND ENERGY CONSERVATION PROGRAMS TARGETED TOWARDS BOTH AFFORDABLE MULTIFAMILY UNITS AND MASTER METERED MULTIFAMILY BUILDINGS WHICH INCLUDE LOW AND LIMITED INCOME RESIDENTS IN THE DISTRICT OF COLUMBIA, Order No. 19145

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) opens an investigation into the establishment and implementation of energy efficiency and energy conservation (“EEEC”) programs targeted towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents in the District of Columbia as set forth in Order No. 18148, Attachment B, Paragraph 7.¹ All interested parties are invited to provide comments and/or suggestions on the matters set forth herein.

II. BACKGROUND

2. On June 18, 2014, Exelon Corporation (“Exelon”), Pepco Holdings, Inc. (“PHI”), the Potomac Electric Power Company (“Pepco”), Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (collectively, the “Joint Applicants”) filed a Joint Application for approval by the Commission, pursuant to D.C. Code §§ 34-504 and 34-1001, for a change of control for Pepco, a public utility (the “Proposed Merger” or “Merger Application”).² Upon completion of the Proposed Merger, Exelon would become the sole owner of PHI and PHI’s subsidiaries, including Pepco, and Pepco would be controlled in the future by Exelon under a management structure that was previously described and discussed in Commission Order No. 17947.³

¹ *Formal Case No. 1119, In the Matter of the Joint Application of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC and New Special Purpose Entity, LLC for Authorization and Approval of Proposed Merger Transaction* (“*Formal Case No. 1119*”), Order No. 18148, Attachment B, ¶ 7, rel. March 23, 2016 (“*Order No. 18148*”).

² *Formal Case No. 1119, Joint Application of Exelon Corporation, Pepco Holdings, Inc., Potomac Electric Power Company, Exelon Energy Delivery Company, LLC and New Special Purpose Entity, LLC for Authorization and Approval of Proposed Merger Transaction*, filed June 18, 2014 (“*Joint Application*”).

³ *Formal Case No. 1119, Order No. 17947*, ¶¶ 22-24, rel. August 27, 2015 (“*Order No. 17947*”).

3. Initially, the Commission, in an Order issued on August 27, 2015, denied the Merger Application, finding that the proposed merger as filed was not in the public interest.⁴ Subsequently, on October 6, 2015, the Joint Applicants, filed a Motion to Reopen the Record in *Formal Case No. 1119* to Allow for Consideration of a Nonunanimous Full Settlement Agreement and Stipulation (“NSA”).⁵ The NSA contained nearly 130 commitments, which attempted to address each of the shortcomings that led to the rejection of the Proposed Merger. On February 26, 2016, the Commission determined that the NSA was not in the public interest and rejected it as filed.⁶

4. The Joint Applicants then filed, on March 7, 2016, an independent Request for Other Relief requesting that the merger be approved on the merits based on one of three options.⁷ On March 23, 2016, the Commission issued Order No. 18148, wherein it: (a) granted the Joint Applicants’ Motion to file its Request for Other Relief; (b) adopted the terms and conditions of proposed Option 2 (which requested that the Commission adopt the terms of a Revised NSA proposed in Order No. 18109) as set forth in Attachment B of that order (which contains 128 commitments) as a resolution on the merits of the Merger Application; and (c) determined that the Joint Application for a change of control of Pepco as amended by Attachment B of that order was in the public interest and therefore approved.⁸ The Joint Applicants consummated the merger on March 23, 2016.⁹

⁴ *Formal Case No. 1119*, Order No. 17947, ¶ 358.

⁵ *Formal Case No. 1119*, Motion of the Joint Applicants to Reopen the Record in Formal Case No. 1119 to Allow for Consideration of Nonunanimous Full Settlement Agreement and Stipulation, or for Other Alternative Relief, filed October 6, 2015 (“Motion to Reopen”).

⁶ *Formal Case No. 1119*, Order No. 18109, ¶ 1, rel. February 26, 2016.

⁷ *Formal Case No. 1119*, The Joint Applicants’ Request for Other Relief, pursuant to 15 DCMR § 130.17(b) and Commission Order No. 18109, filed March 7, 2016 (“Joint Applicants’ Request” or “Joint Applicants’ Motion”); and *Formal Case No. 1119*, the Joint Applicants’ Revised Terms and Conditions of Merger as set forth in their Request for Other Relief, filed March 7, 2016 (“Joint Applicants’ Revised Terms”).

