

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
APPROVAL OF MODIFICATIONS TO ITS GAS) PSC DOCKET NO. 14-0295F
COST RATES)
(FILED AUGUST 29, 2014))

ORDER NO. 8739

AND NOW, this 19th day of May, 2015, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on August 29, 2014, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Commission the above-captioned application ("Application") seeking approval to modify its Gas Cost Rates ("GCR") effective on November 1, 2014, with proration, as follows: (1) revise the volumetrically applied GCR factors applicable to the RG, GG, GL, and non-electing MVG Service Classifications; (2) revise the demand charge for the non-electing MVG, electing MVG and LVG, and Standby Service Classifications; and (3) revise the GCR commodity charge applicable to MVG and LVG Service Classifications; and;

WHEREAS, by Order No. 8646 dated September 30, 2014, the Commission determined, pursuant to 26 *Del. C.* §§304 and 306(a)(2), that the proposed GCR modifications and other requested revisions to the Company's natural gas tariff should be permitted to become effective for usage on and after November 1, 2014, with proration and subject to refund, pending further review and final decision by the Commission; and;

WHEREAS, Section XX D of the Company's natural gas tariff requires that if, during a GCR year, an over-recovery in the GCR should exceed a 4-1/2% threshold, Delmarva should apply for a change in GCR; and

WHEREAS, Delmarva represents that as a result of below-normal temperatures experienced in March, sales from March 2015 were almost 125,000 mcf more than forecast in the Application, resulting in approximately \$3.2 million in higher sales revenue; and

WHEREAS, Delmarva also represents that the unit gas Commodity Cost in March was \$1.12 per mcf lower than forecasted; and

WHEREAS, Delmarva has informed Staff and the Division of the Public Advocate that the March 2015 deferral amount exceeds the 4-1/2% threshold amount set forth in Section XX D of the Company's tariff and is currently at 6.2%, or \$5.5 million; and

WHEREAS, on May 1, 2015, Delmarva filed a letter application with the Commission (the "Letter Application") requesting a waiver of Section XX D of its tariff requiring it to request an interim GCR rate increase because:

... it appears that such a filing would not be in the best interests of Delmarva's customers for the following reasons: (1) An interim period modification of rates at this time would do little to reduce the size of the over collection by the next GCR period (which begins on November 1, 2015). (a) The earliest that rates could be adjusted would be with meter readings on and after approximately June 1, 2015. The heating season would be over before decreased interim rates would take effect, and, as a result, there would be little reduction in the over recovery by the time the GCR is established for the upcoming 2015-16 GCR year. (b) Any interim rate change must be set to reduce the over recovery over

the subsequent twelve (12) month period, rather than by the end of the existing GCR period and thus would have only minimal impact by the end of the current GCR period. (2) Pursuing an interim modification of the GCR for such little benefit to customers would be an inefficient use of the time and resources of the Commission, Commission Staff, the Public Advocate and Delmarva. (a) Accomplishing an interim GCR modification would require a significant amount of time and resources, including (1) preparation and filing of the necessary application by Delmarva; (2) review by the Commission Staff and its consultant; (3) review by the Public Advocate and its consultant; and (4) review and approval by the Commission. (b) If the Commission were to approve the interim GCR decrease, placing the decrease into effect would also require (1) notification of customs through separate letter and billing message; and (2) programming of new interim rates into Delmarva's billing and accounting systems.

and;

WHEREAS, Staff and the Division of the Public Advocate have reviewed the Letter Application and recommend that the Company's requested waiver be granted; and

WHEREAS, having reviewed the Letter Application and having considered the proffered reasons for the requested waiver as well as the Staff's and the Public Advocate's recommendations regarding the requested waiver, the Commission concludes that the requested waiver should be granted for the reasons set forth in the Letter Application;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. That Delmarva Power and Light Company's request for a waiver of the provisions of Section XX D of its tariff is **GRANTED**.

2. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary