SETTLEMENT AGREEMENT AND STIPULATION

WHEREAS, Exelon Corporation ("Exelon") and Pepco Holdings, Inc. ("PHI") executed an Agreement and Plan of Merger on April 29, 2014, and an Amended and Restated Agreement and Plan of Merger on July 18, 2014 (the "Merger");

WHEREAS, on August 19, 2014, Exelon, PHI, Potomac Electric Power Company ("Pepco"), Delmarva Power & Light Company ("Delmarva Power"), and other related entities (collectively, the "Joint Applicants") filed an application with the Maryland Public Service Commission (the "Commission") seeking approval of the proposed merger of Exelon and PHI and the resulting change in control of Pepco and Delmarva Power, pursuant to Md. Code, Public Utilities Article, § 6-105 (the "Application");

WHEREAS, on August 19, 2014, the Commission initiated a proceeding for examination and investigation of the Application under Case No. 9361;

WHEREAS, Montgomery County filed a Petition to Intervene in Case No. 9361 on September 10, 2014, which was granted by the Commission;

WHEREAS, Prince George's County filed a Petition to Intervene in Case No. 9361 on September 15, 2014, which was granted by the Commission (together, Montgomery County and Prince George's County are referred to as the "Counties");

WHEREAS, the Mid-Atlantic Off-Road Enthusiasts, Trail Riders of Today, Inc., Potomac Bridle and Hiking Trail Association, Inc., Equestrian Partners in Conservation, Inc., Potomac Appalachian Trail Club, Inc., Montgomery County Road Runners Association, Inc., the International Mountain Bicycling Association, Inc., the Maryland Horse Council, Inc., and the American Hiking Society (collectively, "MORE") filed a Petition to Intervene in Case No. 9361 on September 12, 2014, which was granted by the Commission;

WHEREAS, the National Consumer Law Center, National Housing Trust, Maryland Affordable Housing Coalition, and the Housing Association of Nonprofit Developers (collectively, "NCLC") filed a Petition to Intervene in Case No. 9361 on September 17, 2014, which was granted by the Commission;

WHEREAS, the Counties and other parties and intervenors took substantial discovery in this matter from the Joint Applicants, including thousands of written discovery requests and two depositions of proposed witnesses for the Joint Applicants, and the Joint Applicants have produced thousands of documents;

WHEREAS, the Joint Applicants, the Counties, MORE, and NCLC and other parties and intervenors submitted pre-filed testimony and testified live before the Commission over the course of twelve days of evidentiary hearings;

WHEREAS, subject to the approval of the Commission, the Joint Applicants have agreed to binding commitments above and beyond those contained in the Application and as enhanced in the Joint Applicants' Initial Brief in an effort to address the issues the Counties, MORE, and NCLC raised;

WHEREAS, the Joint Applicants, the Counties, MORE, and NCLC (together, the "Settling Parties"), have agreed to terms that they believe establish that the Merger is in the public interest, convenience and necessity, including benefits to consumers and no harm as required by Md. Code, Public Utilities Article, § 6-105;

WHEREAS, the Settling Parties have, subject to approval by the Commission, agreed on settlement terms, with those terms encompassed herein;

WHEREAS, the Joint Applicants stipulate to further conditions as set forth in the Exhibits to this settlement agreement (the terms and conditions in this settlement agreement, together with Exhibits A and B, collectively is the "Settlement Agreement"), and the Counties, MORE, and NCLC stipulate to and endorse those conditions; and

NOW, THEREFORE, as of March 16, 2015, the following terms and conditions are agreed to by the Settling Parties to this Settlement Agreement:

Recommendation of Approval of the Merger

1. Subject to the provisions set forth in this Settlement Agreement, the Settling Parties agree that the statutory criteria for approval of an application under Md. Code, Public Utilities Article, § 6-105 have been satisfied. More particularly, the Settling Parties agree that the record in Case No. 9361, coupled with the conditions set forth in this Settlement Agreement, support findings and conclusions by the Commission that the Merger is in the public interest, convenience and necessity, including benefits to consumers and no harm.

2. Subject to the provisions set forth in this Settlement Agreement, the Settling Parties agree that the Joint Applicants should be authorized to take those actions necessary in order for the Merger to lawfully be consummated.

Customer Investment Fund -- Rate Credits and Energy-Efficiency Program Support

3. After consummation of the Merger, Exelon will fund a Customer Investment Fund ("CIF") of $94.4 million for the benefit of Delmarva Power and Pepco customers in each of the utilities' service territory in the State of Maryland (equivalent to approximately $128 per Maryland distribution customer, calculated based on the actual customer count at 12/31/13 of 737,526 distribution customers in Maryland – 536,682 for Pepco and 200,844 for Delmarva Power). Pepco and Delmarva Power will not seek recovery in utility rates for the CIF. The Joint Applicants represent that this funding level is equivalent (prorated on a per-customer basis) to the rate-credit and energy-efficiency program funding that Exelon will provide under the settlements it has entered into in the Merger-review proceedings before the New Jersey Board of Public Utilities and the

Delaware Public Service Commission. The CIF shall be distributed in the following manner:

a. Pepco will provide $26.8 million in direct rate credits, in an amount of approximately $50 per electric distribution customer, within 60 days after Merger closing; and Delmarva Power will provide $10 million in direct rate credits, in an amount of approximately $50 per electric distribution customer, within 60 days after Merger closing; and

b. Exelon will provide $42 million in funding for energy-efficiency program support, including for low-income customers, in the Pepco service territory (derived from prorating on a per customer basis of $17.6 million for Prince George's County and $24.4 million for Montgomery County) for programs to be directed and administered by Montgomery County and Prince George's County as set forth in Paragraphs 5 and 6 below.

c. Exelon will provide $15.6 million in funding for energy-efficiency program support, including programs benefitting low-income customers, as directed by the Commission. While the Commission has discretion as to how these funds will be deployed, the Parties anticipate that these programs will be available to benefit customers in the Delmarva Power Maryland service territory.

Reliability

4. Pepco and Delmarva Power commit to improve system reliability in their Maryland service territories and specifically to achieve the following minimum annual reliability performance levels as measured using the Commission's current methodology for calculating SAIFI and SAIDI, with exclusion of major event days:

Annual Commitment		**2016**	**2017**	**2018**	**2019**	**2020**
Pepco	SAIFI	1.05	0.99	0.95	0.92	0.90
	SAIDI	124	116	101	96	91
Delmarva Power	SAIFI	1.41	1.36	1.31	1.17	1.12
	SAIDI	151	145	139	105	97

These reliability performance levels will supersede the currently-proposed RM 43[1] performance levels submitted by Pepco and Delmarva for years 2016-2020 that are under consideration by the Commission. In addition, failure to meet these reliability performance levels will result in the following compliance measures: If Pepco or Delmarva Power fails to meet the reliability-performance levels set out above in any of the years 2016-2020, then the Commission's RM 43 mitigation and penalty provisions

[1] Service Quality and Reliability Standards COMAR 20.50.12.00 *et seq*.

will apply; in particular, if the performance level is not met the company will file a corrective action plan including an explanation as to why the target was missed, and the Commission can assess penalties as provided under RM 43. In addition, if either of the SAIFI or SAIDI reliability-performance levels set out above are not met in any of the years 2018, 2019 or 2020, then Pepco or Delmarva Power will automatically make a compliance payment to the Electric Reliability Remediation Fund[2] as set forth below, which payment will not be recoverable in customer rates:

		2016	2017	2018	2019	2020
Compliance Payment	**Pepco $5.5M**	-	-	$1.0M	$1.5M	$3.0M
	DPL $2.25M	-	-	$0.25M	$.50M	$1.50M

Exelon is committed to achieving the proposed reliability standards without exceeding the annual capital and O&M spending levels set forth below, absent changes in law, regulations, or extreme weather events requiring increases in reliability-related spending to restore service and facilities. Pepco and Delmarva Power understand that potential rate recovery of the annual capital and O&M spending levels set forth below must go through the regular rate-making process of the Commission, and the use of such in this Settlement Agreement does not imply or otherwise constitute an endorsement by the Counties that such spending is just and reasonable.

[INTENTIONALLY LEFT BLANK – BUDGET CHART FOLLOWS ON NEXT PAGE]

[2] Md. Code, Public Utilities Article, § 7-213(j).

	Reliability Driven Capital Expenditure 2016-2020				
	2016	**2017**	**2018**	**2019**	**2020**
Pepco-MD	$129,008,730	$125,644,019	$126,050,722	$108,389,507	$111,641,192
Pepco-MD Increased Reliability	$ 9,000,000	$ 25,000,000			
Total Pepco-MD	$138,008,730	$150,644,019	$126,050,722	$108,389,507	$111,641,192
DPL-MD	$ 55,049,615	$ 53,278,113	$ 55,072,784	$ 47,848,252	$ 49,283,700
DPL-MD Corrective Action Plan	$ 18,540,000	$ 19,096,200	$ 19,669,086	$ 20,259,159	$ 20,866,933
Total DPL-MD	$ 73,589,615	$ 72,374,313	$ 74,741,870	$ 68,107,411	$ 70,150,633
	Pepco O&M Reliability 2016-2020 (DC and MD)				
	2016	**2017**	**2018**	**2019**	**2020**
System Scheduled Maint	$20,271,059	$20,879,190	$21,505,566	$22,150,733	$22,815,255
Forestry (Tree Trimming)	$23,811,463	$24,525,807	$25,261,582	$26,019,429	$26,800,012
Total	**$44,082,522**	**$45,404,998**	**$46,767,148**	**$48,170,162**	**$49,615,267**
Forestry -- Maryland Only	$21,569,463	$22,216,547	$22,883,044	$23,569,535	$24,276,621
	DPL O&M Reliability 2016-2020 (MD and DE)				
	2016	**2017**	**2018**	**2019**	**2020**
Scheduled Maint	$8,754,554	$9,017,191	$9,287,707	$9,566,338	$9,853,328
Forestry (Tree Trimming)	$12,945,668	$13,334,038	$13,734,060	$14,146,081	$14,570,464
Total	**$21,700,223**	**$22,351,229**	**$23,021,766**	**$23,712,419**	**$24,423,792**
Forestry -- Maryland Only	$8,033,483	$8,274,487	$8,522,722	$8,778,404	$9,041,756

Consequences for failure to meet budget targets for reasons other than changes in law, regulations, or extreme weather events requiring increases in reliability-related spending to restore service and facilities are set forth below:

a. If Pepco exceeds the reliability-related capital budget levels set out above in any of the years, then Pepco will automatically place into escrow a compliance payment in the amount of $65,000 for every $1 million spent in excess of the reliability-related capital budget target for the year. If Delmarva Power exceeds the reliability-related capital budget levels set out above in any of the years, then Delmarva Power will automatically place into escrow a compliance payment in the amount of $64,000 for every $1 million spent in excess of the reliability-related capital budget target for the year. By June 30, 2021, each company will file with the Commission a comprehensive report on the reliability performance and prudence of actual spending levels for 2016-2020 to allow the Commission to determine whether the funds should be directed to the Electric Reliability Remediation Fund or returned to the company.

b. If Pepco or Delmarva Power fails to meet the reliability-related O&M budget levels set out above in any of the years, then the company will automatically forgo seeking recovery in customer rates of any amounts spent in excess of the reliability-related O&M budget level for the year.