⁸ *See Formal Case No. 1119*, Order No. 18148, ¶ 50. (“The terms and conditions in Option 2 of the Joint Applicants’ Request for Other Relief filed pursuant to Order No. 18109 by Exelon Corporation, Pepco Holdings, Inc., the Potomac Electric Power Company, Exelon Energy Delivery Company, LLC, and New Special Purpose Entity, LLC (collectively, the “Joint Applicants”) on March 7, 2016, as modified by this Order, are ADOPTED as a resolution on the merits of the Merger Application;”) (Emphasis added).

⁹ On appeal by several of the parties, Order No. 18148 was affirmed by the District of Columbia Court of Appeals on July 20, 2017. *See Office of the People’s Counsel, et al. v. Pub. Serv. Comm’n.*, 163 A.3d 735 (D.C. 2017).

III. DISCUSSION

5. Commitment No. 7, in Attachment B of Order No. 18148, captioned “Support for Energy Efficiency and Energy Conservation Initiatives Fund,” provides in pertinent part:

To support innovative energy efficiency and energy conservation initiatives with a primary focus on assisting low and limited income residents and to help reduce the burden of energy bills and long-standing energy debt on low and limited income residents in the District:

(a) Within sixty (60) days after Merger close, Exelon shall provide funding in the amount of \$11.25 million to the Energy Efficiency and Energy Conservation Initiatives Fund Subaccount within the Formal Case No. 1119 Escrow Fund to support innovative energy conservation or energy efficiency programs targeted primarily towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that are sponsored or operated by the District or by qualified non-profit entities that support and enable targeted energy-efficiency programs. The funds shall be held in escrow until the Commission directs that the funds be released.¹⁰

6. The Joint Applicants timely established the escrow account and deposited the \$11.25 million required by Commitment No. 7(a). The next step in this process is to select and implement appropriate EEEEC “programs targeted primarily towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that are sponsored or operated by the District or by qualified non-profit entities that support and enable targeted energy-efficiency programs.” We note that the Commission’s objective is to select and implement innovative programs targeted towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that are not already being offered in the District by either the District Government or some other organization.¹¹

7. However, before selecting appropriate programs, we think it prudent to seek general comments and/or suggestions from the public on the types of innovative programs it would like to see be eligible for funding from the EEEEC Initiatives Fund

¹⁰ *Formal Case No. 1119, Order No. 18148, Attachment B at 2.*

¹¹ A few examples of energy efficiency and energy conservation programs already being offered in the District of Columbia are: (1) Weatherization Assistance Program; (2) Property Assessed Clean Energy Financing; and (3) District of Columbia Sustainable Energy Utility (“DCSEU”) Utility Rebates and Energy Efficiency Services.

Subaccount as well as recommended methods to implement those programs.¹² We, therefore, invite interested persons to submit comments and suggestions to the Commission within 30 days from the date of this Order detailing proposed programs and uses of these funds. Reply comments may be filed by interested persons within 45 days from the date of this Order.

8. Following receipt of the comments and replies, the Commission will schedule a roundtable discussion for all interested persons to discuss the suggested programs and implementation procedures and to provide a forum for additional recommendations for proceeding on Commitment No. 7(a).

THEREFORE, IT IS ORDERED THAT:

9. An investigation is hereby opened at this docket number into the establishment and implementation of energy efficiency and energy conservation programs in the District of Columbia, as set forth in Order No. 18148, Attachment B, Paragraph 7;

10. All persons interested in providing comments and/or suggestions on the selection and implementation of innovative programs targeted towards both affordable multifamily units and master metered multifamily buildings which include low and limited income residents that should be eligible for funding from the Energy Efficiency and Energy Conservation Initiatives Fund Subaccount referenced in Paragraphs 5-7 herein, may submit written comments and reply comments within 30 days and 45 days, respectively, from the date of this Order. Comments may be filed with Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1325 G Street, N.W., Suite 800, Washington, D.C., 20005; and

11. Following receipt of comments and replies, the Commission will schedule this matter for a roundtable discussion as set forth in Paragraph 8 herein.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:



CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

¹² Existing programs in the District of Columbia, examples of which are referred to in footnote 11 above, should not be included in the public's proposed/suggested EEEEC programs in this proceeding. The Commission, by opening this proceeding, is looking for innovative EEEEC program proposals and suggestions.