ELLIOTT P. TANOS

DELMARVA POWER & LIGHT COMPANY
REBUTTAL TESTIMONY OF ELLIOTT P. TANOS
BEFORE THE DELAWARE PUBLIC SERVICE COMMISSION
CONCERNING AN INCREASE IN ELECTRIC BASE RATES
DOCKET NOS. 09-414/09-276T

---

1. Q: Please state your name and position, and business address.

A: My name is Elliott P. Tanos. I am Manager, Cost Allocation for Pepco Holdings, Inc. (PHI). I am testifying on behalf of Delmarva Power & Light Company (Delmarva or the Company). My business address is 401 Eagle Run Road, Newark, Delaware.

2. Q: Have you previously submitted direct testimony in this case?

A: Yes. I filed Direct Testimony sponsoring the Company's Class Cost of Service Study (COSS). My Schedule EPT-1 provided the line-item assignment of each component of rate base, revenues, and operating expenses to the respective customer classes, including assignment of approximately $890 million of distribution system assets. My Schedule EPT-2 detailed the unbundled customer-related and demand-related cost components by class.

3. Q: What is the purpose of your rebuttal testimony?

A: The purpose of my Rebuttal Testimony is to respond to cost of service issues discussed in the testimony of Staff Witness Solganick.

4. Q: Have you reviewed the comments of Staff Witness Solganick on page 14 relating to updating the Company's COSS?

A: Yes, I have. Staff Witness Solganick recommends two key updates to the cost of service study in his Direct Testimony starting on page 14, line 26: namely,

that the COSS should be updated to allocate Account 369-Services on a customer basis consistent with Company policies, and that the rate of return requested in this case should be applied in the cost study. He also suggests that the Company may be able to address additional issues within the cost study.

5. Q: <u>Have you quantified the effect on the Company's cost of service study from these Staff recommendations?</u>

A: Yes, I have. My Schedule EPT R-1 shows the effect on the class rates of return that results from reassigning Account 369- Services on a customer basis consistent with Company policies, and updating the COSS using the requested overall rate of return. This schedule also reflects the other post-filing corrections referenced in Staff Witness Solganick's Direct Testimony and as identified in my response to data requests. The overall effect of these changes on the class rates of return are highlighted for the residential classes below:

	Rate of Return (%)	
Customer Class	**Filed COSS**	**Revised COSS**
Residential	**6.34**	**5.98**
Residential Non-Heating	**6.58**	**6.04**
Residential Heating	**5.85**	**5.83**

Although this is a narrow range of COSS class ROR results, it should be noted that an allocation approach, such as the assignment of Account 369 service costs to the Residential and Non-Residential customer classes, is a very longstanding approach used in the COSS, and that the reassignment of service costs to the Residential customer classes would increase the cost burden on this

class. The Company concurs however with Staff that service costs should be shifted, and believes that an appropriate reassignment using the current COSS would fall within a narrow range of the class ROR values shown above.

My Schedule EPT R-2 shows the effect on the customer-related cost component resulting from the revised allocations. This schedule also reflects the impact of the post-filing corrections on the customer component costs. The Company, however, does not agree with Staff's recommended use of only customer counts to allocate service costs.

6. Q: <u>Please discuss the method used in your COSS to allocate service drops.</u>

A: I used the undiversified customer maximum demand allocator (i.e., Customer NCP) as applied in the prior case to assign the installed cost of service conductors (service drop). The Company's investment in service drops is dependent upon many factors including the use of overhead versus underground facilities, the size of load, location, and customer specific requirements. Each of these factors would impact the specific service requirements and the weighting by class. The customer maximum demand has been used as a proxy for allocating the cost of service drops, and also recognizes that larger loads generally require more costly service drops. Staff's recommended use of only customer counts as an allocator does not reflect any of these cost considerations, and assumes no cost differences, which is incorrect for a cost assignment approach.

7. Q: <u>Have you prepared updated schedules that incorporate the Company's proposed changes to the COSS?</u>

A: Yes. My Schedule EPT R-3 provides a summary of the rate base, revenues, and operating expenses assigned to each customer class, and Schedule EPT R-4 details the customer-related and demand-related component costs, incorporating the proposed changes. The effect of these proposed changes on the class rates of return are highlighted for residential classes below:

	Rate of Return (%)	
Customer Class	**Filed COSS**	**Revised COSS**
Residential	**6.34**	**6.00**
Residential Non-Heating	**6.58**	**6.28**
Residential Heating	**5.85**	**5.42**

8. Q: **What is the effect on the filed COSS from updating only the requested overall rate of return used in the cost study?**

A: Staff Witness Solganick emphasizes in Direct Testimony on pages 7, 8 and 10, that the use of the preliminary ROR values has inflated the COSS results. My Schedule EPT R-5, however, shows that the actual impact of updating the ROR does not change the class rates of return, as highlighted for the Residential classes below. This is an expected result because the "Claimed Revenue" allocator has only limited application as a line-item allocator in the COSS.

	Rate of Return (%)	
Customer Class	**Filed COSS**	**Revised COSS**
Residential	**6.34**	**6.34**
Residential Non-Heating	**6.58**	**6.58**
Residential Heating	**5.85**	**5.85**

Similarly, my Schedule EPT R-6 shows the minor impact of the ROR update on the customer cost component by class.

9. Q: <u>Staff Witness Solganick discusses the load data used in the COSS on pages 8 and 12 of his direct testimony. Please comment.</u>

A: As outlined in my Direct Testimony on pages 8 and 9, the Company recommends use of the Lodestar Profiling and Settlement System (LPSS) database to calculate the demand factors used in the COSS. The LPSS is a system of proprietary products licensed from ORACLE by Pepco Holdings Inc. for conducting Retail Settlement in all three PJM zones served by the PHI operating companies. The LPSS database contains the hourly loads for each customer class from May, 2006 through the present that are used to perform the hourly load settlement that is reconciled to the actual metered zonal loads. The system contains all monthly energy and demand readings for every active monthly-metered service and all interval data for all interval metered services over this period for all jurisdictions served by Atlantic City Electric, Delmarva Power and Pepco Power Delivery Companies.

10. Q: <u>Please briefly describe the demand measures used in the COSS and how the LPSS database has been used to calculate these measures.</u>

A: The two basic demand measures used in the COSS are the Customer Maximum Diversified Demands (Class MDD) and the Customer Non-coincident Peak Demands (Customer NCP). The Class MDD is the maximum hourly demand for the customer class over the analysis period where the simultaneous demands of the class of customers are taken as a whole. The Class MDD is used to allocate

system assets where the load diversity is usually high, such as primary facilities. The Customer NCP is the sum of the individual maximum demands of the customers within a class on a customer-by-customer basis over the analysis period. The Customer NCP is a measure of undiversified demand and is used to allocate facilities located nearer the customer.[1]

11. Q: <u>How has the LPSS data base been used to calculate the Class MDD measures?</u>

A: The Class Maximum Diversified Demands (Class MDD) are obtained through a query of the hourly class load data contained in the LPSS. Specifically, a SAS (Statistical Analysis System) program has been developed by our Load Research and Settlements group for COSS purposes to aggregate the hourly loads for each customer class. The SAS program then finds each COSS class maximum hourly load and the corresponding date and time to determine the demand factors.

12. Q: <u>How has the LPSS database been used to calculate the Customer NCP demand measures?</u>

A: For each customer with a metered demand, the program determined the customer's maximum demand for the year. Also, the program calculated the class average annual load factor for the demand metered group. The class average load factor was applied to the annual consumption for each non-demand metered service in the corresponding group to calculate the NCP for each service. Summing the demand metered group and non-demand metered group NCP's by

[1] Staff Witness Solganick highlights in his direct testimony on page 11, lines 15-20, an inaccuracy in my testimony regarding the use of this demand allocator. The Company issued an Errata Notice regarding this point prior to the filing of Staff's direct testimony.

class produced the sum of the individual customer NCP totals for all classes except the unmetered lighting class and the non-demand metered residential class.

13. Q: <u>Please describe how the LPSS database has been used to calculate the Customer NCP for the Residential Classes.</u>

A: The Delaware specific load survey data required to estimate the Residential Class NCP are currently being processed. Specifically, the Company has installed the metering infrastructure needed to conduct the customer load studies, and over the last several months initial data have been received and are being processed. There is however 2008 load survey data available for the Residential classes in the PEPCO service territory. As explained in my Direct Testimony on page 9, this data has been used to compute average load factors for the residential heating and non-heating customer groups that have been applied to each Delaware Residential customer's kWh sales to determine the Customer's NCP. The average kWh per customer statistics (2008) for the two jurisdictions used in the demand analysis are the following:

	Average kWh sales per Customer	
	PEPCO-MD[2]	**DPL-DE**
Residential Non-Heating	10,260	9,945
Residential Heating	13,961	14,102

The PEPCO load factor data have been applied in this case pending the availability of the Delaware specific load research data. Ultimately, the Blueprint

[2] The PEPCO Maryland average sales figures exclude the Residential Time Metered sales because this class has a very different customer load profile than the typical residential customers.

for the Future and AMI initiatives in Delaware will provide extensive statistics on customer load.

