BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY, EXELON CORPORATION, PEPCO HOLDINGS, INC., PURPLE ACQUISITION CORPORATION, EXELON ENERGY DELIVERY COMPANY, LLC AND NEW SPECIAL PURPOSE ENTITY FOR APPROVALS UNDER THE PROVISIONS OF 26 DEL.C. SECTIONS 215 AND 1016 (FILED JUNE 18. 2014)	PSC DOCKET NO. 14-193

MOTION OF COMMISSION STAFF TO OPEN THE RECORD FOR THE LIMITED PURPOSE OF CONSIDERING STAFF'S MEMORANDUM ON PUBLIC INTEREST

Commission Staff ("Staff") by and through its undersigned counsel hereby moves the Commission to open the record in the caption proceeding for the limited purpose of accepting Staff's Memorandum and comment dealing with the issue of public interest. Staff provides the following:

1. On September, 20 2016 the Commission held a hearing to consider the additional allocation of funds under the terms and conditions of the Most Favored Nation clause of the Amended Settlement Agreement approved by the Commission in Order No 8746 (June 2, 2015).

2. During the hearing, Staff's proposed that a portion of the additional $27.1 million of benefits, $ 4 million (less than 6% of the total benefits attributed to the merger) be allocated to public interest projects. The Commission and some of the other parties questioned Staff's proposed allocation to public interest projects. Staff requested an opportunity to present additional information on its proposal regarding public interest projects, which request was granted by the Commission.

3. At the conclusion of the hearing, the Hearing Examiner closed the record in the case with no provision for the acceptance or future consideration by the Commission of Staff's

response to the questions raised by the Commission and other parties with regard to the public interest proposal.

4. On September 29, 2016 Staff filed a Memorandum addressing the Commission's request to provide more specificity on the public interest proposal. Staff requests that the Commission consider Staff's filing at the next regularly scheduled meeting, now scheduled for October 6, 2016.

CONCLUSION

1. That the record in the caption proceeding be opened for the limited purpose of considering Staff's Memorandum on public interest projects, and any responses to it by other parties.

2. That the Commission consider Staff's Memorandum as its response to the Commission's request for more specificity regarding its proposal on public interest projects.

3. That the Commission grant what further relief that it deems appropriate in connection with Staff's request to open the record and consider Staff's Memorandum.

Respectfully Submitted:

James McC. Geddes /sms

James McC. Geddes
Rate Counsel

Dated: September 29, 2016

STAFF MEMORANDUM TO THE COMMISSION
PROPOSED PUBLIC INTEREST PROJECT MFN ALLOCATION
September 29, 2016

On September 20, 2016 the Delaware Public Service Commission met in a scheduled public meeting to consider the allocation of additional financial benefits that have resulted from the Exelon Corp.-Pepco Holdings, Inc. ("Joint Applicants") Most Favored Nations ("MFN") clause (Paragraph 103-105) of the Amended Merger Settlement Agreement. The Joint Applicants provided the Commission with a proposed matrix of issues that also suggested the allocation of those additional benefits as submitted by the other settling parties and Dr. Jeremy Firestone. One proposal put forth by Commission Staff, the Joint Applicants and the Department of Natural Resources and Environmental Control included a proposed allocation of $4.0 million of the additional merger benefit for Public Interest Projects. The Mid-Atlantic Renewable Energy Coalition recommended a specific limitation to renewable energy projects per a competitive Request For Proposals ("RFP"). Dr. Firestone recommended $3.5 million be allocated to public interest solar and wind power academic research or training programs at state academic institutions with a 38% cap on overheads and at least 20% matching funds, with a competitive RFP administered by the University of Delaware.

During discussion of the proposed public interest allocation, the Commission expressed concern over a lack of clarity and detail on exactly how the process would work. One party, the Public Advocate ("DPA") opposed the allocation and expressed concerns around the Commission's authority to allocate the funds in the proposed manner. Additional concerns raised by the DPA included: (1) who would qualify for funding; (2) how such qualification would be determined; (3) how the proposal could be evaluated in an unbiased manner; and (4) how the State could be assured the projects were in the public interest.

On August 9, 2016, prior to the Commission's review of this proposed allocation, Staff attorney James Geddes, Esq. e-mailed all the parties draft copies of potential Memoranda of Understanding and a draft copy of a proposed RFP that could be issued by Delmarva Power (Attachment 1). Mr. Geddes e-mail confirmed it was a draft document and requested comments from any of the parties. No party commented on the Attachment. Since the Commission's discussion prompted several questions on material that has not previously been shared with the Commission, Staff is providing with its memorandum that draft material, along with additional explanation as may be necessary. This response to the Commission should be considered Staff's preliminary thoughts on the suggested allocation.

PUBLIC INTEREST PROJECT CONCEPT

Whether one agrees with the current statutory language or not, mergers must be in accord with law, for a proper purpose and in the public interest. While this merger was clearly found to meet that requirement, the preponderance of benefit from the initial settlement was directed primarily to residential ratepayers. As the DPA has pointed out, the ratepayers

created the value of the merger so they should get most of the benefit. However, that perspective does not consider the value contributed and retained by the merging utility for the State of Delaware. As the opportunity for additional MFN benefits presented itself, Staff proposed that those benefits be more broadly dispersed and that a small percentage (less than 6%) be reserved to directly enhance Delaware's public interest. It is from this perspective that Staff proposed the possibility that other Delaware governmental or nonprofit agencies could potentially contribute benefits to the public interest well beyond the funding that might make such benefits possible. And, without ever seeking to evaluate that Delaware potential, the parties and this Commission could miss a tremendous opportunity to gain public interest benefit.

In response to the statutory need to meet the public interest, Staff proposed that $4.0 million of the MFN additions could be used to secure added public interest benefit opportunities. The concept was discussed internally and shared with the parties in a timely fashion. Staff's approach, without the benefit of other parties discussion or feedback, was for the Commission to authorize Delmarva Power, an Exelon Company to conduct an RFP seeking proposals from Delaware governmental agencies or Delaware nonprofits to provide beneficial programs that would be in the public interest and provide benefits to the citizens of Delaware. The Commission has already authorized Exelon to allocate funds to various State agencies for energy efficiency and economic development. A logical extension of that authority would be for the Commission to authorize Exelon to allocate funds to public interest projects that were properly evaluated and considered to maximize the public interest benefit available from such proposed projects. This authorization could be considered an extension of Delmarva's community involvement. Staff's proposal never assumed that this Commission would be the authority allocating dollars to individual agencies or organizations; only that this Commission could authorize Exelon, as a part of the merger final settlement, to conduct an RFP available to government and nonprofit agencies and to share the results with the Commission.

PUBLIC INTEREST PROJECT PROPOSAL

As clearly noted in the draft RFP, qualifying applicants for any public interest project must be a Delaware Government Agency or Delaware registered Nonprofit Organization providing public interest services in Delaware. Government agencies would include State, county and municipal agencies, including State, county or municipal funded educational institutions. Qualifying Nonprofits include nonprofit organizations that provide specific Delaware public purpose services, programs or projects that benefit the public interest of the State. Where Agencies or Organizations have multiple divisions, sections or service areas, the Applicant would have to specify the particular area that will have grant funding responsibility. To qualify for consideration, Applicants must be able to demonstrate a track record of providing public interest or other similar programs and be able to demonstrate how their proposal can help maximize the public interest benefit resulting from the merger funding.

Qualifying organizations could be existing social service agencies or existing charitable organizations. Examples could also include state, city or town agencies providing services in

Delaware or local Delaware areas. To qualify, an organization must have an example of the types of services they already provide and which may or may not be similar to those services being proposed. New or startup governmental agencies or nonprofit organizations without a successful track record of providing a public interest service in Delaware, while eligible to apply, would miss evaluation points around demonstrated ability. Specific nonprofit examples might be the Sunday Breakfast Mission in Wilmington, Ronald McDonald House, Autism Delaware, Habitat for Humanity, American Lung Association, Kent-Sussex Industries, Goodwill of Delaware, Delaware Clean Air Council, etc. Specific examples of government agencies might be the State Department of Health and Social Services, local publicly funded schools, Delaware State University, University of Delaware, Wilmington Parks and Recreation Dept., any city's economic development agency, etc.

A proposed definition of qualifying applicant could be as follows:

QUALIFYING APPLICANT – A Qualified Applicant is any Delaware State government agency, county government agency, municipal city or town government agency, any publicly funded educational institution, or any Delaware incorporated nonprofit organization that currently provides public interest services in the State of Delaware. A public interest service is any service that provides specific cost effective social or economic benefits to the citizens of Delaware or to a specific segment of the citizens of Delaware.

With respect to how the proposals would be evaluated, the draft RFP suggested a series of ten (10) requirements upon which the applications could be reviewed or scored:

1. Applicant's ability to understand the statutory requirements and the extent to which the proposal clearly meets the objectives of the statute.
2. Overall quality of the Applicant's proposal submission and compliance with the RFP requirements.
3. Description of the proposed service, program or project and the extent to which it will provide public benefit.
4. Assessed ability of the Applicant to provide the services, programs or projects consistent with the level of funding requested and the historical performance on any existing services, programs or projects.
5. Experience and qualifications of the Applicant's assigned personnel in providing similar or other related services, programs or projects.
6. Cost/public benefit ratio of the requested funding grant in comparison to alternative funding requests and the demonstrated need for the services, programs or projects.
7. The specific approach proposed for the proposal, including the time requirements for implementation, any identified milestone commitments and the coordination necessary to implement the proposal.
8. Commitment of the Applicant to use matching or existing internal funds to supplement the proposed services, programs or projects.

9. Existence of conflicting or potentially conflicting interests or the appearance of such conflicts.
10. Total public benefit value of the proposal and the components that ensure the proposal is in the public interest of Delaware citizens.

According to the draft RFP, grant funding would be limited to no more than $2.0 million for any one project and could be further limited if desired. The value of the benefits to be achieved must be commensurate or better than the value of the grant provided and demonstrated in the application. The draft RFP also anticipates an agreement, memo of understanding or contract to confirm expectations, project timelines and milestone accomplishments where appropriate. Staff anticipates that, similar to many other grant programs, each receiving entity would be required to report progress toward achieving the public interest benefit which could be shared with this Commission.

For purposes of evaluation, Staff is well aware of the potential biases that can be introduced in any evaluation. Staff has proposed an independent evaluation team, to be selected and agreed to by all the parties and to be paid out of the Commission budget or possibly the $4.0 million benefit fund. Since all parties, except for the Joint Applicants, could submit proposals, the evaluation needs to be at "arms-length" from any one party and was anticipated to be an independent review with recommendations.

OPPOSING PARTY'S QUESTIONS

In addition to the limitations on the Commission's authority, the DPA provided a litany of questions which they believed remain unanswered.

What public interests will be eligible to submit a bid?

> Notice of Request for Proposals, Page 3 – "services, programs or projects that are in the public interest of the citizens of Delaware
>
> Section II Background, Page 6 – Delaware Government Agencies and Delaware Nonprofits

How will the bids be evaluated?

> Section XIV Factors Considered in Selection Process, Page 3 – Public Service Commission Staff will select/contract with an independent evaluation team to evaluate the proposals that meet the specifications of this RFP.....

What criteria will be used to evaluate the bids?

> Section XIV Factors Considered in Selection Process, Page 3 – Previously listed

Will the Commission review the bids or will it delegate that responsibility to a subordinate? If so, to whom will the task be delegated?

Section VI Delmarva Power Grant Manager - The Delmarva Grant Manager will act as the point of contact, coordinator and manager for the receipt of all proposals. The Grant Manager will coordinate all aspects of this solicitation and will receive all proposals and any other correspondence relating to the proposals. The Grant Manager will provide all proposals as received to the independent evaluation team for review and evaluation.

How will the Commission be sure that the subordinate to whom it delegates the authority has the requisite experience to evaluate bids and make recommendations?

Section XIV Factors Considered in Selection Process, Page 3 – Public Service Commission Staff will select/contract with an Independent Evaluation Team to evaluate the proposals that meet the specifications of this RFP.....

As an alternative, Staff suggests Delmarva Power, the Commission or perhaps the parties might jointly select the independent evaluation team to address this concern.

How will the Commission ensure the subordinate doesn't have some personal interest or bias in favor of a particular project or bidder?

If the subordinate is the independent evaluation team, one would assume a "no conflict of interest" requirement prior to hiring the team.

Will unsuccessful bidders have a right to challenge the Commission's decision?

Section XXI Terms and Conditions - The RFP does not commit the Delaware Public Service Commission to enter into a Memorandum of Understanding or to pay any cost incurred in the preparation of a proposal in response to this request. The Public Service Commission reserves the right to accept or reject any proposals recommended by the Independent Evaluation Team. The Public Service Commission reserves the right to accept or reject any proposed Memorandum of Understanding or to cancel or modify this RFP in whole or in part. Delmarva Power or the Independent Review Team reserve the right to request additional written data, information, oral discussion, or presentations in support of any written proposal or portion thereof which is deemed necessary to clarify any aspect of the proposal.

Delmarva Power and the Independent Evaluation Team reserve the right to enter into negotiations with one or more Applicants concerning their proposal under this RFP, independent from any other proposals which may be submitted in response to the RFP. Delmarva Power and the Independent Evaluation Team may accept any

proposal with or without modifications, acceptable to the Applicant, without conducting further written or oral discussions with any other Applicant, and Delmarva Power and the Independent Evaluation Team shall be under no obligation to explain to any Applicant whose proposal is not accepted, the reasons for such non-acceptance. By submitting a proposal, the Applicant agrees that it will not seek such explanation for non-acceptance of its proposal.

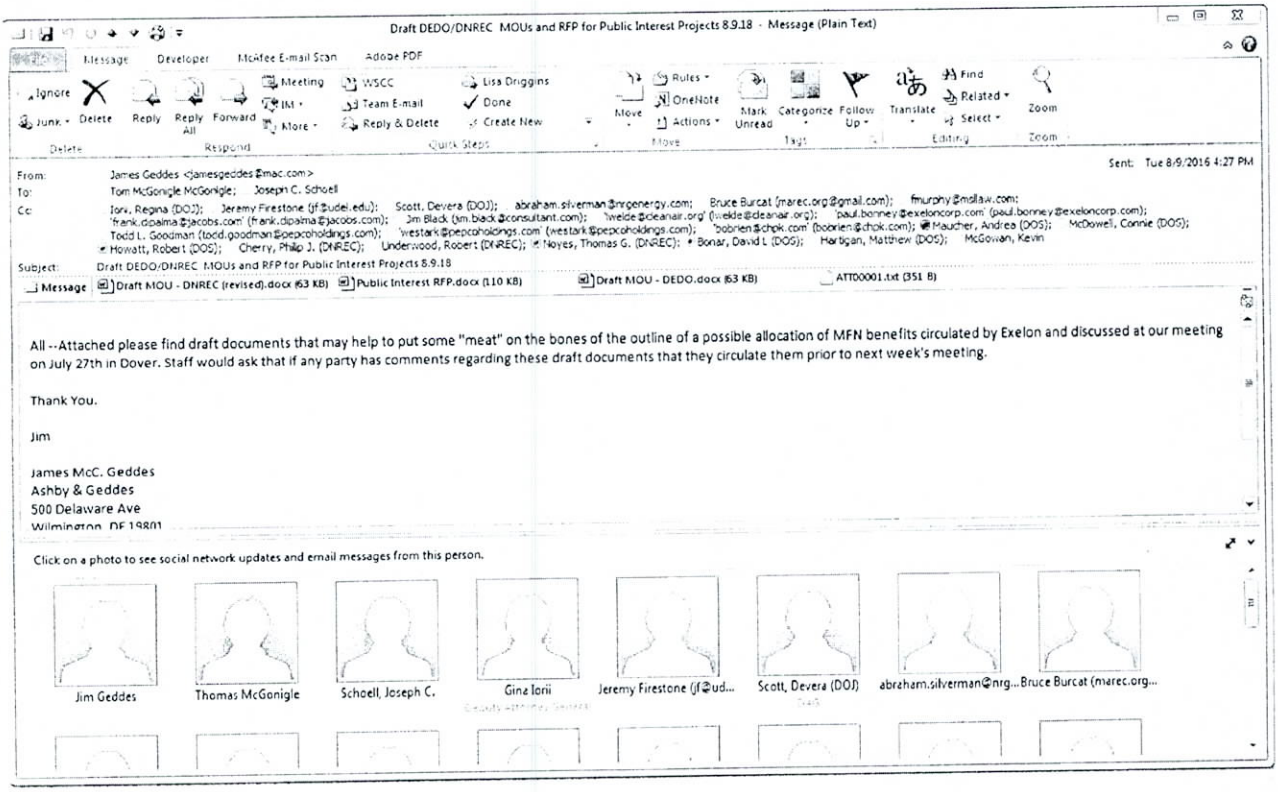
STAFF RECOMMENDATION

While one might consider this a unique approach that has not been seen in other jurisdictions, Staff believes this is a reflection of the Delaware Code, an opportunity to not only enhance the public interest related to this merger, but to increase the beneficial level of such interest, consistent with a broad based allocation of benefits to all Delaware citizens.

As previously noted in the Joint Applicants matrix of issues, Staff, the Joint Applicants and DNREC recommend the Commission authorize Delmarva power to establish a $4.0 million reserve fund, to accrue interest at market rates, to be awarded to successful grant applicants as may be required to meet the goals of their public interest project, consistent with the timely accomplishment of any measures or timely milestones as proposed. Staff further recommends that the settling parties meet, discuss and agree upon an independent evaluation team to review all submissions as received by Delmarva.

Grants for public interest services can offer significant help to many different governmental and nonprofit agencies, similar to many of the charities that Delmarva already supports. A one-time grant receipt can help these agencies provide tremendous benefit to Delaware and its citizens and should be considered as a final supplementary allocation of this Exelon-PHI merger.