Energy-Efficiency Program Support

5. Pepco will cooperate with Prince George's County on the development and implementation of energy-efficiency programs for Pepco customers within Prince George's County to be administered by Prince George's County or agencies designated by Prince George's County. Prince George's County will endeavor to direct at least 20% of the funds to benefit low- and moderate-income residents. The programs will entail:

    a. ENERGY STAR Certification & Green Leasing Program. This program is designed to provide funding to make existing commercial buildings in Prince George's County more energy efficient, enough so that the building itself can be certified by ENERGY STAR developed by the United States Environmental Protection Agency. Funds would be provided to assist commercial buildings in applying for the ENERGY STAR certification process itself. In addition, funds would be used towards various energy-efficiency, water efficiency, and retrofitting measures performed to achieve ENERGY STAR Certification. To receive funding from this program, commercial buildings must first apply to one of Pepco's applicable EmPOWER Maryland programs. Funds from this program would be used to supplement the costs of those measures. In addition, the buildings would be required to adopt various best practices in Green Leasing to align the interests of landlords and tenants so that they are both financially motivated to engage in energy efficient tactics in buildings to achieve energy savings in both decreased energy usage and cost.

    b. Transforming Neighborhoods Initiative Comprehensive Energy Audit, Retrofit and Clean-Energy Program. This program joins ongoing efforts and programs by Prince George's County to uplift six of its neighborhoods[3] that face significant economic, health, public safety and educational challenges. This program consists of providing assistance to residents in funding energy-efficiency and water efficiency measures, and installation of rooftop solar upon the successful implementation of those efficiency measures. In addition, this program provides residents of these communities with additional financial incentives, and education via an "Energy Coach" in order to combat some of the challenges facing the neighborhoods. To receive funding from this program, residents must first apply to one of Pepco's applicable EmPOWER Maryland programs. Funds from this program would be used to supplement the costs of those measures.

[3] These communities are East Riverdale/Bladensburg, Glassmanor/Oxon Hill, Hillcrest Heights/Marlow Heights, Kentland/Palmer Park, Langley Park, and Suitland/Coral Hills.

Exelon will provide, in equal installments over 3 years, a total of $17.6 million of the CIF in funding for such programs. Prince George's County will submit public program plans to the Commission before deploying the funds and will provide public reports to the Commission, annually for 3 years after Merger closing, as directed by the Commission describing how the funds provided by Exelon have been deployed in programs for the benefit of customers.

6. Pepco will cooperate with Montgomery County on the development and implementation of energy-efficiency programs for Pepco customers within Montgomery County to be administered by Montgomery County Government, Montgomery County agencies, or organizations designated by the County. Montgomery County will endeavor to direct at least 20% of the funds to benefit low- and moderate-income residents in both single- and multi-family communities. Montgomery County will work with low and affordable housing stakeholders (including NCLC and NHT and others) to develop multi-family specific programming. Montgomery County will target a minimum of 10% of incentives and financing to benefit multi-family communities; if funding cannot be effectively used it may be allocated to other sectors. The programs will entail:

    a. Montgomery County Green Bank – In addition to the Green Sustainability Fund described in Paragraphs 9 through 17 below, Montgomery County will administer and capitalize a Green Bank using CIF funds to implement a comprehensive package of programs to leverage investment in clean energy and energy-efficiency technologies (as described in the initial brief filed by Montgomery County). The Montgomery County Green Bank will be designed to complement the EmPower Maryland Programs and other state initiatives. The Montgomery County Green Bank will provide additional CIF funds at the local level to supplement the initiative described in Paragraphs 9 through 17.

    b. Energy Coach Network – Montgomery County will build an Energy Coach Network to ensure community awareness and access to energy-efficiency programs. Montgomery County's Energy Coach Network will provide customized, community-level education on the benefits of energy-efficiency, availability of programs, and opportunities for assistance. A central manager will ensure consistent messaging about the Network's mission. Coaches located at regional services centers, local green groups, or other areas of community interaction will provide direct services at the neighborhood level. The network will raise overall community awareness of program offerings from state, local, and federal programs, including existing EmPower programs. Specialized staff will work within the network to facilitate low-income consumer access to subsidies and assistance programs.

    c. Expanded Weatherization Programs – Montgomery County will reduce the energy-related expenses of low-income consumers through expanded weatherization programs. These programs would augment existing EmPower and federal funding for low-income customer retrofits to provide deeper, more extensive improvements to low-income housing stock. This could include more comprehensive remediation of the building envelope, electrical system, and space-conditioning systems. Montgomery County anticipates this program to expand the scope of individual retrofits by remediating conditions that need to be resolved before a retrofit can proceed, and to serve additional low-income residents.

Exelon will provide, in equal installments over 3 years, a total of $24.4 million of the CIF in funding for such programs. Montgomery County will submit public program plans to the Commission before deploying the funds and will provide public reports to the Commission, annually for 3 years after Merger closing, as directed by the Commission describing how the funds provided by Exelon have been deployed in programs for the benefit of customers.

7. Exelon will, over 5 years, provide $15.6 million of the CIF to fund additional energy-efficiency programs, including programs benefitting low-income customers, as directed by the Commission. While the Commission has discretion as to how these funds will be deployed, the Parties anticipate that these programs will be available to benefit customers in the Delmarva Power service territory. Delmarva Power and Pepco will cooperate with the agencies designated by the Commission to receive such funding on the development and implementation of the energy-efficiency programs for customers; provided that the parties recommend that $3.1 million in total of the $15.6 million shall be dedicated to energy-efficiency investments in affordable multi-family housing.

8. Provision of Energy Usage Data.

    a. Energy-Performance Benchmarking: Montgomery County Bill 2-14 (Environmental Sustainability – Buildings – Benchmarking) requires building owners to benchmark building energy performance. To benchmark, building owners must have access to utility data including, where separately metered, that of tenants. Pepco actively participates in the County's working groups established to implement and refine the benchmarking program. In addition, Pepco has developed tools and processes to facilitate access to energy data by building owners, particularly in situations where the building owner may not have access to tenant data. Exelon commits that Pepco will continue its collaboration to support Montgomery County's energy-performance benchmarking efforts and that Pepco will continue to make available tools and processes to provide building owners accessible, useful and accurate energy-performance data in Prince George's County and Montgomery County.

    b. In addition, throughout Pepco's and Delmarva Power's service territories, Exelon commits that Pepco and Delmarva Power will provide building owners and managers of multi-family buildings (defined as buildings with five or more residential units) in Pepco's or Delmarva Power's service territories with timely whole-building and unit type (if available) energy usage data (at no additional cost) that will allow owners to benchmark energy usage of their buildings and set utility allowances, upon request, in a format reasonably acceptable to the parties to preserve the privacy of individual customer consumption data. Exelon commits that representatives of Pepco and Delmarva Power with appropriate authority regarding the sharing of this data will meet with representatives of the Maryland Affordable Housing Coalition ("MAHC"), Housing Association of Non-profit Developers ("HAND"), and other interested stakeholders, to work out the necessary data sharing protocols to support development of acceptable utility allowances, with the good-faith goal of implementing agreed-upon protocols within one year of the closing of the Merger.

Green Sustainability Fund

9. Establishment of Fund; Qualifying Projects – Exelon will establish a $50 million fund (the "Fund") to stimulate public and private investment within Pepco's, Delmarva Power's and Atlantic City Electric's ("ACE") (collectively, the "PHI utilities") service territories in: solar, storage and other behind-the-meter and distributed generation; energy-efficiency and whole home solutions; utility 2.0; resiliency measures; microgrids; water conservation in buildings; clean transportation; community solar; and similar developing energy technologies ("Qualifying Projects").

10. Allocation of Fund – The Fund will be allocated across all jurisdictions in the PHI utilities service territories in the following amounts: Maryland – $19.8 million; District of Columbia – $7.1 million; Delaware – $8.5 million; and New Jersey – $14.6 million. The Fund will be allocated within each jurisdiction through a process established by the utility commission and managed by the commission or an agency designated by the commission, subject to paragraph 10(a) below in Maryland. Each jurisdiction will manage its share of the Fund through state and local "green banks" or similar state and local government agencies or government-affiliated organizations that sponsor investments in Qualifying Projects ("Sponsoring Organizations"). Exelon will advance the allocated portions of the Fund to Sponsoring Organizations within 60 days after allocations of the Fund are made to those organizations. Since Montgomery County and Prince George's County are designated through this agreement as Sponsoring Organizations, funds will be provided to the Counties within 60 days of merger closing.

    a. Maryland funds will be allocated with at least $8.4 million of the Fund to Montgomery County, and at least $6.0 million to Prince George's County, which is derived from prorating on a per customer basis, with each of the Counties being a Sponsoring Organization. The parties recommend that of the remaining $5.4 million allocated to Maryland, that approximately $1 million be dedicated to energy-efficiency investments in affordable multi-family housing.

    b. Portions of the Fund that are not allocated by a state to Sponsoring Organizations within two years after closing of the Merger will be allocated among all Sponsoring Organizations that have received allocations of the Fund as of that date (with such allocations made pro rata based on allocations received as of that date).

11. Qualified Borrowers – The Fund will be used by Sponsoring Organizations to help finance Qualifying Projects installed by or on behalf of: county, municipal and other local government organizations; universities and community colleges; 501(c)(3) organizations and similar charitable groups; low- and moderate-income residents, affordable multi-family building owners, and commercial businesses; and commercial businesses ("Qualified Borrowers"). Qualified Borrowers do not include established, credit-worthy organizations that have access to conventional financing, excepting government organizations, universities and community colleges. Determinations of Qualified Borrowers will be made by the local Sponsoring Organization.

12. Co-Investors – In order to leverage the Fund for maximum effectiveness, each Sponsoring Organization will seek to maximize use of the Fund in partnership with other public and private financing sources to arrange financing for Qualifying Projects that cannot be fully funded through conventional financing and equity sources. Sponsoring Organizations may seek to arrange co-investments with regional, community and minority banks and Treasury Certified Community Development Financial Institutions ("CDFIs"). Exelon will encourage its community and minority banking relationships and other financing sources to co-invest with Sponsoring Organizations on financing for Qualified Projects.

13. Types of Financial Support – Financial assistance from the Fund will be extended to Qualified Borrowers through Sponsoring Organizations in the form of low-interest loans, interest subsidies, purchases of participations in loans made by co-investors, subordinated loans, partial loan guarantees or similar credit enhancements, and loan-loss protection. Sponsoring Organizations will endeavor to direct at least 20% of the Fund for interest-free loans for Qualifying Projects to 501(c)(3) organizations, similar charitable organizations, and affordable multi-family housing.

14. Terms of Financial Support – Interest rates and similar charges on loans provided by the Fund (other than interest-free loans as noted above) will be determined by the local Sponsoring Organization. Interest and other charges on loans provided by the Fund will be retained by the local Sponsoring Organization to defray administrative costs or provide funding for other Qualifying Projects.

    a. The Fund will be available for 20 years after Merger closing. Loans provided by the Fund will mature in 15 years or less. Other terms and conditions of financial support will be determined by the local Sponsoring Organization and co-investors.

    b. During the 20 years that the Fund is available, payments of principal and interest and other recoveries on loans made from the Fund may be redeployed by the Sponsoring Organization into new loans to Qualified Borrowers for Qualified Projects, provided that all loans must mature no later than 20 years following closing of the Merger. After 20 years following closing of the Merger, payments of principal (and other recoveries applied to principal on loans) made from the Fund, but not interest and other charges which will be retained by the local

Sponsoring Organization, will be returned to Exelon following receipt by the Sponsoring Organization on a quarterly basis but only to the extent actually received by the Sponsoring Organization.

15. Administration – The local Sponsoring Organizations and their co-investors will be responsible for administration of the loans made from the Fund, including the application process, credit decisions, monthly statements, monitoring of collateral, if any, collection of interest and principal, reporting, and legal and regulatory compliance. The Sponsoring Organizations agree to provide the Joint Applicants with adequate financial information on the Fund status and performance, as defined by the Joint Applicants, as may be needed for financial reporting and other regulatory purposes. Sponsoring Organizations may use a portion of the Fund to pay reasonable costs of administration of the Fund and loans made from the Fund. Subject to applicable law, when using third parties for loan administration or in contracting with suppliers, Sponsoring Organizations will use their best efforts to utilize qualified community and minority banks and persons meeting the definition of a "Minority Business Enterprise" ("MBE") under the Memorandum of Understanding between the Commission and Pepco and Delmarva Power. The local Sponsoring Organizations will provide periodic reports to the utility commissions on the activity and performance of the Fund, as directed by each commission.

16. Design Flexibility – The program is intended to provide (1) flexibility for utility commissions to establish application processes and criteria for allocation of the Fund among Sponsoring Organizations located within the commission's jurisdiction and (2) flexibility for local Sponsoring Organizations to establish specific parameters for use and preservation of the Fund, determination of Qualifying Borrowers, review and approval of Qualifying Projects, selection of co-investors, and detailed terms and conditions of loans and other financial support from the Fund. At the end of the initial 20 year period following closing of the Merger, Exelon will determine whether and how to extend or expand the program and the Fund, based on loss experience, loan demand, and other measures of success of the program. Unless otherwise determined at that time, original principal of the Fund not committed to Qualified Projects within 20 years after closing of the Merger will revert to Exelon.

17. Ratepayer Protection – The Fund is in addition to the $94.4 million CIF. The PHI utilities will not seek recovery in utility rates for the establishment of the Fund or any expense or loss associated with the Fund.

Renewable Generation Development

18. Exelon and its subsidiaries will provide the following to support development of renewable generation:

    a. Exelon will, within five years after the Merger close, develop or assist in the development of 15 MWs of solar generation in Maryland – 5 MWs of which will be located in Prince George's County, 5 MWs of which will be located in Montgomery County, and 5 MWs of which will be located in the Delmarva Power service territory. Exelon will sell the output of this solar generation under one of its standard commercial offerings in the market. Exelon will not seek to recover the costs of this commercial solar development through Pepco's or Delmarva Power's retail rates.

b. Exelon will provide $5 million of capital at market rates for the development of renewable-energy projects in Montgomery County (for the community or government buildings).

c. Pepco will coordinate with Montgomery County and Prince George's County to facilitate planning for and interconnection of renewable generation to be developed by the Counties for governmental buildings or public facilities.

Microgrid Development

19. Pepco will, within one year following Merger close, file with the Commission a proposal for pilot public-purpose microgrid projects to provide enhanced energy services to the selected areas, including during emergency events. The pilot projects will be developed in the Pepco service territory, with one project in Prince George's County and one project in Montgomery County. Pepco will coordinate with Montgomery County and Prince George's County and the Maryland Energy Administration on the selection of the pilot locations, the development of the proposal, and implementation of the projects. The county hosting the microgrid will have final approval and consent of the location. The proposal and implementation of the microgrid projects will include, but is not limited to planning, design, and construction of physical facilities and control technologies, the development of on-site distributed-generation sources, such as combined heat and power, solar photovoltaic, and fuel cells, and operation and maintenance activities. Pepco will install the microgrids within five years after receiving approval from Commission. The filing will include a proposal for funding of Pepco's costs in connection with the projects through Pepco's regulated rates.

Grid-of-the-Future Proceeding

20. Within 180 days after the Merger closing, Pepco and Delmarva Power will make a filing with the Commission requesting that the Commission initiate a proceeding to examine opportunities to transform the electric distribution grid, including the incorporation of smart-grid technology, microgrids, renewable resources, and distributed generation. As part of this filing, the companies will request formation of a collaborative stakeholder process to study relevant issues. Exelon will fund up to $500,000 for the Maryland Public Service Commission to retain a consultant to study relevant issues and/or facilitate the proceeding, and Pepco and Delmarva will not seek recovery in utility rates of this funding.

Labor, Employment and Compensation, and Workforce Development

21. Exelon reaffirms that that there will be no net reduction, due to involuntary attrition as a result of the Merger integration process, in the employment levels at Pepco or Delmarva Power for two years following the Merger closing.

22. Exelon reaffirms that if, and only if, the Merger closes, Exelon, Pepco and Delmarva Power will make a good-faith effort to hire a minimum of 110 bargaining-unit employees in Maryland during the twenty-four month period after the Merger closes.

23. Exelon agrees that it will assume PHI's obligations, or cause PHI to continue to meet its obligations, to Pepco and Delmarva Power employees and retirees with respect to pension and retiree health benefits.

24. Exelon, Pepco and Delmarva Power will partner with Prince George's County, Montgomery County and state and local officials in the Delmarva Power service territory to support Workforce Development programs as follows:

    a. Prince George's County:

        i. Exelon and Pepco will partner with Prince George's County to promote a Sustainable Energy Workforce Development program in Prince George's County. The Sustainable Energy Workforce Development Program will play a critical role in establishing an advanced energy industry in the County that will create quality jobs and build employment capacity in the energy sector. A sustainable energy job or career produces goods or services that benefit the environment, promote a low-carbon economy, and/or conserve natural resources by performing duties in the area of energy-efficiency and renewable energy. Examples of sustainable energy jobs or careers include but are not limited to: energy auditors, solar photovoltaic or solar water heating installers; wind energy technicians; weatherization technicians; and manufactures and distributors of energy-efficient products and services.

        ii. The Sustainable Energy Workforce Development program will be administered by a Prince George's County institution of higher learning such as Prince George's County Community College, Construction and Energy Institute with special emphasis on creating "Pathways out of Poverty" and retooling residents who lose their job. The course content will provide interdisciplinary and applied training in energy-efficiency, renewable energy, and other emerging energy techniques whereby successful completion of the curriculum leads to certification in national recognized standards such as Building Performance Institute ("BPI") and North American Board of Certified Energy Practitioners ("NACEP").

iii. Prince George's County will also partner with Exelon and Pepco on the implementation of an energy-literacy program in Prince George's County Public School System to prepare students for advanced careers in the energy sector.

iv. Exelon or Pepco will participate in Prince George's County Summer Youth Enrichment Program ("SYEP") by hiring or sponsoring at least 20 County youth annually for the next four years.

v. Exelon will provide funding of $1,240,000, derived from prorating on a per customer basis, over four years in support of these programs, and Pepco will not seek recovery of this amount in utility rates.

b. Montgomery County:

i. Montgomery County is considering organizing its workforce development programs under one entity, in order to create a comprehensive workforce development system that will unite many stakeholders under common objectives. Exelon and Pepco will partner with Montgomery County and with whatever entity is selected by the County to promote workforce development in Montgomery County, with an emphasis on promotion of training and job creation in the areas of energy-efficiency, renewable energy and Science, Technology, Engineering and Math ("STEM") fields.

ii. Exelon will provide $1,700,000, derived from prorating on a per customer basis, over four years in support of these programs, and Pepco will not seek recovery of this amount in utility rates.

c. Delmarva Power Service Territory:

i. Exelon will coordinate with state and local officials in the Delmarva Power service territory to support workforce development programs.

ii. Exelon will provide funding of $1,060,000, derived from prorating on a per customer basis, over four years in support of these programs, and Delmarva Power will not seek recovery of this amount in utility rates.

Low-Income Customer Assistance

25. To help reduce the burden of long-outstanding energy debt for low-income and other families, Pepco and Delmarva Power shall forgive all residential customer accounts receivable over three years old as of the date of the Merger closing. The costs of such forgiveness will not be recovered in Pepco's or Delmarva Power's rates. Exelon will ensure that appropriate representatives of Pepco and Delmarva engage in discussions with NCLC to consider in good faith the development of a mutually agreeable Arrearage Management Program ("AMP") for low-income customers in arrears, which would include the provision of credits or matching payments for customers who make timely

payments on their current bills, with such discussions to be initiated no later than one 60 days after the closing of the Merger, and with the understanding that any agreement regarding the adoption of an AMP would be submitted to the Commission for its review and approval.

Charitable Contributions and Community Initiatives

26. Exelon reaffirms that, during the ten-year period following closing of the Merger, Exelon and its subsidiaries will provide at least an annual average of charitable contributions and traditional local community support in Pepco's and Delmarva Power's service territories in Maryland that exceeds the 2013 level of $623,000 from PHI. This commitment is separate from and in addition to the charitable contribution commitment in the merger between Exelon and Constellation Energy Group, Inc., MD PSC Case No. 9271 in Order No. 84698 (issued February 17, 2012), at p. 101. Additionally, beginning within 90 days after Merger close, Exelon and its subsidiaries will make a good faith effort to obtain information from the charitable organizations to which they contribute to determine whether and how much of those contributions benefit each of Prince George's County, Montgomery County and the District of Columbia. Pepco will provide information regarding the contributions that benefit Prince George's and Montgomery County to each County on an annual basis for a period of 10 years following Merger close.

Pilot Project to Provide Public Recreational Use of Pepco Utility Corridors and to Enhance Utility Access to Facilities

27. Certain parties have requested Pepco revisit its policy regarding access to its facilities and foster the development of both paved and natural surface trails open free-of-charge to non-motorized public use on its transmission corridors, including to provide for non-motorized transportation benefits. In response to these requests, and in conjunction with work it has planned and that it intends to perform on its transmission corridors, including its efforts to enhance utility access to its facilities, Pepco agrees to coordinate with the Maryland Department of Natural Resources ("DNR"), Montgomery County, Prince George's County and the Maryland - National Capital Park and Planning Commission ("M-NCPPC") to establish a pilot project in its Maryland service territory by which Pepco will grant to an appropriate governmental or private entity in both Counties a limited, non-exclusive license to access specified portions of Pepco's transmission-line property for recreational and transportation use by the public. Paths will provide increased access to Pepco to its facilities along the transmission corridor, therefore, Pepco will have access along any path to serve its facilities. Permanent paths will provide for faster access for restoration of lines damaged during storms and less impact on wetlands and streams since pathways will be built to mitigate damage to sensitive areas. Pepco agrees to work cooperatively with DNR, Montgomery County, Prince George's County and M-NCPPC to define the license terms. The first pilot project will be a combined paved and natural surface trail system along the transmission corridor from Westlake Drive near Montgomery Mall to the Soccerplex in Germantown (the "Bethesda-Dickerson Corridor"). Within four months after Merger closing, Pepco will solicit the input and work cooperatively with the DNR, Montgomery County, Prince George's

County, M-NCPPC and other interested parties on the design of an unpaved trail in the portion of the Bethesda-Dickerson Corridor between the Soccerplex and Quince Orchard Road (the "Unpaved Trail").

The terms of the licenses for the pilot projects shall include, but are not limited to, the following:

a. Construction (e.g., access points and parking, standards, path material, bridges, signs);

b. Maintenance (including but not limited to responsibility for snow removal, grass cutting, debris removal);

c. Times of Use;

d. Acceptable non-motorized uses, including pedestrians, dog walkers, runners, cyclists, horseback riding;

e. Monitoring acceptable use;

f. Responsibility for handling complaints from adjoining landowners, including intake and response;

g. Liability and safety requirements;

h. Assurance that Pepco's access and use of its property and facilities located therein are not limited in any way; and

i. Pepco shall retain final approval regarding the location of the pilot project(s) and the site of any future access, based upon factors such as safety, security, and Pepco's need to continue to provide safe and reliable electric service consistent with its obligations to customers. Pepco will not forfeit or abridge its property rights in any way.

Pepco, the Counties, M-NCPPC and DNR will cooperate to gain approval of these trails and to construct them in a way that reasonably minimizes the portion deemed to be impervious surfaces in order to reduce the storm water retention requirements. Pepco will seek recovery in regulated transmission and distribution rates of the costs that it incurs in connection with the project. Pepco agrees to pay all reasonable costs associated with the pilot project if it is able to obtain such recovery in regulated rates. If Pepco is not able to obtain rate recovery of the full amount of pilot project costs, it will work with the Counties, M-NCPPC and DNR to reevaluate and appropriately limit the scope of the pilot project, pay the costs of designing the Unpaved Trail, and cooperate to seek alternate sources of funding to complete the pilot project.

Pepco further agrees, following the implementation of the pilot project, to collect lessons learned and identify criteria and conditions under which it would consider future projects to allow access to its property for non-motorized recreational and transportation use.

System Hardening to Support Washington Suburban Sanitary Commission ("WSSC") Potomac Water Treatment Plant

28. Within six months after the Merger closing, Pepco will provide to Montgomery County and to Prince George's County an analysis of transmission- or distribution-system options, and associated costs, to enhance the reliability and resiliency of electric service to the WSSC Potomac Water Treatment Plant, which serves both Montgomery and Prince George's Counties.

Pepco and BGE Cooperation with the Office of Emergency Management and Homeland Security ("OEMHS")

29. Exelon and Pepco commit that Pepco will continue Pepco's strong working relationship, coordination and communication with OEMHS and Montgomery and Prince George's Counties during storm-restoration events, including with respect to identification of priority facilities to be restored. Exelon commits that the relationship will be expanded to include BGE.

Most Favored Nation

30. Exelon will provide the Settling Parties with a copy of the final Orders and Settlement Stipulations from Delaware, the District of Columbia and New Jersey, following approval in all of those jurisdictions, along with an analysis indicating the total dollar amount of the customer investment fund ("CIF") approved in each jurisdiction (including a calculation of that amount on a per distribution customer basis) and explaining the valuation of the additional 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). In recognition of the risk to Maryland of approving the transaction before the District of Columbia, the Settling Parties agree that Maryland should be protected in the event that the Joint Applicants agree or accept orders under which another jurisdiction obtains a higher amount of direct customer financial benefits than provided through the CIF (calculated on a per-distribution customer basis) or other materially better benefits in the aggregate than those contained in this Settlement Agreement:

    a. If, on a per-distribution customer basis, the benefits provided to other jurisdictions are materially more beneficial in the aggregate than the terms of this Settlement Agreement with respect to financial benefits, credits or payments to customers including the amount of the CIF specified in Paragraph 3, then Exelon will increase the financial benefits, credits or payments to Pepco's and Delmarva Power's customers including the CIF to an equivalent amount calculated on a per-distribution customer basis. In no event will the operation of this methodology cause the financial benefits, credits or payments to customers agreed to in this Settlement Agreement to be reduced.

    b. If the benefits in any other jurisdiction that do not involve financial benefits, credits or payments to customers are materially more beneficial in the aggregate than the terms of this Settlement Agreement that do not involve financial benefits, credits or payments to customers, then Exelon will increase the benefits provided under this Settlement Agreement by the amount of any difference between the value of those benefits in the other jurisdiction and the value of those benefits under this Settlement Agreement, based on the analysis showing the valuation of those benefits in the other jurisdiction compared to the valuation of those benefits in Maryland, all determined where appropriate on a pro rata or per-distribution customer basis. The Settling Parties recognize, however, that there are differences among the states with respect to (a) employment and hiring commitments, (b) the existing level of charitable contributions, and (c) reliability performance and investment and, therefore, agree that those three elements will not be considered in the determination of whether the benefits in other jurisdictions are materially more beneficial than the terms of this Settlement Agreement, and Exelon will not be required to offer to compensate Maryland for any differences in the value of such elements.

c. If the Settling Parties find the amount or form of compensation offered by Exelon to be insufficient, then the Settling Parties may petition the Commission to require that Exelon provide increased benefits in Maryland. Exelon shall be permitted, in its sole discretion, to not consummate the Merger. Exelon agrees to supply non-privileged information which the Settling Parties may request to determine the value of any benefits. The Settling Parties agree that the purpose of this Paragraph is to assure a fair allocation of the costs and benefits associated with this transaction to Pepco's and Delmarva Power's customers.

Stipulation to Additional Commitments

31. The Settling Parties stipulate to and endorse the additional commitments set forth in Exhibits A and B to this Settlement Agreement. Exhibit A includes additional commitments by the Joint Applicants in response to requests made by parties in initial briefs filed with the Commission in Case No. 9361. Exhibit B includes commitments by the Joint Applicants in Appendix A to their initial brief filed with the Commission in Case No. 9361.

Miscellaneous

32. Each of the Settling Parties agrees to use its best efforts to ensure that this Settlement Agreement shall be submitted to the Commission for approval as soon as possible.

33. Each of the Settling Parties agrees to cooperate in good faith and take all reasonable action to effectuate the terms of this Settlement Agreement.

34. The Settling Parties agree that this Settlement Agreement represents the entirety of the agreement among the Settling Parties. This Settlement Agreement includes proposals and conditions above and beyond the terms contained in the Application and as enhanced in the Joint Applicants' Initial Brief.

35. The Settling Parties agree to support approval of the Merger upon the terms set forth in this Settlement Agreement, along with the commitments set forth in Joint Applicant's Application and Initial Brief, in any proceedings before the Commission regarding approval of the Merger and/or implementation of commitments or conditions. The Settling Parties further agree to defend this Settlement Agreement in the event of opposition to approval of the Merger from non-signatory parties before the Commission.

36. Notwithstanding anything to the contrary set forth herein, upon the occurrence of any of the following events, this Settlement Agreement shall terminate, and shall be deemed null and void and of no force or effect:

    a. if the Commission fails to adopt a Final Order approving the Merger and this Settlement Agreement or issues a decision disapproving this Settlement Agreement;

    b. if for any reason the Merger is not consummated;

    c. if the Commission issues a written order approving this Settlement Agreement subject to any condition or modification of the terms set forth herein which an adversely affected Settling Party, in its discretion, finds unacceptable. Such Settling Party shall serve notice of unacceptability on the other Settling Parties within three business days following receipt of such Commission order. Absent such notification, the Settling Parties shall be deemed to have waived their respective rights to object to the acceptability of such conditions or modifications contained in the Commission order, which shall thereupon become binding on all Settling Parties; or

    d. if Exelon declines, in its sole discretion, to accept any modification of, or addition to, terms and conditions of this Settlement Agreement ordered by the Commission.

37. The terms and conditions set forth in Paragraphs 3 through 31 (including subparts) of this Settlement Agreement shall only be binding on the Settling Parties upon approval by the Commission and upon consummation of the Merger, which are express conditions precedent.

38. Exelon, Pepco and Delmarva Power submit to the jurisdiction of the Commission for enforcement of the terms and conditions herein.

39. This Settlement Agreement is submitted to the Commission for approval as a whole. This Settlement Agreement contains terms and conditions above and beyond the terms contained in the Application and as enhanced in the Joint Applicants' Initial Brief, each of which is interdependent with the others and essential in its own right to the signing of this Settlement Agreement. Each term is vital to the Settlement Agreement as a whole, since the Settling Parties expressly and jointly state that they would not have signed the Settlement Agreement had any term been modified in any way. None of the Settling Parties shall be prohibited from or prejudiced in arguing a different policy or position

before the Commission in any other proceeding, as such agreements pertain only to this matter and to no other matter.

40. This Settlement Agreement represents the full scope of the agreement among the Settling Parties. This Settlement Agreement may only be modified by a further written agreement executed by all the parties to this Settlement Agreement.

41. This Settlement Agreement may be executed in as many counterparts as there are parties to this Settlement Agreement, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

42. The Joint Applicants agree that the press release announcing this Settlement Agreement shall be subject to Prince George’s County’s and Montgomery County's prior approval which shall not be unreasonably withheld. Any subsequent public statements or press releases about the Settlement Agreement will be consistent with the approved statements in the press release and consistent with the terms of the Settlement Agreement.

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EXELON CORPORATION

Darryl M. Bradford

BY: Darryl M. Bradford, Senior Vice President & General Counsel

PEPCO HOLDINGS, INC., POTOMAC ELECTRIC POWER COMPANY and DELMARVA POWER & LIGHT COMPANY

BY: Kevin C. Fitzgerald, Executive Vice President & General Counsel, Pepco Holdings, Inc.

PRINCE GEORGE'S COUNTY

BY:

MONTGOMERY COUNTY

BY:

EXELON CORPORATION

BY: Darryl M. Bradford, Senior Vice President & General Counsel

PEPCO HOLDINGS, INC., POTOMAC ELECTRIC POWER COMPANY and DELMARVA POWER & LIGHT COMPANY

BY: Kevin C. Fitzgerald, Executive Vice President & General Counsel, Pepco Holdings, Inc.

PRINCE GEORGE'S COUNTY

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BY:

EXELON CORPORATION

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PEPCO HOLDINGS, INC., POTOMAC ELECTRIC POWER COMPANY and DELMARVA POWER & LIGHT COMPANY

BY: Kevin C. Fitzgerald, Executive Vice President & General Counsel, Pepco Holdings, Inc.

PRINCE GEORGE'S COUNTY

Thos Himler

BY: Thomas Himler, Deputy Chief Administrative Officer for Budget, Finance, and Administration, Prince George's County, Maryland

MONTGOMERY COUNTY

BY: Lisa Brennan, Associate County Attorney, Montgomery County, Maryland

EXELON CORPORATION

BY: Darryl M. Bradford, Senior Vice President & General Counsel

PEPCO HOLDINGS, INC., POTOMAC ELECTRIC POWER COMPANY and DELMARVA POWER & LIGHT COMPANY

BY: Kevin C. Fitzgerald, Executive Vice President & General Counsel, Pepco Holdings, Inc.

PRINCE GEORGE'S COUNTY

BY: Thomas Himler, Deputy Chief Administrative Officer for Budget, Finance, and Administration, Prince George's County, Maryland

MONTGOMERY COUNTY

BY: Lisa Brennan, Associate County Attorney, Montgomery County, Maryland

MID-ATLANTIC OFF-ROAD ENTHUSIASTS, TRAIL RIDERS OF TODAY, INC., POTOMAC BRIDLE AND HIKING TRAIL ASSOCIATION, INC., EQUESTRIAN PARTNERS IN CONSERVATION, INC., POTOMAC APPALACHIAN TRAIL CLUB, INC., MONTGOMERY COUNTY ROAD RUNNERS ASSOCIATION, INC., THE INTERNATIONAL MOUNTAIN BICYCLING ASSOCIATION, INC., THE MARYLAND HORSE COUNCIL, INC., AND THE AMERICAN HIKING SOCIETY

BY: David L. Scull, Counsel for the Mid-Atlantic Off-Road Enthusiasts, Trail Riders of Today, Inc., Potomac Bridle and Hiking Trail Association, Inc., Equestrian Partners in Conservation, Inc., Potomac Appalachian Trail Club, Inc., Montgomery County Road Runners Association, Inc., the International Mountain Bicycling Association, Inc., the Maryland Horse Council, Inc., and the American Hiking Society

NATIONAL CONSUMER LAW CENTER, NATIONAL HOUSING TRUST, MARYLAND AFFORDABLE HOUSING COALITION, and THE HOUSING ASSOCIATION OF NONPROFIT DEVELOPERS

BY: Charles Harak, Senior Attorney, National Consumer Law Center

MID-ATLANTIC OFF-ROAD ENTHUSIASTS, TRAIL RIDERS OF TODAY, INC., POTOMAC BRIDLE AND HIKING TRAIL ASSOCIATION, INC., EQUESTRIAN PARTNERS IN CONSERVATION, INC., POTOMAC APPALACHIAN TRAIL CLUB, INC., MONTGOMERY COUNTY ROAD RUNNERS ASSOCIATION, INC., THE INTERNATIONAL MOUNTAIN BICYCLING ASSOCIATION, INC., THE MARYLAND HORSE COUNCIL, INC., AND THE AMERICAN HIKING SOCIETY

BY: David L. Scull, Counsel for the Mid-Atlantic Off-Road Enthusiasts, Trail Riders of Today, Inc., Potomac Bridle and Hiking Trail Association, Inc., Equestrian Partners in Conservation, Inc., Potomac Appalachian Trail Club, Inc., Montgomery County Road Runners Association, Inc., the International Mountain Bicycling Association, Inc., the Maryland Horse Council, Inc., and the American Hiking Society

NATIONAL CONSUMER LAW CENTER, NATIONAL HOUSING TRUST, MARYLAND AFFORDABLE HOUSING COALITION, and THE HOUSING ASSOCIATION OF NONPROFIT DEVELOPERS

Charles Harak

BY: Charles Harak, Senior Attorney, National Consumer Law Center

EXHIBIT A TO SETTLEMENT AGREEMENT AND STIPULATION

The Settling Parties stipulate to and endorse the following additional commitments, which are made in response to proposals made by the following parties:

I. Staff of the Public Service Commission

Commitment 22 – Enhanced Energy Efficiency Plans

[Consistent with the Public Interest – Benefit to Consumers – No Harm to Consumers]

The Joint Applicants will cooperate with Staff and other stakeholders to develop and file a distinct set of milestones as to how they will accelerate and enhance Pepco's and Delmarva Power's EmPOWER Maryland plans, including proposed penalties for failure to meet Commission-approved goals. This proposal will be filed with the Commission within six months after the close of the Merger.

Commitment 23 – Cost Allocation Comparisons For Three Years

[Consistent with the Public Interest – No Harm to Consumers]

The Joint Applicants will provide a side-by-side comparison of pre-and post-merger shared-services cost allocations to Pepco and Delmarva Power for three post-Merger years. The comparisons will be filed on an annual basis as a separate letter, and the first letter will be filed no later than the end of the second quarter in 2017.

Commitment 24 – Ratemaking – Amortization of Costs to Achieve Synergy Savings

[Consistent with the Public Interest – No Harm to Consumers]

If the Commission desires, Pepco and Delmarva Power will agree in future rate case proceedings to amortize the costs to achieve synergy savings ("CTA") over a period of time in the event that CTA exceed achieved synergy savings during the test year in question.

EXHIBIT A TO SETTLEMENT AGREEMENT AND STIPULATION

Commitment 25 – Reliability – RM43 Targets

[Consistent with the Public Interest – Benefit to Consumers]

The reliability performance levels set forth in Paragraph 4 of the Settlement Agreement exceed and supersede the currently-proposed RM43[1] performance levels submitted by Pepco and Delmarva for years 2016-2020 that are under consideration by the Commission. In the event that the Commission adopts performance levels that are more stringent than those set forth in Paragraph 4 of the Settlement Agreement, Pepco and Delmarva Power commit to meet those Commission-adopted performance levels, subject to any necessary adjustments to the budget levels set forth in Paragraph 4 of the Settlement Agreement.

Commitment 26 – Reliability – Vegetation Management Programs

[Consistent with the Public Interest – Benefit to Consumers]

Exelon will maintain Pepco's and Delmarva Power's existing or planned vegetation management programs in compliance with the standards as established in RM43.

Commitment 27 – Reliability – Resiliency Programs

[Consistent with the Public Interest – Benefit to Consumers]

Exelon will cooperate with Staff and other stakeholders to determine the funding and other resources necessary to meet future resiliency targets that may be established by the Commission.

Commitment 28 – Reliability – Customer Satisfaction Scores

[Consistent with the Public Interest – Benefit to Consumers]

Exelon will conduct an analysis of, and develop an action plan to improve, Pepco's customer-satisfaction scores. Exelon will file this analysis and action plan with the Commission

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[1] Service Quality and Reliability Standards COMAR 20.50.12.00 *et seq*.

no later than six months after Merger closing.

Commitment 29 – Support for Supplier Diversity

[Consistent with the Public Interest]

Exelon shall fully support the goals of the Memorandum of Understanding ("MOU") signed by Pepco and Delmarva Power on February 6, 2009 regarding supplier diversity, including all of the terms and conditions thereof, and shall use its best efforts to assist Pepco and Delmarva Power with the implementation of the MOU and meeting its obligations pursuant to the MOU. Pepco and Delmarva Power shall meet its obligations pursuant to the MOU.

Commitment 30 – Ring Fencing – Risk Analysis

[Consistent with the Public Interest – No Harm to Consumers]

Exelon will conduct an analysis of its operational and financial risk to determine the adequacy of existing ring-fencing measures. Exelon will file this analysis with the Commission no later than the end of the third quarter in 2017.

Commitment 31 – Ring Fencing – Equity Ratio

[Consistent with the Public Interest – No Harm to Consumers]

Pepco and Delmarva Power shall maintain an average annual equity ratio of at least 48%.

Commitment 32 – Across the Fence Comparison Reporting

[Consistent with the Public Interest – No Harm to Consumers]

If the Commission so desires, Exelon and PHI will file annual "across the fence reports" comparing the performance and status of the utilities within the Exelon family (including Pepco, Delmarva Power, and BGE) to each other and against the performance and status of other utilities inside and outside the State of Maryland. The reports will address substantive areas as directed by the Commission and may include subject areas such as reliability, customer service, safety, rate and regulatory matters, interconnections, energy-efficiency and demand-response programs, and deployment of new technologies, including smart meters and smart grid, automated technologies, microgrids and utility-of-the future initiatives.

II. Public Citizen

Commitment 33 – Consumer Public Advocacy

[Consistent with the Public Interest – Benefit to Consumers – No Harm to Consumers]

In order to facilitate consumer advocacy in PJM, Exelon reaffirms a commitment it is also making to the Delaware Public Service Commission that Exelon will make a one-time contribution of $350,000 to fund the expenses of the Consumer Advocates of PJM States Inc. ("CAPS"). This contribution shall be a single contribution made with respect to all of the PHI utilities and service territories and shall not be specific to Pepco, Delmarva Power or Maryland. The cost of the contribution shall not be recovered in Pepco or Delmarva Power rates. Exelon also agrees to support reasonable proposals to have PJM members fund CAPS.

III. Clean Chesapeake Coalition

Commitment 34 – Sediment Study and Consultation

[Consistent with the Public Interest]

Exelon affirms that it previously committed to fund up to $3,500,000 for a multi-year study ("Sediment Study") that will quantify, among other things, the amount of suspended sediment concentration, associated nutrients, suspended sediment load, and nutrient load present in the major entry points to the Lower Susquehanna River Reservoir System and the upper Chesapeake Bay. The Sediment Study was jointly prepared by the Maryland Department of the Environment, the Maryland Department of Natural Resources, the University of Maryland Center for Environmental Science, the U.S. Environmental Protection Agency Chesapeake Bay Program, the

U.S. Geological Survey, the U.S. Army Corps of Engineers, and Exelon ("Study Partners"). The Study Partners anticipate that the information from the Sediment Study will supplement the Lower Susquehanna River Watershed Assessment, and enhance the suite of Chesapeake Bay Watershed and Water Quality models that will inform the 2017 Chesapeake Bay TMDL Midpoint Assessment. In recognition of the Clean Chesapeake Coalition's shared interest in restoring the health of the Chesapeake Bay, Exelon will consult with the Clean Chesapeake Coalition on an ongoing basis regarding Sediment Study field data collection and analysis, data management and reporting, modelling, and study results. At the conclusion of the Sediment Study, Exelon will present the study report's findings to the members of the Clean Chesapeake Coalition. In addition, Exelon will continue its discussions with the Maryland Department of the Environment, the Maryland Department of Natural Resources, and other stakeholders on other issues relating to the licensing of Conowingo Dam.

EXHIBIT B TO SETTLEMENT AGREEMENT AND STIPULATION

JOINT APPLICANTS' ENHANCED COMMITMENTS

Commitment 1 – Customer Investment Fund

[Consistent with the Public Interest – Benefit to Consumers]

Superseded by Paragraph 3 of the Settlement Agreement

Commitment 2 – Reliability and Quality of Service

[Consistent with the Public Interest – Benefit to Consumers]

Superseded by Paragraph 4 of the Settlement Agreement

Commitment 3 – Merger Impact on Rates

[Consistent with the Public Interest – No Harm to Consumers]

Pepco and Delmarva Power will not seek recovery in distribution or transmission rates of: (1) any acquisition premium associated with the Merger; or (2) any transaction costs incurred in connection with the Merger by Exelon, Pepco Holdings, Inc. ("PHI"), or their subsidiaries. The categories of transaction costs incurred in connection with consummation of the Merger that will not be recovered from utility customers are: (1) consultant, investment banker, legal, and regulatory support fees, (2) change in control payments, (3) costs associated with the shareholder meetings and a proxy statement related to the Merger approval by PHI shareholders, and (4) costs associated with the imposition of conditions or approval of settlement terms in other state jurisdictions. In addition, Pepco and Delmarva Power will not incur or assume any debt, including the provision of guarantees or collateral support directly related to the Merger.

Pepco and Delmarva Power will each track and account for Merger-related savings, and the cost to achieve those savings, in their next base rate case.

EXHIBIT B TO SETTLEMENT AGREEMENT AND STIPULATION

Commitment 4 – Labor, Employment and Compensation

[Consistent with the Public Interest – No Harm to Consumers]

Pepco and Delmarva Power will honor all existing collective bargaining agreements. Upon approval of the Merger and for at least the first two years following consummation of the Merger, Exelon: (1) will not permit a net reduction, due to involuntary attrition as a result of the Merger integration process, in the employment levels at Pepco and Delmarva Power, and (2) will provide current and former Pepco and Delmarva Power employees compensation and benefits that are at least as favorable in the aggregate as the compensation and benefits provided to those employees immediately before execution of the Merger Agreement. PHI, Pepco and Delmarva Power will also continue their commitments to workforce diversity.

Commitment 4(a) – Hiring by Pepco and Delmarva Power

[Consistent with the Public Interest – No Harm to Consumers]

Exelon commits to make a good faith effort to hire within two years after the Merger closing date at least 110 union workers in Maryland.

Commitment 5 – Supplier Diversity

[Consistent with the Public Interest]

Superseded by Commitment 28 in Exhibit A to the Settlement Agreement

Commitment 6 – Low-Income Assistance

[Consistent with the Public Interest – Benefit to Consumers]

Pepco and Delmarva Power will maintain, enhance, and promote programs that provide assistance to low-income customers.

Commitment 7 – Charitable Contributions and Community Initiatives

[Consistent with the Public Interest]

Superseded by Paragraph 26 of the Settlement Agreement

Commitment 8 – Energy Efficiency

[Consistent with the Public Interest – Benefit to Consumers]

Pepco and Delmarva Power will maintain and promote existing energy efficiency and demand response programs consistent with the direction and approval of the Commission.

Commitment 9 – Exelon's Consent to Jurisdiction

[Consistent with the Public Interest – No Harm to Consumers]

Exelon submits to the jurisdiction of the Maryland Public Service Commission (the "Commission") for: (1) all matters related to the Merger and the enforcement of the commitments set forth herein to the extent relevant to operations of Pepco or Delmarva Power in Maryland; and (2) matters relating to affiliate transactions between Pepco, Delmarva Power, and Exelon or its affiliates to the extent relevant to operations of Pepco or Delmarva Power in Maryland. Exelon will also cause each of its affiliates that supplies goods or services to Pepco and Delmarva Power to submit to the jurisdiction of the Commission for matters relating to the provision or costs of such goods or services to Pepco and Delmarva Power.

Commitment 10 – Corporate Organization, Financial Integrity and Ring-Fencing

[Consistent with the Public Interest – No Harm to Consumers]

A bankruptcy-remote special purpose entity will be established as the Exelon subsidiary holding the equity interests in PHI. In addition, the following ring-fencing arrangements set forth in Commitment Nos. 10 and 10(a) may only be changed with permission of the Commission, and the Joint Applicants may not seek such permission during the first five years after completion of the Merger to act otherwise. Exelon and PHI commit to implement the following ring-fencing arrangements: (1) Pepco and Delmarva Power will maintain their separate existence and their separate franchises and privileges; (2) Pepco and Delmarva Power will maintain separate books and records; (3) Pepco's and Delmarva Power's books and records pertaining to their operations in Maryland will be available for inspection and examination by the Commission; (4) Pepco and Delmarva Power will maintain separate debt so that they will not be responsible for the debts of affiliate companies and preferred stock, if any, and Pepco and Delmarva Power will maintain their own corporate and debt credit rating, as well as ratings for long-term debt and preferred stock; and (5) ~~Exelon commits to target an average equity level of at least 48% in Pepco and Delmarva Power for ratemaking purposes~~ [*superseded by Commitment 30 in Exhibit A to the Settlement Agreement*].

Commitment 10(a) Enhanced Ring-Fencing Protections:

[Consistent with the Public Interest – No Harm to Consumers]

As members of the Exelon Management Executive Committee, the PECO, ComEd and BGE CEOs (and the CEO of PHI after the Merger) will continue to meet with Exelon's CEO, Mr. Crane, at least monthly and have direct and frequent access to him and other members of Exelon's senior management team.

The authority and responsibility delegated to local management will be clearly delineated in two formal, written documents consisting of a statement of Corporate Governance Principles and a Delegation of Authority ("DOA"). The DOA will demarcate, among other things, levels of expenditures and defined categories of decisions that can be authorized solely by the utility's CEO or by the utility CEO with utility Board of Directors' approval.

EXHIBIT B TO SETTLEMENT AGREEMENT AND STIPULATION

Exelon proposes to form a bankruptcy-remote Special Purpose Entity ("SPE") as a direct subsidiary of Exelon Energy Delivery Company ("EEDC") for the purpose of owning 100% of the shares of PHI.

a. The SPE will have no employees and no operations other than owning the equity of PHI.

b. The SPE will have four directors, one of whom will be an independent director.

c. In addition, the SPE will issue a non-economic interest in the SPE (a "Golden Share") to a company that is in the business of safeguarding SPEs.

d. A voluntary bankruptcy petition by the SPE will require a unanimous vote by the SPE's board of directors, including the independent director, as well as the affirmative consent of the holder of the Golden Share.

e. A unanimous vote by the SPE's board of directors and the affirmative consent of the holder of the Golden Share will also be required to amend the SPE's organizational documents affecting the voting rights and the other aspects of ring fencing in the SPE governing documents.

Further SPE-related commitments – the SPE will:

a. Hold itself out as an entity separate from affiliates;

b. Conduct business in its own name;

c. Not use the name or service marks of Exelon, PHI or PHI's subsidiaries;

d. Maintain separate books and records, separate bank accounts and financial statements;

e. Not commingle its funds or other assets with those of other entities;

f. Manage its liabilities separately;

g. Not guarantee or obligate itself for any debt of other entities or pledge its assets for the benefit of any other entity or make loans;

h. Deal with all affiliates on an arms-length basis.

Other ring-fencing commitments related to the SPE and its parent EEDC:

a. Exelon will not alter EEDC's corporate character to become an operating entity providing common support services to any affiliates, unless approved by the relevant regulatory commissions.

b. Exelon will not engage in any internal corporate reorganization related to EEDC, the SPE, PHI or any PHI utility for which Commission approval is not required without giving 90 days prior written notice to the Commission.

   Such notification shall include: (a) an opinion of reputable bankruptcy counsel that the reorganization does not materially impact the effectiveness of PHI's existing ring-fencing; or (b) a letter from reputable bankruptcy counsel describing what changes to the ring-fencing would be required to ensure PHI is at least as effectively ring-fenced following the reorganization and a letter from Exelon committing to obtain a new non-consolidation opinion following the reorganization and to take any further steps necessary to obtain such an opinion. Exelon will not object if the Commission elects to open an investigation into the matter if the Commission deems it appropriate but may complete the reorganization prior to the conclusion of the Commission investigation if Commission approval is not otherwise required.

c. SPE shall maintain adequate capital, provided however that EEDC and Exelon shall not be obligated to make any additional capital contributions.

d. Within 180 days following completion of the Merger, Exelon will obtain a legal opinion in customary form and substance and reasonably satisfactory to the Commission, to the effect that, as a result of the ring-fencing measures it has implemented for PHI and its subsidiaries, a bankruptcy court would not consolidate the assets and liabilities of the SPE with those of Exelon or EEDC, in the event of an Exelon or EEDC bankruptcy, or the assets and liabilities of PHI or its subsidiaries with those of either the SPE, Exelon or EEDC, in the event of a bankruptcy of the SPE, Exelon or EEDC. In the event that such opinion cannot be obtained, Exelon will promptly implement such measures as are required to obtain such opinion.

Ring-fencing commitments related to PHI:

a. PHI's seven-member Board of Directors will include three directors from the service territories of PHI's three utility subsidiaries. At least three of the PHI directors will be independent (as defined by NYSE rules). The PHI Board of Directors will select the Boards of Directors of Pepco and Delmarva Power, and the Pepco and Delmarva Power Boards will choose, respectively, Pepco's and Delmarva Power's officers.

b. PHI will maintain arm's-length relationships with Exelon and its affiliates, including the SPE;

c. PHI's CEO and senior officers directly reporting to the CEO will hold no official positions within Exelon or other Exelon group affiliates (other than PHI and PHI's subsidiaries);

d. PHI will hold itself out as a separate entity from Exelon and SPE and conduct business in its own name, and will not use the trademarks or service marks of Exelon (except that PHI and each of its utility subsidiaries may identify themselves as affiliates of Exelon on a basis consistent with other Exelon utility subsidiaries);

e. PHI will maintain separate books and records, will hold all its property in its own name, will not assume liability for the debts and will not guarantee the debt or credit instruments of Exelon, the SPE, or any other affiliate of Exelon other than a subsidiary of PHI.

f. PHI and its subsidiaries will use pricing protocols consistent with the rules of the Commission and FERC for transfer prices of any intercompany transfers of supplies and services;

g. PHI will use reasonable efforts to maintain credit ratings for its publicly-traded securities and will use reasonable efforts and prudence to preserve an investment grade credit rating for its senior unsecured debt.

h. The PHI Service Company ("PHISCO") will remain a subsidiary of PHI to afford it the benefits and protections of the Joint Petitioners' robust ring-fencing proposal. PHISCO will continue to perform functions and to maintain related assets currently involved in providing services exclusively to the PHI utilities. Other functions that are currently provided by PHISCO, including those that are provided to the PHI utilities and to other current PHI subsidiaries, will be transferred to Exelon Business Services Company ("EBSC") or another Exelon affiliate in a phased transition over a period of time following the Merger closing.

Ring-fencing commitments related to Pepco and Delmarva Power – Pepco and Delmarva Power will:

a. Maintain arm's-length relationships with Exelon and its affiliates and the SPE;

b. Hold themselves out as separate entities from Exelon and the SPE and conduct business in their own name (except that Pepco and Delmarva Power may identify themselves as affiliates of Exelon on a basis consistent with other Exelon utility subsidiaries);

c. Maintain separate books and records, accounts and financial statements;

d. Maintain their own separate debt and preferred stock, if any;

e. Not assume liability for nor issue any guarantees of the debt of any other entities other than their respective subsidiaries;

f. Have appropriate controls to assure that they will not bear costs associated with the businesses of Exelon or any other Exelon affiliates other than PHI subsidiaries and have its transfer pricing protocols comply with the rules of the Commission and FERC;

g. Not participate in a money pool with Exelon or any other entities other than with the PHI utilities, PHI and PHISCO, and will not commingle funds with those of other utilities; and

h. Maintain their own debt securities and credit ratings on their debt securities.

Ring-fencing provisions to protect the stand-alone financial conditions of Pepco and Delmarva Power:

a. Pepco and Delmarva Power commit not to include in their debt or credit agreements any cross-defaults nor any financial covenants or ratings triggers relating to the securities of Exelon or any other Exelon affiliate;

b. Pepco and Delmarva Power, respectively, will not pay dividends to its parent company if, immediately after the dividend payment, its common equity level would fall below 48%, as equity levels are calculated under the ratemaking precedents of the Commission;

c. If Pepco's or Delmarva Power's board of directors declares a dividend, the utility, within 5 business days after the payment of the dividend, will file with the Commission the calculation that the board considered in determining the equity capital level before and after the dividend payment and demonstrate that the dividend will not cause the equity to fall below 48% common equity as equity levels are calculated under ratemaking precedents of the Commission;

d. Pepco and Delmarva Power, respectively, will not make any upstream dividend or distribution if its senior unsecured debt rating is rated by any of the three major credit rating agencies below investment grade;

e. Pepco and Delmarva Power will each report to the Commission promptly if it is rated below investment grade by any of the three major credit rating agencies; Pepco and Delmarva Power will use reasonable efforts and prudence to preserve an investment-grade rating; and

f. A voluntary petition for bankruptcy for any of PHI's subsidiaries will require the unanimous vote of the PHI board of directors (including its independent directors) and the unanimous vote of the board of directors of the relevant PHI subsidiary.

EXHIBIT B TO SETTLEMENT AGREEMENT AND STIPULATION

Ring-fencing provisions to maintain or enhance the Commission's regulatory supervision of Pepco and Delmarva Power and their dealings with affiliates:

a. Pepco and Delmarva Power will file with the Commission an annual compliance report regarding its ring-fencing;

b. At the time of the SPE formation and annually thereafter, an Exelon officer will file a certificate regarding its pledge to maintain the corporate separateness of Pepco and Delmarva Power; and Pepco and Delmarva Power will make all books and records available to the Commission.

Commitment 11 – Affiliate Transactions

[Consistent with the Public Interest – No Harm to Consumers]

Exelon commits to comply and cause Pepco and Delmarva Power and other Exelon affiliates to comply with the statutes and regulations applicable to Pepco and Delmarva Power regarding affiliate transactions. Exelon also commits that the Commission may examine the accounting records of Exelon's affiliates that are the basis for charges to Pepco and Delmarva Power for operations in Maryland to determine the reasonableness of allocation factors used by Exelon to assign those costs and amounts subject to allocation and direct charges.

Commitment 12 – Cost Accounting

[Consistent with the Public Interest – No Harm to Consumers]

Exelon will ensure that Merger accounting is rate-neutral for Pepco and Delmarva Power customers. Exelon shall ensure that any accounting treatments associated with Merger accounting do not affect rates charged to Pepco or Delmarva Power's customers. Exelon will not record any of the impacts of purchase accounting at the PHI utility companies (Atlantic City Electric Company ("ACE"), Delmarva Power and Pepco), thereby maintaining historical cost accounting at each of the PHI utility companies. No goodwill or other fair value adjustments will be recorded at the PHI utility companies upon consummation of the Merger.

EXHIBIT B TO SETTLEMENT AGREEMENT AND STIPULATION

Commitment 13 – Tax Indemnification

[Consistent with the Public Interest – No Harm to Consumers]

Exelon shall indemnify Pepco and Delmarva Power for any liability for federal or state income taxes (including interest and penalties related thereto, if any) in excess of Pepco's and Delmarva Power's standalone liability for federal or state income taxes (including interest and penalties related thereto, if any) for any period during which Pepco or Delmarva Power are included in a consolidated group with Exelon. Under applicable law, following the Merger Pepco and Delmarva Power will have no liability for federal or state income taxes (including interest and penalties related thereto, if any) of Exelon or any other subsidiary of Exelon for any period during which Pepco or Delmarva Power was not included in a consolidated group with Exelon (*i.e.* any period before the Merger). Exelon will take no action to cause Pepco and Delmarva Power to have any liability for federal or state income taxes (including interest and penalties related thereto, if any) of Exelon or any other subsidiary of Exelon for any period during which Pepco or Delmarva Power was not included in a consolidated group with Exelon for purposes of filing federal or state income tax returns. If Pepco or Delmarva Power is included in a consolidated group with Exelon for purposes of filing federal or state income tax returns and the rating for Exelon's senior unsecured long term public debt securities, without third-party credit enhancement, is downgraded to a rating that indicates "substantial risks" (below B3 by Moody's or B- by S&P or Fitch) by at least two of the three major credit rating agencies, the Commission may, after investigation and hearing, require Exelon to deliver to Pepco or Delmarva Power collateral of the type and amount determined by the Commission pursuant to the hearing to secure Exelon's tax indemnity to Pepco or Delmarva Power if the Commission finds that such collateral is necessary for the protection of Pepco's or Delmarva Power's interests under Exelon's tax indemnity. Pepco and Delmarva Power shall be required to surrender or release such collateral security to Exelon (1) promptly after the rating of Exelon's senior unsecured long term public debt, without third-party credit enhancement, is restored to a rating above "substantial risks" (at or above B3 by Moody's or B- by S&P or Fitch) by at least two of the three major credit rating agencies, or (2) if and when Pepco or Delmarva Power is determined by a body of competent jurisdiction no longer to be liable for federal or state income taxes as a member of a consolidated group with Exelon, other than Pepco's or Delmarva Power's standalone liability for federal or state income taxes (including interest and penalties related thereto, if any), or (3) upon a finding by the Commission, after investigation and hearing upon application of Exelon, that the conditions under which such collateral security was originally required no longer exist.

Commitment 14 – Accumulated Deferred Income Taxes

[Consistent with the Public Interest – No Harm to Consumers]

The Joint Applicants will ensure that consummation of the Merger will not affect accounting and ratemaking treatments of Pepco's and Delmarva Power's accumulated deferred income taxes, including excess deferred income taxes, accumulated deferred tax credits and net operating losses (including net operating loss carrybacks and net operating loss carryforwards.)

Commitment 15 – Cost Allocation Comparison
[Consistent with the Public Interest – No Harm to Consumers]

Superseded by Commitment 23 in Exhibit A to the Settlement Agreement

Commitment 16 – PHI Asset Ownership
[Consistent with the Public Interest – No Harm to Consumers]

PHI subsidiaries, other than PHISCO and the PHI utilities, that are currently engaged in operations that are not regulated by a state or local utility regulatory authority will be transferred to Exelon or an Exelon affiliate; provided that: (a) PHI may retain ownership of Conectiv LLC as a holding company for ACE and Delmarva Power; (b) Conectiv LLC may transfer its 50% ownership interest in Millennium Account Services LLC to ACE; and (c) Conectiv LLC or subsidiaries of Conectiv LLC may retain ownership of real estate and other assets that are used in whole or in part in the business of the PHI utilities. PHI may elect to hold the stock of Delmarva Power and ACE directly, and cease the use of Conectiv LLC as a holding company.

Commitment 17 – Interconnection and Net Metering Programs

[Consistent with the Public Interest – Benefit to Consumers]

Exelon is committed to maintaining Pepco's and Delmarva Power's existing interconnection and net metering programs.

Commitment 18 – Severance of Exelon-Pepco/Delmarva Power Relationship

[Consistent with the Public Interest – No Harm to Consumers]

Notwithstanding any other powers that the Commission currently possesses under existing, applicable law, the Joint Applicants agree that the Commission may, after investigation and a hearing, order Exelon to divest its interest in Pepco and/or Delmarva Power on terms adequate to protect the interests of utility investors (including Exelon investors) and consumers and the public, if the Commission finds that: (a) one or more of the divestiture conditions described below has occurred, (b) that as a consequence Pepco and/or Delmarva Power has failed to meet its obligations as a public utility, and (c) that divestiture is necessary to allow Pepco and/or Delmarva Power to meet its obligations and to protect the interests of its customers in a financially healthy utility and in the continued receipt of reasonably adequate utility service at just and reasonable rates. Any divestiture order made pursuant to this commitment shall be applicable to Pepco or Delmarva Power, or both, only to the extent consistent with the application of the criteria in the preceding clauses (a) – (c) and shall be limited to the assets and operations of Pepco and/or Delmarva Power in Maryland. The divestiture conditions covered by this commitment are: (i) a nuclear accident or incident at an Exelon nuclear power facility involving the release or threatened release of radioactive isotopes, resulting in (x) a material disruption of operations at such facility and material loss to Exelon that is not covered by insurance or indemnity or (y) the permanent closure of a material number of Exelon nuclear plants as a result of such accident or incident; (ii) a bankruptcy filing by Exelon or any of its subsidiaries constituting 10% or more of Exelon's consolidated assets at the end of its most recent fiscal quarter, or 10% or more of Exelon's consolidated net income for the 12 months ended at the close of its most recent fiscal quarter; (iii) the rating for Exelon's senior unsecured long-term public debt securities, without third-party credit enhancement, are downgraded to a rating that indicates "substantial risks" (i.e., below B3 by Moody's or B- by S&P or Fitch) by at least two of the three major credit rating agencies, and such condition continues for more than 6 months; or (iv) Exelon and/or PHI have committed a pattern of material violations of lawful Commission orders or regulations, or applicable provisions of the Public Utilities Article and, despite notice and opportunity to cure such violations, have continued to commit the violations.

Commitment 19 – Resolving Accounts Receivables

[Consistent with the Public Interest – Benefit to Consumers]

Superseded by Paragraph 25 of the Settlement Agreement

Commitment 20 - Enhancements to Interconnection Process for Behind-the-Meter Distributed Renewable Generation and Storage Energy Projects in Maryland

EXHIBIT B TO SETTLEMENT AGREEMENT AND STIPULATION

[Consistent with the Public Interest – Benefit to Consumers]

PHI shall provide a transparent, efficient, and clear process for review and approval of interconnection of proposed renewable-energy projects to the PHI distribution systems in Maryland including the following:

a) Service territory maps of circuits, within ninety days of merger closing, will be uploaded to PHI's website, to be updated at least semi-annually that include the area where circuits are restricted due to PHI criteria violations and to what system size the restrictions apply. Three different maps will depict different restriction sizes. Each map will have the circuit areas on the particular map highlighted in red. One map will show circuits that are restricted for all sizes. One map will show circuits restricted to systems less than 50kW. One map will show circuits restricted to less than 250kW. The maps will also serve to identify areas that are approaching their operating limits and could become restricted to larger systems in future years. As of January 2015, there were no "restricted" Secondary Network circuits, but if they occur, a new map or method of depiction may be necessary. A Secondary Network circuit may become restricted if the active and pending generation would cause utility system operating violations.

b) When a utility receives an interconnection request for behind the meter renewable system, there are several factors, or criteria limits, to consider when it determines if upgrades are required at a specific circuit. PHI shall:

   (i) Provide a report to The Alliance for Solar Choice ("TASC") within ninety days after merger closing that provides its criteria limits for distributed energy resources that apply for connection to its distribution system. This report shall include supporting studies and information that substantiate those limits. The report will describe and discuss how PHI considers the generation profile of renewable energy relative to load, as well as discuss the approaches utilized in other jurisdictions that have addressed the issue of the impact of on-site renewable resources on the local grid and circuits. PHI shall make itself available for discussions with TASC on the report and demonstrate the modeling tools used by PHI to perform its analysis to accommodate additional distributed energy resources.

   (ii) PHI is currently working with the United States Department of Energy in research designed to show how Voltage Regulation strategy, phase balancing, optimal capacitor placement, smart inverters and energy storage may impact Hosting Capacity. PHI will share this research with TASC upon completion of the project.

(iii) PHI has provided data to National Renewable Energy Laboratory ("NREL") as part of their in-depth work to review utility-interconnection criteria. A report is expected to be issued by the end of 2015. PHI will evaluate its criteria with the criteria outlined in the NREL report to identify any improvements that may be made including treatment of behind-the-meter storage equipment. PHI and TASC will consult NREL during this evaluation to gain any input from NREL that it is willing to provide including research on the inverters under controlled conditions. PHI and TASC shall collaborate on the activities in this paragraph, including sharing information, discussing approaches, evaluating interconnection criteria, working with NREL, and providing an opportunity for TASC to comment on PHI's proposed recommendations on interconnection criteria prior to public release. PHI will collaborate with TASC in good faith, but nothing in this agreement obligates PHI to accept or be bound by the recommendations of TASC. This collaborative effort will be completed within one year following merger closing.

(iv) PHI will consider the hourly load shape and the hourly generation of interconnected small generators as a factor to determine the hosting capacity for any given location of a circuit. PHI's hosting capacity determinations shall consider minimum daytime load ("MDL") standards established in FERC Order 792 as well as findings from the collaborative research referenced above that allow for interconnection of distributed generation systems without additional need for study or upgrade investments (*e.g.,* "Fast Track Capacity") as long as aggregate installed capacity is lower than a certain percentage of the MDL.

c) PHI shall maintain, within ninety days after merger closing, an accepted equipment list for small generation projects where once an inverter is reviewed and found to be acceptable for use, it is deemed acceptable for future development. This list shall be easily accessible on the PHI website and updated quarterly. PHI will review its policy for requiring the equipment list to be submitted for panels and switchgear with each application and post on its website any changes in its policy.

d) PHI will revise and implement within ninety days after merger closing its interconnection agreement to applicants seeking to interconnect behind-the-meter renewable-energy projects to include the following:

(i) PHI will schedule interconnection construction to be complete within the timeline established by the Commission (currently in Code of Maryland Regulations 20.50.09, but also as that timeline may be changed by the Commission in the future) for notification of acceptance of application and for approval to construct.

(ii) PHI will provide a procedure for email or other electronic submission of all applications (including payments if required).

(iii) PHI will provide permission to operate ("PTO") to the interconnection customer, in the form of an email, within 20 business days after the applicant's receipt of acceptable final documents (signed Interconnection Agreement, certificate of completion and the inspection certificate).

(iv) PHI will provide electronic data interface ("EDI") access to historical electric usage through the Company's Green Button capability to its customers and to customer representatives (solar energy companies and others who a customer designates to receive such information).

(v) PHI will work with TASC to review the existing application process (and timelines) and determine where an application should restart (if at all) if it's revised (*e.g.*, for spelling, grammatical, or clerical error). PHI will file a report with the Commission annually showing the number of interconnections request and performance relative to the above timelines (see item e, below). For any metric where 10% or more of the requests are greater than the suggested timeframe the annual report will also include action to be taken to improve the process to meet the stated timeframes.

e) PHI will file with the Commission annual reports of timeliness of responses to interconnection requests. Consistent with the interconnection rules, annual reports will include the following:

(i) The total number of and the nameplate capacity of the interconnection requests received and approved and denied under level 1, level 2, level 3 and level 4 reviews.

(ii) The number of and an explanation of the interconnection requests that were not processed within the established timelines. Should delays impact more than 10% of the interconnection requests in a reporting year, PHI will include its plans to address and eliminate the delays.

f) In behind-the-meter applications where the battery never exports while in parallel with the grid and both the battery and the solar system share one inverter, no additional metering or monitoring equipment shall be required for a solar plus storage facility than would be required for a solar facility without storage technology. PHI in conjunction with other stakeholders, through a committee process, will further study the issues regarding the coupling of solar and storage. As a result of such studies, the committee may recommend changes to this protocol to the Commission. PHI and TASC agree to a target completion date for this review of within one year of merger closing.

Commitment 21 – Competition Protections

[Consistent with the Public Interest – No Harm to Consumers]

EXHIBIT B TO SETTLEMENT AGREEMENT AND STIPULATION

Exelon agrees to the following competition protections. For purposes of this Commitment, "Affiliated Transmission Companies" are Pepco, Delmarva Power, Atlantic City Electric ("ACE"), PECO Energy Company ("PECO"), Baltimore Gas and Electric Company ("BGE") and Commonwealth Edison Company ("ComEd"), and any transmission owning entity that is in the future affiliated with Exelon and is a member of PJM Interconnection, LLC ("PJM"). "Exelon" refers to Exelon and its affiliates and subsidiaries.

a) Exelon commits that its Affiliated Transmission Companies will each identify, with PJM's concurrence, at least three independent third-party engineering consulting firms that are qualified to conduct Facilities Studies under the PJM generator interconnection process. Any generation interconnection applicant may propose other independent third-party engineering consulting firms to Exelon for its consideration with respect to adding them to this list of qualified firms. Exelon shall make a decision with respect to whether any proposed independent third-party engineering consulting firm can be included on such list within thirty days of a request to include any such proposed firm. Once approved, Exelon shall not be permitted to remove a third-party engineering consulting firm from such list unless and until it can demonstrate good cause as determined by the PJM Market Monitor or the FERC.

b) Any generation developer that desires to interconnect to the transmission system of one of Exelon's Affiliated Transmission Companies may, in the developer's discretion and at the developer's expense, direct PJM to utilize one of the identified firms to conduct the Facilities Study for its generation project for upgrades and interconnection facilities required on the Affiliated Transmission Company's facilities.

c) For all interconnection studies performed by a listed independent third-party engineering consulting firm, the Exelon Affiliated Transmission Company will cooperate with and, as requested, provide information to PJM and the independent engineering consulting firm as needed to complete all work within the normal scope and timing of the PJM interconnection process. The Affiliated Transmission Company will provide to PJM the cost estimate for any facilities for which it has construction responsibility assigned in the PJM Interconnection Services Agreement. If a dispute arises in connection with the Study performed by the independent engineering consulting firm or the Affiliated Transmission Company, then the generation developer or the Affiliated Transmission Company may pursue resolution of the dispute through the process laid out in the PJM Tariff. Affiliates of Exelon that are pursuing the development of generation within the service territories of one of the Affiliated Transmission Companies shall, at their own expense, direct PJM to utilize one of the independent engineering consulting firms to conduct the Facilities Study for upgrades and interconnection facilities required on the Affiliated Transmission Company's facilities and the Feasibility Study and System Impact Study shall be performed by PJM. Nothing in this Paragraph precludes an applicant, as part of its project team, from contracting with other contractors to assist it in the PJM interconnection process at its sole discretion.

d) Exelon commits that ACE, Delmarva Power, Pepco, PECO and BGE will remain as members of PJM until January 1, 2025; provided, however, that if there are significant changes to the structure of the industry or to PJM, including markets administered by PJM, during that period that have material impacts on ACE, Delmarva Power, Pepco, PECO or BGE, then any of those companies may file with FERC to withdraw from PJM.

e) Exelon agrees that the PJM Market Monitor may review its Demand-Resource bids in PJM energy, reserves and capacity markets.