14. Q: <u>In Maryland Case No. 9192, did the MD Commission Staff agree that the Company's proposed use of the LPSS database to calculate the demand allocators was reasonable?</u>

A: Yes. In Maryland Case No. 9192, the Company proposed the same method of using the LPSS data base, together with the PEPCO load factor data, to calculate the demand measures. In that case, the Maryland Staff considered the Company's proposed approach an appropriate method because the existing approach used historical data that were over ten years old and more recent customer load research data would be forthcoming.

In this case, Staff has challenged the use of the PEPCO load factor data in the demand analyses. Staff, however, has not provided any quantified alternative for consideration.

15. Q: <u>Please comment on Staff Witness Solganick's proposal for a technical conference on COSS issues, as described in his direct testimony on page 15, lines 4-6.</u>

A: The Company would encourage a technical conference among the Staff and the parties with a focused agenda to discuss cost of service issues.

16. Q: <u>Does this conclude your testimony?</u>

A: Yes.

Schedule EPT R-1

Delmarva Power & Light - Delaware Electric Distribution
Class Cost of Service Study for the 12 months ending 3/09
Revised ROR Results
Reflecting selected Staff recommendations
and COSS post-filing revisions

	Customer Class	Rate of Return (%)	
		Filed COSS	Revised COSS
1	Residential	6.34	5.98
2	Residential Non Heating	6.58	6.04
3	Residential Space Heating	5.85	5.83
4	General Service Secondary Small	12.74	14.30
5	Telecommunication Network Service	24.57	30.69
6	General Service Secondary Large	8.63	9.34
7	General Service Primary	6.41	6.54
8	General Service Transmission	43.15	43.30
9	Street Lighting Service	6.84	7.27

Schedule EPT R-2

Delmarva Power & Light - Delaware Electric Distribution
Class Cost of Service Study for the 12 months ending 3/09
Revised Customer Component Costs
Reflecting selected Staff recommendations
and COSS post-filing revisions

	Customer Class	Customer Costs- $/Month/Customer	
		Filed COSS	Revised COSS
1	Residential	15.91	16.56
2	Residential Non Heating	15.53	16.41
3	Residential Space Heating	16.90	16.96
4	General Service Secondary Small	24.25	21.23
5	Telecommunication Network Service	15.13	12.83
6	General Service Secondary Large	205.07	168.34
7	General Service Primary	628.48	648.35
8	General Service Transmission	7,730.32	7,702.52
9	Street Lighting Service	NA	NA