ATTACHMENT 1
E-MAIL OF AUGUST 9, 2016



Draft DEDO/DNREC MOUs and RFP for Public Interest Projects 8.9.18 - Message (Plain Text)

Message Developer McAfee E-mail Scan Adobe PDF

Ignore Junk Delete Reply Reply All Forward Meeting IM More WSCC Team E-mail Reply & Delete Lisa Driggins Done Create New Move Rules OneNote Actions Mark Unread Categorize Follow Up Translate Find Related Select Zoom

Delete Respond Quick Steps Move Tags Editing Zoom

From: James Geddes <jamesgeddes@mac.com>

Sent: Tue 8/9/2016 4:27 PM

To: Tom McGonigle McGonigle; Joseph C. Schoell

Cc: Jory, Regina (DOJ); Jeremy Firestone (jf@udel.edu); Scott, Devera (DOJ); abraham.silverman@nrgenergy.com; Bruce Burcat (marec.org@gmail.com); fmurphy@mollaw.com; 'frank.dipalma@jacobs.com' (frank.dipalma@jacobs.com); Jim Black (jim.black@consultant.com); 'lwelde@deanair.org' (lwelde@deanair.org); 'paul.bonney@exeloncorp.com' (paul.bonney@exeloncorp.com); Todd L. Goodman (todd.goodman@pepcoholdings.com); 'westark@pepcoholdings.com' (westark@pepcoholdings.com); 'bobrien@chpk.com' (bobrien@chpk.com); Maucher, Andrea (DOS); McDowell, Connie (DOS); Howatt, Robert (DOS); Cherry, Philip J. (DNREC); Underwood, Robert (DNREC); Noyes, Thomas G. (DNREC); Bonar, David L (DOS); Hartigan, Matthew (DOS); McGowan, Kevin

Subject: Draft DEDO/DNREC MOUs and RFP for Public Interest Projects 8.9.18

Message Draft MOU - DNREC (revised).docx (63 KB) Public Interest RFP.docx (110 KB) Draft MOU - DEDO.docx (63 KB) ATT00001.txt (351 B)

All --Attached please find draft documents that may help to put some "meat" on the bones of the outline of a possible allocation of MFN benefits circulated by Exelon and discussed at our meeting on July 27th in Dover. Staff would ask that if any party has comments regarding these draft documents that they circulate them prior to next week's meeting.

Thank You.

Jim

James McC. Geddes
Ashby & Geddes
500 Delaware Ave
Wilmington, DE 19801

Click on a photo to see social network updates and email messages from this person.

Jim Geddes | Thomas McGonigle | Schoell, Joseph C. | Gina Iorii | Jeremy Firestone (jf@ud... | Scott, Devera (DOJ) | abraham.silverman@nrg... | Bruce Burcat (marec.org...

ATTACHMENT 1
DRAFT RFP

October 1, 2016

To: All Interested Delaware Government Agencies and Nonprofit Organizations

Subject: Request for Proposals ("RFP")

The Delaware Public Service Commission ("PSC") approved the Exelon Corporation and Pepco Holdings, Inc. ("Merged Companies") merger application on June 8, 2015. The approval included an Amended Settlement Agreement that provided for each state regulatory jurisdiction to receive a fair and equitable treatment with respect to financial benefits resulting from the merger. On April 8, 2016 the Merged Companies filed notice with the PSC of additional financial benefits to be made available under that Amended Settlement Agreement. As a result and to further ensure the merger continues in the public interest, the Merged Companies are providing a $4.0 million grant fund to help any interested Delaware Government Agency or Delaware Qualified Nonprofit Organization provide one or more public interest services, programs or projects that benefit the citizens of the State of Delaware. The maximum grant to any one agency or organization under the program would be $2.0 million. Grant applicants must currently be engaged in providing a service or program for the general public, have a demonstrated track record of successfully providing such service and be able to demonstrate how their application and proposed services, programs or projects comply with 26 Del. C. §215(d), are made in accordance with law, for a proper purpose and consistent with the public interest;

Applicants for any grant must be a Delaware Government Agency or Delaware registered Nonprofit Organization providing services in Delaware. Government agencies include State, county and municipal agencies, including State, county or municipal funded educational institutions. Qualifying Nonprofits include nonprofit organizations that provide public purpose services, programs or projects that benefit the public interest of the State. Where Agencies or Organizations have multiple divisions, sections or service areas, the Applicant must specify the particular area that will have grant responsibility. To qualify for consideration, Applicants must be able to demonstrate a track record of providing public interest or other similar programs and be able to demonstrate how their proposal can help maximize the public interest benefit resulting from the merger. The Merged Companies invites all interested and qualified parties to submit a written proposal in response to this RFP.

Respondents to this RFP will be expected to submit a proposal which meets the requirements identified in this RFP document. In addition each respondent should provide sufficient information in their proposal to permit an Independent Evaluation Team to assess the ability of the respondent to meet the obligations of their proposal. Any successful Applicants will be expected to enter into a Memorandum of Understanding that details the roles and responsibilities related to the grant funding and requires an annual report of program progress. Respondents may be asked to attend a scheduled evaluation interview prior to the award of any grant. Respondents must also agree that any issues or concerns with respect to this RFP and the award of any grants will be subject to PSC review and determination.

The Merged Companies, subject to PSC review and approval, anticipate making award selections within 120 days of the RFP closing date. Grant funds may be awarded as a one-time payment or on the basis of certain milestone accomplishments. If paid upon milestone accomplishments, the funds will continue to be available for a five year window of time through June 30, 2021. One hard copy and one electronic copy of the response proposal should be received no later than **5:00 PM on Friday, December 2, 2016** at the following address:

Delmarva Power & Light Company
Attn: xxxxxxx
GRANT PROPOSAL ENCLOSED
xxxxxxxxxx
Wilmington, DE, xxxxx
Telephone: (xxx) xxx-xxxxx
E-mail: xxxxxxxxxxxx

Include "GRANT PROPOSAL ENCLOSED" as the subject for the electronic copy.

The RFP will be posted on the Delmarva Power website. In cooperation with Delmarva Power, the RFP will also be posted on the PSC website. Procedural, administrative, technical or other questions may be directed to the above same address or e-mail. Questions and responses will be posted to both the Delmarva Power website (http://www.delmarva.com/community-commitment/be-a-good-community-partner/)
and the PSC Website at (http://www.depsc.delaware.gov/).

We appreciate your response to this request.

RFP Schedule

Date/Time	**Activity**
October 1, 2016	Request for Proposal issued
November 4, 2016	Questions regarding RFP are due
November 18, 2016	Answers to questions regarding RFP will be posted
December 2, 2016, at **5:00 PM**	**RFP Response Due Date**
March 31, 2017	Estimated award of contract

NOTICE OF REQUEST FOR PROPOSALS

DELMARVA POWER, AN EXELON COMPANY SEEKS PROPOSALS FROM DELAWARE GOVERNMENT AGENCIES AND/OR DELAWARE NONPROFIT ORGANIZATIONS TO PROVIDE SERVICES, PROGRAMS OR PROJECTS THAT ARE IN THE PUBLIC INTEREST OF THE CITIZENS OF DELAWARE.

Delmarva Power seeks Delaware Government Agencies and/or Delaware Nonprofit proposals to provide services, programs or projects that are in the public interest of the citizens of Delaware. Proposals must be submitted to Delmarva Power in accord with RFP requirements on or before close of business, Friday, December 2, 2016. Applicant's proposed services, programs or projects requests are limited to no more than $2.0 million and will be required to demonstrate how the proposal provides public benefit commensurate with the requested grant funding. All proposals will be evaluated by an Independent Evaluation Team and awards granted upon Team recommendations and Delaware Public Service Commission approval. Any successful Applicants will be expected to enter into a Memorandum of Understanding and to implement and complete their proposed services, programs or projects prior to June 30, 2021. Funding is limited and Applicants are encouraged to propose services, programs or projects that maximize the public benefit at least cost. This request for proposals ("RFP") is issued in accordance with the Delaware Public Service Commission approval of the allocation of additional financial benefits in accordance with Docket 14-193, PSC Order No. xxxx.

Sealed proposals for the following will be received by Delmarva Power, at xxxxxxx,xxxxxx,xxxxx,xxxx,xxxxx on behalf of the Independent Evaluation Team until 5:00 pm, Friday, December 2, 2016:

The Request for Proposals is available on the Delmarva Power website (http://www.delmarva.com/community-commitment/be-a-good-community-partner/) and the Delaware Public Service Commission website http://depsc.delaware.gov/rfp.shtml.) The Merged Companies may extend the time or change the location for the opening of bids from that described above.

REQUEST FOR PROPOSALS

DELMARVA POWER, AN EXELON COMPANY

FOR

SERVICES, PROGRAMS OR PROJECTS THAT PROVIDE

PUBLIC BENEFIT AND ARE IN THE

PUBLIC INTEREST OF THE CITIZENS OF DELAWARE

DATE OF ISSUE: OCTOBER 1, 2016

Contents

I. INTRODUCTION 6
II. BACKGROUND 6
III. SCOPE OF PROPOSAL TO BE SUBMITTED 7
IV. DEADLINE FOR PROPOSALS 8
V. SIGNATURE ON PROPOSALS AND NUMBER OF COPIES 9
VI. DELMARVA POWER GRANT MANAGER 9
VII. PERSONNEL ASSIGNED 9
VIII. RELATED PROJECTS 10
IX. CONFLICTING INTERESTS 10
X. FIRM AGREEMENT 10
XI. GRANT FUNDING 11
XII. MEMORANDUM OF UNDERSTANDING 11
XIII. ACCEPTANCE OF PROPOSAL 12
XIV. FACTORS CONSIDERED IN SELECTION PROCESS 13
XV. ASSURANCES 14
XVI. INDEPENDENT CAPACITY AND ASSIGNABILITY 14
XVII. INDEMNIFICATION 14
XVIII. ACCESS TO PROGRAM INFORMATIONS AND RIGHT TO AUDIT 15
XIX. CONFIDENTIALITY OF PROPOSALS AND MATERIALS 15
XX. PAYMENT 15
XXI. TERMS AND CONDITIONS 16
XXII. TERMINATION OF MEMORANDUM FOR CAUSE 17
XXIII. TERMINATION FOR CONVENIENCE 17
XXIV. EFFECTIVE DATE AND TIME OF PERFORMANCE 18
XXV. ADDITIONAL WORK OR SERVICES NOT CONTEMPLATED IN THE PROPOSAL 19
EXHIBIT A – SAMPLE MEMORANDUM OF UNDERSTANDING 20

I. INTRODUCTION

Exelon Corporation and Pepco Holdings, Inc. ("Merged Companies" or "Delmarva Power") hereby invites Delaware Government Agencies and/or Delaware Nonprofit Organizations to submit grant funding proposals for services, programs or projects that provide public benefit and are in the public interest of the citizens of Delaware. Proposals should be in accordance with the specifications and conditions contained in this Request for Proposals ("RFP"). Respondents should submit proposals in the format specified with appropriate data in each section. Offerors should submit an electronic copy and one original hard copy of each proposal.

II. BACKGROUND

On June 18, 2014, Exelon Corporation and Pepco Holdings, Inc. filed an application to merge the companies, seeking approval of the Delaware Public Service Commission. On June 8, 2015, after lengthy review, discussion and evidentiary hearing among all parties to the case, the Commission approved the merger as being in the public interest. That approval provided for the potential of additional benefits to Delaware and assured the Commission that each state jurisdiction would receive an appropriate level of financial benefit commensurate with that received in any other jurisdiction. In accordance with the PSC's approval, Exelon Corporation and Pepco Holdings, Inc. filed a notice of additional financial benefit on July 11, 2016. As part of that supplemental financial benefit, the Delaware Public Service Commission has approved a benefit allocation that permits Delmarva Power to provide $4.0 million in additional charity grant funds for services, programs or projects that provide public

benefit for Delaware citizens and are in the public interest. As a result, and as directed by the Commission, Delmarva Power offers the opportunity for Delaware Government Agencies and Delaware Nonprofits to submit grant funding requests in accordance with the specifications contained herein.

III. SCOPE OF PROPOSAL TO BE SUBMITTED

Consistent with Commission direction, Delmarva Power seeks funding grant proposals that will permit Delaware Government Agencies and/or Delaware Nonprofit Organizations to provide services, programs or projects ("services") that benefit the public and are in the public interest. The proposal, at a minimum, must contain the following:

1. A detailed description of the Government Agency or Nonprofit Organization making the application to include current services, programs or projects serving Delaware citizens and a summary identifying the timeframe for each such existing service. Where Agencies or Organizations have multiple divisions, sections or service areas, the Applicant must specify the particular area that has provided such existing services and would have grant award responsibility.
2. A financial profile of the Agency or Organization to include a most recent annual income statement and balance sheet, that identifies annual revenues, annual services expenses and services administrative expenses, balance sheet assets and liabilities.

3. A clear, concise, detailed description of the proposed service, program or project that would be accomplished with the requested grant including an assessment of the need for the proposed service, program or project.
4. A proposed schedule of activities that in the applicant's professional judgment can reasonably be accomplished and which includes estimated timelines for milestone expenditures and accomplishments.
5. Identification and quantification of the intended services recipients, the specific public benefit to be achieved for the recipients and the extent of such benefit in Delaware.
6. A description of how the proposal is in accordance with law, for a proper purpose and meets the public interest requirement of Delaware Code.
7. Identification and quantification of any general public benefit (or related benefit spillover) that may be attributed to the services being proposed to the extent possible.

The applicant should identify a specific contact person or persons who may be required to appear before an Independent Evaluation Team or may represent the Agency or Organization in a public meeting before the Public Service Commission to describe their proposal and respond to any questions.

IV. DEADLINE FOR PROPOSALS

All proposals must be received not later than close of business, 5:00 PM, Friday,

December 2, 2016 in a sealed envelope marked GRANT PROPOSAL ENCLOSED.

Proposals received thereafter will not be considered by the Company. To be received, the proposal hard copy must be physically present, by mail or by delivery at the

Delmarva Power office, xxxxx,xxxxxx,xxxxx,xxxxx,xxxxx by the time specified hereinabove.

V. SIGNATURE ON PROPOSALS AND NUMBER OF COPIES

The hard copy proposal must be signed by an executive officer or managing authority with authorization to represent the applicant. The proposal should include the name, title, address, telephone number and e-mail of the individual who may be contacted during the period of proposal evaluation. One (1) original hardcopy and one (1) electronic copy are required.

VI. DELMARVA POWER GRANT MANAGER

The following individual is designated as the Delmarva Power Grant Manager for purposes of this proposal.

Xxnamexxxxxx
Delmarva Power Grant Manager
Xxxxaddressxxxxxxxx
Xxxxcity, state zipxxxxxxx
Xxxphonexxxxxx
Xxxe-mailxxxxx

The Delmarva Grant Manager will act as the point of contact, coordinator and manager for the receipt of all proposals. The Grant Manager will coordinate all aspects of this solicitation and will receive all proposals and any other correspondence relating to the proposals. The Grant Manager will provide all proposals as received to the Independent Evaluation Team for review and evaluation.

VII. PERSONNEL ASSIGNED

Your proposal must include an organizational chart listing each person to be assigned to coordinate and implement the proposed services, programs or projects. Please include each person's position within the Agency or Organization, their experience, and role in implementing this or similar offerings. In addition, list the name of the officer or agency manager in charge of implementing the offering and their experience with other similar type offerings.

VIII. RELATED PROJECTS

Each proposed grant request should list and describe any other similar services, programs or projects which have been provided in this or other states. Each other service, program or project should be described in sufficient detail to permit comparison with the proposal in this RFP. Please place this information in an appendix to your proposal.

IX. CONFLICTING INTERESTS

Any applicant submitting a proposal is required to review its prior and existing services, program and projects to insure that there are no interests that could reasonably be deemed to conflict with the proposed grant offering in this RFP. The applicant should provide a statement confirming "no conflict." If there are any doubts in this regard the applicant should make a full disclosure of any potential conflicts.

X. FIRM AGREEMENT

All applications must contain a statement that the proposed services, programs or projects can be accomplished with the requested funding and the applicant agrees to enter into a Memorandum of Understanding outlining the roles and responsibilities of the parties prior to receiving any award grant. The Applicant must also affirm that any

issues or concerns related to the conduct of the process or any award under this RFP may be resolved by the PSC upon formal request. Please provide such a statement conspicuously in your proposal.

XI. GRANT FUNDING

Applicants are permitted to request any amount up to $2.0 million maximum. The amount of the request should be commensurate with the proposed services, programs or plans and the expected public benefit. The Applicant should identify any co-funding or matching funding that is anticipated as part of the request. The applicant should also identify any internal funds that will be used to supplement the grant request. As an example, the applicant might state that services, programs or projects being requested will be funded 60% by the requested grant, 30% by committed matching funds and 10% by internal funds.

XII. MEMORANDUM OF UNDERSTANDING

The successful applicant will be expected to enter into a Memorandum of Understanding with the Public Service Commission identifying the roles and responsibilities of the applicant, the potential outcomes for failure to meet expected obligations and potential remedies for unexpected or force majeure concerns.

XIII. ACCEPTANCE OF PROPOSAL

The original of your application proposal may be incorporated within the Memorandum of Understanding. Therefore, the original hard copy and electronic copy of your proposal application must include an acceptance paragraph for the Commission to sign.

A formal notice of award will be issued in writing to the successful applicants upon completion of the review of all submitted proposals, pending a recommendation by the Independent Evaluation Team and the approval of the Commission. Such formal notice of award and signature on a Memorandum of Understanding is required prior to any actual award. In submitting a proposed request, an applicant specifically agrees to take no actions to implement their proposed services, program or projects until receipt of formal notice of award and execution of a Memorandum of Understanding.

To facilitate any possible award, the applicant's proposal should include the following tentative award paragraph at the end of the proposal:

> If this proposal is recommended by the Independent Evaluation Team and is selected by the Delaware Public Service Commission as a successful proposal request, you will so indicate by signing the acceptance provided below and we will consider the RFP and this proposal as our initial agreement on this matter. We understand that this acceptance is tentative and conditioned upon the completion of a Memorandum of Understanding and subsequent notification to Delmarva Power. We will provide no proposed services under this proposal and will not consider this a binding arrangement to have been entered into until the Delaware Public Service Commission formally notifies Delmarva Power of the proposal acceptance and that a validly executed Memorandum has been reviewed and approved by the Commission. We acknowledge that all terms, conditions, and assurances contained in the RFP to which this proposal responds are accepted and incorporated by this proposal.

Accepted this_____day

of_____, 2016.

By:_____
Dallas **Winslow, Chairman**
Public **Service Commission**

XIV. FACTORS CONSIDERED IN SELECTION PROCESS

On behalf of Delmarva Power, the Public Service Commission Staff will select/contract with an Independent Evaluation Team to evaluate the proposals that meet the specifications of this RFP based on consideration of the following factors:

1. Applicant's ability to understand the statutory requirements and the extent to which the proposal clearly meets the objectives of the statute.
2. Overall quality of the Applicant's proposal submission and compliance with the RFP requirements.
3. Description of the proposed service, program or project and the extent to which it will provide public benefit.
4. Assessed ability of the Applicant to provide the services, programs or projects consistent with the level of funding requested and the historical performance on any existing services, programs or projects.
5. Experience and qualifications of the Applicant's assigned personnel in providing similar or other related services, programs or projects.
6. Cost/public benefit ratio of the requested funding grant in comparison to alternative funding requests and the demonstrated need for the services, programs or projects.

7. The specific approach proposed for the proposal, including the time requirements for implementation, any identified milestone commitments and the coordination necessary to implement the proposal.
8. Commitment of the Applicant to use matching or existing internal funds to supplement the proposed services, programs or projects.
9. Existence of conflicting or potentially conflicting interests or the appearance of such conflicts.
10. Total public benefit value of the proposal and the components that ensure the proposal is in the public interest of Delaware citizens.

XV. ASSURANCES

By submitting a proposal in response to this RFP, the Applicant assures the Commission that they are properly authorized to conduct such services, programs or projects and will secure all necessary licenses or permits required by the State of Delaware to meet the requirements of their submitted proposal.

XVI. INDEPENDENT CAPACITY AND ASSIGNABILITY

The successful offeror shall not assign nor transfer any interest under an award resulting from this RFP without the prior consent of the Delaware Public Service Commission.

XVII. INDEMNIFICATION

The successful Applicant agrees to indemnify, defend, and save harmless Delmarva Power, the State of Delaware, the Public Service Commission and their

officers, members, employees, and agents from any and all claims and/or losses accruing or resulting to persons, firms, or corporations who may be injured or damaged by the successful Applicant in providing the proposed services, programs, or projects accepted by the Public Service Commission and against any liability, including costs and expenses, for violation of proprietary rights, copyrights, or rights of privacy or confidentiality arising out of the actions taken to offer the services, programs or projects approved by the Commission or the use of such services, programs or projects by the public.

XVIII. ACCESS TO PROGRAM INFORMATIONS AND RIGHT TO AUDIT

The successful Applicant agrees that Delmarva Power and the Delaware Public Service Commission through its duly authorized employees, staff or agents shall have the right to access all services, programs or projects information as may be necessary to validate the effective and proper use of funds and compliance with the Memorandum of Understanding.

XIX. CONFIDENTIALITY OF PROPOSALS AND MATERIALS

Proposals filed in response to this RFP will be considered public documents and will be available for public review upon receipt by Delmarva Power or the Commission office. Should the offeror consider any information confidential, the offeror must submit both a confidential version of the offering and a redacted public version for open discussion in public meetings.

XX. PAYMENT

The successful Applicant may draw upon any award approved by the Commission through June 30, 2021 with the submission of a request to Delmarva Power, identifying the milestone accomplishments or service, program or project offering that have been completed and are in accord with the Memorandum of Understanding. Delmarva Power, its officers, employees or agents shall not have any obligation to make award payments without audit confirmation of milestone or service, program or project completion as defined in the Memorandum of Understanding. The State of Delaware will have no financial obligation to the successful Applicant nor will the State of Delaware be responsible for any grant awards under any circumstances including default of the offering company.

XXI. TERMS AND CONDITIONS

The RFP does not commit the Delaware Public Service Commission to enter into a Memorandum of Understanding or to pay any cost incurred in the preparation of a proposal in response to this request. The Public Service Commission reserve the right to accept or reject any proposals recommended by the Independent Evaluation Team. The Public Service Commission reserves the right to accept or reject any proposed Memorandum of Understanding or to cancel or modify this RFP in whole or in part. Delmarva Power or the Independent Review Team reserve the right to request additional written data, information, oral discussion, or presentations in support of any written proposal or portion thereof which is deemed necessary to clarify any aspect of the proposal.

Delmarva Power and the Independent Evaluation Team reserve the right to enter into negotiations with one or more Applicants concerning their proposal under this RFP,

independent from any other proposals which may be submitted in response to the RFP. Delmarva Power and the Independent Evaluation Team may accept any proposal with or without modifications, acceptable to the Applicant, without conducting further written or oral discussions with any other Applicant, and Delmarva Power and the Independent Evaluation Team shall be under no obligation to explain to any Applicant whose proposal is not accepted, the reasons for such non-acceptance. By submitting a proposal, the Applicant agrees that it will not seek such explanation for non-acceptance of its proposal.

XXII. TERMINATION OF MEMORANDUM FOR CAUSE

It is understood and agreed that if, through any cause or for any reason, the successful Applicant shall fail to fulfill in a timely and proper professional manner the obligations under the successful proposed offer, or shall violate any of the terms and conditions of this RFP, or shall violate any of the terms and conditions of the Memorandum of Understanding, the Delaware Public Service Commission shall have the right to terminate Delmarva Power's award obligation by giving written notice of such termination to the successful Applicant, specifying the effective date of such termination, which shall be not earlier than the mailing of such notice. In the event of agreement termination, it will be the responsibility of the successful Applicant to notify any public constituents of such terminations. Any costs arising out of the termination of the agreement shall be the responsibility of the successful Applicant.

XXIII. TERMINATION FOR CONVENIENCE

The Delaware Public Service Commission reserves the right to terminate any proposal award at any time, either before or after acceptance of the proposal. Such termination, when made prior to the issuance of formal notice of acceptance of a proposal, may be accomplished by telephone or mail. Such termination, when made after issuance of formal notice of acceptance of the proposal, shall be accomplished by notice of termination which shall be made in writing and which shall be effective 30 days after receipt by the successful Applicant. In the event of a termination for convenience, the State of Delaware and specifically, the Public Service Commission and Delmarva Power shall have no financial commitment for any costs that may have been incurred in the implementation of the selected offer or in the continued provisions of any services, programs or projects that may have resulted from the successful Applicant's proposal.

XXIV. EFFECTIVE DATE AND TIME OF PERFORMANCE

The rights and obligations of the successful Applicant, Delmarva Power and the Delaware Public Service Commission shall not be effective, nor shall either the successful Applicant nor Delmarva Power nor the Public Service Commission be bound by the terms of a tentatively accepted proposal unless and until the Public Service Commission has issued a formal notice of acceptance to Delmarva Power and executed a valid Memorandum of Understanding. Performance of any services, programs or projects contemplated by this RFP shall not begin prior to the issuance of a formal notice of acceptance by the Public Service Commission and execution of a valid Memorandum of Understanding.

XXV. ADDITIONAL WORK OR SERVICES NOT CONTEMPLATED IN THE PROPOSAL

In the event the successful Applicant elects to provide additional services, programs or projects during the course of the proposal implementation, it is understood and agreed that NO additional funds may be made available to reimburse the successful Applicant for any such work.

Attachment A - Sample Memorandum of Understanding

EXHIBIT A – SAMPLE MEMORANDUM OF UNDERSTANDING

STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
861 SILVER LAKE BOULEVARD, SUITE 100
CANNON BUILDING
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7500
FAX: (302) 739-4849

Memorandum of Understanding

WHEREAS, the Delaware Public Service Commission ("Commission") and the "Agency or Organization" ("Name") together as participating parties ("Partners"), have each agreed that the proposed "service, program or project" can provide substantial public benefit to the citizens of Delaware and is in the public interest; and

WHEREAS, the merger of Exelon Corporation and Pepco Holdings, Inc. ("Merged Company") has provided an opportunity for grant funding under the Amended Settlement Agreement ("Settlement"), Paragraphs 103 through 105, Most Favored Nation Provision as approved by the Commission on June 2, 2015; and

WHEREAS, the Partners have come together to collaborate and agree on an appropriate use of public benefit funds that may be granted by the Merged Company to provide public benefit services, program or projects; and

WHEREAS, the Partners herein agree that the services, programs or projects to be provided will be consistent with 26 *Del. C.* §215(d), made in accordance with law, for a proper purpose and consistent with the public interest; and

WHEREAS, the Partners herein desire to enter into a Memorandum of Understanding ("Memorandum") setting forth the services, programs or projects to be provided by the Merged Company funding as approved by the Commission,

NOW, THEREFORE, the following terms and conditions are agreed to by the Partners to this Memorandum as follows:

I) Description of Partner Agencies

The Delaware Public Service Commission, an Executive Agency of the Department of State, chartered by the State of Delaware to regulate Investor Owned Utilities, has the legal authority and responsibility to investigate proposed utility mergers and to approve such mergers when found to be in accordance with law, for a proper purpose and in the public interest. The Commission has made such finding in the joint application for merger of Exelon Corporation and Pepco Holdings, Inc. As a result of that finding and the adoption of the Settlement, certain funds have been made available both initially and as follow-up with respect to the Settlement terms. On July 11, 2016 Exelon Corporation and Pepco Holdings, Inc. filed notice with the Commission of an additional $27.1 million of funding benefit as a result of other jurisdictional settlements. This Memo of Understanding addresses an agreement on how the Partners will allocate and use a small portion of those additional funds.

The "Agency or Organization" is a "Government Agency" or "Delaware Nonprofit Organization" chartered to .....

II) History of Relationship

The Delaware Public Service Commission "has or has no" knowledge of the "Agency or Organization"....
Description of any relationship that may or may not exist.

This Memorandum of Understanding is based on the commitment of Exelon Corporation and Pepco Holdings, Inc. to fund additional public benefit charitable grants, consistent with 26 Del. C. §215(f) and prior merger approval. This Memorandum formalizes the agreement to award "Agency or Organization" a funding grant of $xxxx for the purpose of

It is the desire of the Partners to collaborate to secure the public benefits of the proposed service, program or project.....

III) Development of Application

In anticipation of an additional charitable funding from Exelon Corporation and Pepco Holdings, Inc. Delmarva Power issued a Request for Proposals ("RFP")to all interested Government Agencies and Delaware Nonprofit Organizations seeking services, programs or projects that would provide public benefit and support the public interest requirements of the merger. The "Agency or Organization" submitted a proposal to .....

After review of the proposal by an Independent Review Team contracted/provided by Commission Staff, the "Agency or Organization" was recommended to receive a grant award as requested in the proposal. The Independent Review Team presented their recommendations to the Commission and the Commission approved the "Agency or Organization" to receive the grant funding from the Merged Company. Each Partner has had opportunity to either participate in or review this Memorandum of Understanding and have reached agreement in principle to pursue the proposed services, program or project.

This Memorandum of Understanding is based on the Delaware Public Service Commission's approval of the recommended services, programs or projects submitted in response to the RFP and recommended by the Independent Review Team. Should the "Agency or Organization" have issues or concerns related to the implementation of the services, programs or projects, the Partners will meet to determine if modification or change to the Memorandum is appropriate.

This Memorandum further delineates the roles and responsibilities of the Partners. Each Partner has had opportunity to review the Memorandum and make changes and the document as now approved includes all the requirements of the Partners.

IV) Roles and Responsibilities

It is hereby agreed by and between the partners as follows:

The Commission, subject to its independent review and approval, will authorize Exelon Corporation and Pepco Holdings, Inc. to provide grant funding to "Agency or Organization" for their use in:

- Developing new or expanded services, programs or projects.....
- Supporting the growth of.....
- Providing public benefits .....

The "Agency or Organization" shall be responsible for the timely and effective utilization of the grant to..... The "Agency or Organization" shall be responsible for:

-
-

-
-
- Providing a final report upon expenditure of all funds which should summarize the benefits received in Delaware from .....

V) Timeline

The roles and responsibilities described above are contingent on the Merged Company providing the awarded grant and the "Agency or Organization" effectively implementing their public purpose project. The responsibilities under this Memorandum of Understanding would coincide with the timeframe of the efforts funded by this Memorandum, but in no event concluded in five (5) years from the start of the program. This Memorandum shall be dissolved and of no further consequence when all funds provided hereunder have been effectively used for the public purpose benefit services, programs or projects. Any unused funds shall revert to the General Fund once a final summary report been provided to the Commission.

VI) Commitment to Partnership

1) Each of the Partners is committed to continue the efforts to increase public benefit by supporting the development of services, programs or projects as recommended by the Independent Review Team. If for any reason the program must be discontinued or "Agency or Organization" has not timely and effectively used the resource funding, the Partners agree to revisit this Memorandum and to jointly determine an approach to use the remaining funds to the benefit of Delaware citizens.

2) The partners agree to continue their collaboration with respect to the public benefit effort funded by this grant and established by this Memorandum. Attached is a copy of the Commission's order authorizing the Merged Company to provide the additional charitable funding to support the requirements of this Memorandum.

3) We, the undersigned have read and agree with this MOU. Further, we have reviewed the proposed funding of $xx for the proposed services, programs or projects and agree to work together in securing additional public interest.

BY:_____

Dallas Winslow, Chairman

Delaware Public Service Commission

BY:_____

Xxxxxx Yyyyyyy, Title

Agency or Organization

DATE:_____ DATE:_____