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

	SUMMARY OF RESULTS-1	ALLOC	TOTAL DELAWARE DISTRIBUTION (1)	TOTAL RESIDENTIAL SERVICE (2)	TOTAL GENERAL SERV SECONDARY (3)	TOTAL GENERAL SERV PRIMARY (4)	TOTAL GENERAL SERV TRANSMISSION (5)	STREET LIGHTING SERVICE (6)
	RATE BASE							
1	Total System Electric Distribution		886,963,487	528,123,932	176,286,400	109,512,164	1,703,743	71,357,248
2	Less: Depreciation Reserve		369,149,760	220,733,160	73,104,109	45,691,934	730,122	28,890,435
3	Total Net Plant		517,833,727	307,390,772	103,182,291	63,820,230	973,620	42,466,813
	ADD:							
4	CWIP		23,102,453	14,172,603	4,474,003	2,903,424	53,759	1,498,665
5	Working Capital		4,940,604	3,107,088	1,072,780	594,415	61,985	104,335
6	Materials & Supplies		9,943,265	5,911,356	1,978,749	1,226,549	18,896	807,714
7	Miscellaneous Rate Base Items		15,390,996	10,112,514	2,791,546	2,016,389	50,903	419,645
	DEDUCT:							
8	Accumulated ITC		3,058,358	1,829,782	605,366	378,679	6,072	238,459
9	Customer Advances		999,423	588,342	200,531	122,571	1,768	86,212
10	Customer Deposits		10,227,834	6,764,957	1,689,237	1,032,512	14,896	726,232
11	Deferred FIT		(110,125,589)	(65,389,051)	(21,953,010)	(13,636,851)	(211,187)	(8,935,490)
12	Deferred SIT		(29,580,387)	(17,580,700)	(5,890,146)	(3,657,208)	(56,637)	(2,395,696)
13	TOTAL RATE BASE		417,219,454	248,541,503	83,161,079	51,733,186	868,602	32,915,084
	DEVELOPMENT OF RETURN							
14	Revenue - Retail Sales		147,849,385	86,761,047	35,174,922	17,505,136	1,308,409	7,099,870
15	Interdepartmental		19,452	12,337	3,602	2,421	115	977
16	Other Operating Revenue		3,139,214	2,004,510	518,106	290,333	124,331	201,934
17	Total Electric Operating Revenue		151,008,050	88,777,894	35,696,630	17,797,890	1,432,855	7,302,782
	LESS:							
18	Operating & Maintenance Expense		77,842,257	52,000,123	13,539,919	9,712,228	759,087	1,830,899
19	Depreciation & Amortization Expense		22,905,386	13,705,269	4,533,505	2,836,241	45,506	1,784,865
20	Other Taxes		6,812,946	4,136,990	1,330,980	850,445	15,370	479,163
21	Net ITC Adjustment		(338,191)	(203,493)	(66,615)	(42,016)	(698)	(25,370)
22	Interest on Customer Deposits		338,638	223,984	55,930	34,186	493	24,045
23	Income Taxes		11,836,408	4,221,226	5,467,561	1,068,039	237,811	841,771
24	Total Operating Expenses		119,397,446	74,084,099	24,861,280	14,459,124	1,057,569	4,935,373
25	PLUS: AFUDC		360,177	217,922	70,607	44,894	770	25,984
26	OPERATING INCOME		31,970,782	14,911,717	10,905,957	3,383,660	376,055	2,393,393
	RATE OF RETURN FILED		7.66%	6.34%	11.85%	6.41%	43.15%	6.84%
27	RATE OF RETURN		7.66%	6.00%	13.11%	6.54%	43.29%	7.27%
28	RELATIVE RATE OF RETURN		1.00	0.78	1.71	0.85	5.65	0.95

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

	SUMMARY OF RESULTS-1	ALLOC	Rate 1,2,6,7 RESIDENTIAL (7)-2	Rate 6,8 RESIDENTIAL SPACE HEATING (6)	Rate Code 10,11,12,13,14 GENERAL SERV SECONDARY 5m (9)	TELE-COMMUNICATION NETWORK SERVICE (10)	Rate 16 GENERAL SERV SECONDARY LARGE (11)	Rate 17,18,26 GENERAL SERV PRIMARY (12)	Rate 20,40 GENERAL SERV TRANSMISSION (13)	Rate 21,25,30 STREET LIGHTING SERVICE (14)
	RATE BASE									
1	Total System Electric Distribution		356,413,427	171,710,505	134,774,213	662,880	40,849,307	109,512,164	1,703,743	71,357,248
2	Less: Depreciation Reserve		149,332,584	71,400,576	56,007,626	302,189	16,794,294	45,691,934	730,122	28,890,435
3	Total Net Plant		207,080,843	100,309,929	78,766,587	360,691	24,055,014	63,820,230	973,620	42,466,813
	ADD:									
4	CWP		9,728,237	4,444,365	3,473,138	28,992	971,872	2,903,424	53,759	1,498,665
5	Working Capital		2,243,274	863,815	891,144	16,366	165,250	594,415	61,985	104,335
6	Materials & Supplies		3,985,841	1,925,516	1,511,651	7,177	459,921	1,226,549	18,896	807,714
7	Miscellaneous Rate Base Items		7,196,713	2,915,601	2,253,999	38,173	499,373	2,016,389	50,903	419,645
	DEDUCT:									
8	Accumulated ITC		1,238,307	591,475	463,924	2,533	138,910	378,679	6,072	238,459
9	Customer Advances		394,412	193,930	152,460	558	47,514	122,571	1,768	86,212
10	Customer Deposits		4,535,083	2,229,874	1,284,291	4,697	400,249	1,032,512	14,896	726,232
11	Deferred FIT		(44,091,348)	(21,297,703)	(16,770,514)	(81,186)	(5,101,310)	(13,636,851)	(211,187)	(8,935,490)
12	Deferred SIT		(11,856,937)	(5,723,763)	(4,500,522)	(21,781)	(1,367,843)	(3,657,208)	(56,637)	(2,395,696)
13	TOTAL RATE BASE		168,118,821	80,422,682	63,724,810	340,664	19,085,605	51,733,186	866,602	32,915,084
	DEVELOPMENT OF RETURN									
14	Revenue - Retail Sales		61,307,992	25,453,055	28,674,986	397,110	6,102,827	17,505,136	1,308,409	7,099,870
15	Interdepartmental		8,579	3,758	2,831	32	739	2,421	115	977
16	Other Operating Revenue		1,377,394	627,116	406,008	1,287	110,810	290,333	124,331	201,934
17	Total Electric Operating Revenue		62,693,966	26,083,929	29,083,825	398,429	6,214,376	17,797,890	1,432,855	7,302,782
	LESS:									
18	Operating & Maintenance Expense		37,002,243	14,997,881	10,944,161	189,872	2,405,886	9,712,228	759,087	1,830,899
19	Depreciation & Amortization Expense		9,275,536	4,429,733	3,474,417	19,003	1,040,085	2,836,241	45,506	1,784,865
20	Other Taxes		2,823,148	1,313,842	1,027,580	7,323	296,076	850,445	15,370	479,163
21	Net ITC Adjustment		(138,166)	(65,327)	(51,197)	(313)	(15,105)	(42,016)	(698)	(25,370)
22	Interest on Customer Deposits		150,154	73,630	42,522	156	13,252	34,186	493	24,045
23	Income Taxes		3,176,819	1,044,406	4,659,639	69,522	738,400	1,068,039	237,811	841,771
24	Total Operating Expenses		52,289,735	21,794,365	20,097,122	285,564	4,478,594	14,459,124	1,057,569	4,935,373
25	PLUS: AFUDC		148,428	69,493	54,418	367	15,822	44,894	770	25,984
26	OPERATING INCOME		10,552,659	4,359,057	9,041,122	113,232	1,751,604	3,383,660	376,055	2,393,393
	RATE OF RETURN FILED		6.58%	5.85%	12.74%	24.57%	8.63%	6.41%	43.15%	6.84%
27	RATE OF RETURN		6.28%	5.42%	14.19%	33.24%	9.17%	6.54%	43.29%	7.27%
28	RELATIVE RATE OF RETURN		0.82	0.71	1.85	4.34	1.20	0.85	5.65	0.95

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

		TOTAL DELAWARE DISTRIBUTION (1)	TOTAL RESIDENTIAL SERVICE (2)	TOTAL GENERAL SERV SECONDARY (3)	TOTAL GENERAL SERV PRIMARY (4)	TOTAL GENERAL SERV TRANSMISSION (5)	STREET LIGHTING SERVICE (6)
	PRESENT RATE OF RETURN SUMMARY SCHEDULE - COMPONENT FORMAT						
	RATE OF RETURN	7.66%	6.00%	13.11%	6.54%	43.29%	7.27%
	REVENUES REQUIRED						
1	**DEMAND DISTRIBUTION**	79,301,338	38,886,594	25,581,781	13,939,136	255,966	637,861
2	DEMAND DISTRIBUTION PRIMARY	56,471,134	24,715,131	17,104,664	13,939,136	255,966	456,236
3	DEMAND DISTRIBUTION SECONDARY	8,401,436	5,818,044	2,510,864	0	0	72,528
4	DEMAND DISTRIBUTION TRANSFORMERS	14,428,768	8,353,418	5,966,253	0	0	109,097
5	**CUSTOMER COMPONENTS**	71,706,712	49,891,301	10,114,849	3,858,753	1,176,889	6,664,920
6	CUSTOMER METERS COMPONENT	12,442,430	6,494,602	3,596,381	1,883,339	460,064	8,045
7	CUSTOMER SERVICES COMPONENT	5,974,047	5,602,201	371,846	0	0	0
8	ACCT 902 - METER READING COMP	14,020,788	11,902,580	1,907,319	200,772	8,753	1,365
9	ACCT 903 - CUST RECORDS & COLL COMP	23,822,463	20,779,228	2,782,865	85,785	2,766	171,820
10	CUSTOMER SERVICES EXP COMP	781,528	461,511	131,804	128,096	51,809	8,308
11	CUSTOMER SALES EXP COMP	1,011,435	566,839	178,169	158,842	97,203	10,382
12	CUSTOMER OTHER COMPONENT	13,654,020	4,084,341	1,146,465	1,401,919	556,295	6,465,000
13	TOTAL DELAWARE DISTRIBUTION	151,008,050	88,777,894	35,696,630	17,797,890	1,432,855	7,302,782
14	END OF YEAR CUSTOMERS	302,970	265,183	32,300	512	9	4,965
15	CUSTOMER $/MONTH/CUSTOMER	$19.72	$15.68	$26.10	$627.54	$10,897.12	$111.87

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

		Rate 1,2,6,7 RESIDENTIAL (7)-2	Rate 8,9 RESIDENTIAL SPACE HEATING (8)	Rate Code 10,11,12,13,14 GENERAL SERV SECONDARY Sm (9)	TELE-COMMUNICATION NETWORK SERVICE (10)	Rate 16 GENERAL SERV SECONDARY LARGE (11)	Rate 17,18,26 GENERAL SERV PRIMARY (12)	Rate 20,40 GENERAL SERV TRANSMISSION (13)	Rate 21,25,30 STREET LIGHTING SERVICE (14)
	PRESENT RATE OF RETURN SUMMARY SCHEDULE - COMPONENT FORMAT								
	RATE OF RETURN	6.28%	5.42%	14.19%	33.24%	9.17%	6.54%	43.29%	7.27%
	REVENUES REQUIRED								
1	**DEMAND DISTRIBUTION**	27,114,109	11,772,485	20,160,545	95,594	5,325,642	13,939,136	255,966	637,861
2	DEMAND DISTRIBUTION PRIMARY	17,609,876	7,105,255	13,076,897	63,782	3,963,986	13,939,136	255,966	456,236
3	DEMAND DISTRIBUTION SECONDARY	3,872,891	1,945,153	2,500,878	9,986	0	0	0	72,528
4	DEMAND DISTRIBUTION TRANSFORMERS	5,631,341	2,722,077	4,582,771	21,826	1,361,657	0	0	109,097
5	**CUSTOMER COMPONENTS**	35,579,857	14,311,444	8,923,280	302,835	888,734	3,858,753	1,176,889	6,664,920
6	CUSTOMER METERS COMPONENT	4,737,012	1,757,589	3,293,612	78,027	224,742	1,883,339	460,064	8,045
7	CUSTOMER SERVICES COMPONENT	3,550,184	2,052,017	306,427	1,066	64,352	0	0	0
8	ACCT 902 - METER READING COMP	8,681,759	3,220,821	1,673,105	91,479	142,735	200,772	8,753	1,365
9	ACCT 903 - CUST RECORDS & COLL COMP	15,099,839	5,679,389	2,590,639	123,736	68,491	85,785	2,766	171,820
10	CUSTOMER SERVICES EXP COMP	324,591	136,919	99,717	2,181	29,906	128,096	51,809	8,308
11	CUSTOMER SALES EXP COMP	400,081	166,758	136,172	3,683	38,315	158,842	97,203	10,382
12	CUSTOMER OTHER COMPONENT	2,786,390	1,297,951	823,608	2,663	320,194	1,401,919	556,295	6,465,000
13	TOTAL DELAWARE DISTRIBUTION	62,693,966	26,083,929	29,083,825	398,429	6,214,376	17,797,890	1,432,855	7,302,782
14	END OF YEAR CUSTOMERS	192,823	72,360	30,471	1,428	402	512	9	4,965
15	CUSTOMER $/MONTH/CUSTOMER	$15.38	$16.48	$24.40	$17.67	$184.42	$627.54	$10,897.12	$111.87

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

		TOTAL DELAWARE DISTRIBUTION (1)	TOTAL RESIDENTIAL SERVICE (2)	TOTAL GENERAL SERV SECONDARY (3)	TOTAL GENERAL SERV PRIMARY (4)	TOTAL GENERAL SERV TRANSMISSION (5)	STREET LIGHTING SERVICE (6)
	PRESENT RATE OF RETURN SUMMARY SCHEDULE - FUNCTION FORMAT						
	RATE OF RETURN	7.66%	6.00%	13.11%	6.54%	43.29%	7.27%
	$/KWH						
1	**DEMAND DISTRIBUTION**	$0.0091	$0.0131	$0.0133	$0.0054	$0.0002	$0.0122
2	DEMAND DISTRIBUTION PRIMARY	$0.0065	$0.0083	$0.0089	$0.0054	$0.0002	$0.0087
3	DEMAND DISTRIBUTION SECONDARY	$0.0010	$0.0020	$0.0013	$0.0000	$0.0000	$0.0014
4	DEMAND DISTRIBUTION TRANSFORMERS	$0.0017	$0.0028	$0.0031	$0.0000	$0.0000	$0.0021
5	**CUSTOMER COMPONENTS**	$0.0082	$0.0169	$0.0052	$0.0015	$0.0010	$0.1278
6	CUSTOMER METERS COMPONENT	$0.0014	$0.0022	$0.0019	$0.0007	$0.0004	$0.0002
7	CUSTOMER SERVICES COMPONENT	$0.0007	$0.0019	$0.0002	$0.0000	$0.0000	$0.0000
8	ACCT 902 - METER READING COMP	$0.0016	$0.0040	$0.0010	$0.0001	$0.0000	$0.0000
9	ACCT 903 - CUST RECORDS & COLL COMP	$0.0027	$0.0070	$0.0014	$0.0000	$0.0000	$0.0033
10	CUSTOMER SERVICES EXP COMP	$0.0001	$0.0002	$0.0001	$0.0000	$0.0000	$0.0002
11	CUSTOMER SALES EXP COMP	$0.0001	$0.0002	$0.0001	$0.0001	$0.0001	$0.0002
12	CUSTOMER OTHER COMPONENT	$0.0016	$0.0014	$0.0006	$0.0005	$0.0005	$0.1239
13	TOTAL DELAWARE DISTRIBUTION	$0.0174	$0.0300	$0.0185	$0.0069	$0.0012	$0.1400
14	CUSTOMER COMPONENT $/MO/CUST	$19.72	$15.68	$26.10	$627.54	$10,897.12	$111.87

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

		Rate 1,2,6,7 RESIDENTIAL (7)-2	Rate 8,9 RESIDENTIAL SPACE HEATING (8)	Rate Code 10,11,12,13,14 GENERAL SERV SECONDARY Sm (9)	TELE-COMMUNICATION NETWORK SERVICE (10)	Rate 16 GENERAL SERV SECONDARY LARGE (11)	Rate 17,18,26 GENERAL SERV PRIMARY (12)	Rate 20,40 GENERAL SERV TRANSMISSION (13)	Rate 21,25,30 STREET LIGHTING SERVICE (14)
	PRESENT RATE OF RETURN SUMMARY SCHEDULE - FUNCTION FORMAT								
	RATE OF RETURN	6.28%	5.42%	14.19%	33.24%	9.17%	6.54%	43.29%	7.27%
	$/KWH								
1	**DEMAND DISTRIBUTION**	$0.0142	$0.0112	$0.0154	$0.0138	$0.0087	$0.0054	$0.0002	$0.0122
2	DEMAND DISTRIBUTION PRIMARY	$0.0092	$0.0068	$0.0100	$0.0092	$0.0064	$0.0054	$0.0002	$0.0087
3	DEMAND DISTRIBUTION SECONDARY	$0.0020	$0.0019	$0.0019	$0.0014	$0.0000	$0.0000	$0.0000	$0.0014
4	DEMAND DISTRIBUTION TRANSFORMERS	$0.0029	$0.0026	$0.0035	$0.0031	$0.0022	$0.0000	$0.0000	$0.0021
5	**CUSTOMER COMPONENTS**	$0.0186	$0.0137	$0.0068	$0.0437	$0.0014	$0.0015	$0.0010	$0.1278
6	CUSTOMER METERS COMPONENT	$0.0025	$0.0017	$0.0025	$0.0113	$0.0004	$0.0007	$0.0004	$0.0002
7	CUSTOMER SERVICES COMPONENT	$0.0019	$0.0020	$0.0002	$0.0002	$0.0001	$0.0000	$0.0000	$0.0000
8	ACCT 902 - METER READING COMP	$0.0045	$0.0031	$0.0013	$0.0132	$0.0002	$0.0001	$0.0000	$0.0000
9	ACCT 903 - CUST RECORDS & COLL COMP	$0.0079	$0.0054	$0.0020	$0.0179	$0.0001	$0.0000	$0.0000	$0.0033
10	CUSTOMER SERVICES EXP COMP	$0.0002	$0.0001	$0.0001	$0.0003	$0.0000	$0.0000	$0.0000	$0.0002
11	CUSTOMER SALES EXP COMP	$0.0002	$0.0002	$0.0001	$0.0005	$0.0001	$0.0001	$0.0001	$0.0002
12	CUSTOMER OTHER COMPONENT	$0.0015	$0.0012	$0.0006	$0.0004	$0.0005	$0.0005	$0.0005	$0.1239
13	TOTAL DELAWARE DISTRIBUTION	$0.0328	$0.0249	$0.0223	$0.0575	$0.0101	$0.0069	$0.0012	$0.1400
14	CUSTOMER COMPONENT $/MO/CUST	$15.38	$16.48	$24.40	$17.67	$184.42	$627.54	$10,897.12	$111.87

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

		TOTAL DELAWARE DISTRIBUTION (1)	TOTAL RESIDENTIAL SERVICE (2)	TOTAL GENERAL SERV SECONDARY (3)	TOTAL GENERAL SERV PRIMARY (4)	TOTAL GENERAL SERV TRANSMISSION (5)	STREET LIGHTING SERVICE (6)
	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - COMPONENT FORMAT						
	RATE OF RETURN	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%
	REVENUES REQUIRED						
1	**DEMAND DISTRIBUTION**	79,843,655	44,580,339	19,441,755	15,078,192	75,250	668,119
2	DEMAND DISTRIBUTION PRIMARY	56,855,986	27,814,652	13,412,133	15,078,192	75,250	475,759
3	DEMAND DISTRIBUTION SECONDARY	8,475,096	6,522,851	1,876,775	0	(0)	75,470
4	DEMAND DISTRIBUTION TRANSFORMERS	14,512,573	10,242,836	4,152,847	0	(0)	116,889
5	**CUSTOMER COMPONENTS**	73,360,350	52,588,322	8,924,763	3,986,740	831,876	7,028,649
6	CUSTOMER METERS COMPONENT	12,116,092	7,074,205	2,861,166	1,995,636	176,788	8,297
7	CUSTOMER SERVICES COMPONENT	7,137,916	6,883,896	254,020	0	(0)	0
8	ACCT 902 - METER READING COMP	14,246,552	12,324,433	1,709,582	205,848	5,307	1,382
9	ACCT 903 - CUST RECORDS & COLL COMP	23,947,861	21,013,706	2,672,751	86,604	2,305	172,494
10	CUSTOMER SERVICES EXP COMP	779,816	463,057	130,359	128,648	49,435	8,317
11	CUSTOMER SALES EXP COMP	983,843	584,616	164,354	162,404	61,972	10,497
12	CUSTOMER OTHER COMPONENT	14,148,269	4,244,408	1,132,531	1,407,599	536,069	6,827,662
13	TOTAL DELAWARE DISTRIBUTION	153,204,005	97,168,661	28,366,518	19,064,933	907,125	7,696,768
14	END OF YEAR CUSTOMERS	302,970	265,183	32,300	512	9	4,965
15	CUSTOMER $/MONTH/CUSTOMER	$20.18	$16.53	$23.03	$648.36	$7,702.55	$117.97

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

Schedule EPT R-4

		Rate 1,2,6,7 RESIDENTIAL (7)-2	Rate 8,9 RESIDENTIAL SPACE HEATING (8)	Rate Code 10,11,12,13,14 GENERAL SERV SECONDARY Sm (9)	TELE-COMMUNICATION NETWORK SERVICE (10)	Rate 16 GENERAL SERV SECONDARY LARGE (11)	Rate 17,18,26 GENERAL SERV PRIMARY (12)	Rate 20,40 GENERAL SERV TRANSMISSION (13)	Rate 21,25,30 STREET LIGHTING SERVICE (14)
	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - COMPONENT FORMAT								
	RATE OF RETURN	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%
	REVENUES REQUIRED								
1	**DEMAND DISTRIBUTION**	30,452,638	14,127,701	14,452,171	35,823	4,953,761	15,078,192	75,250	668,119
2	DEMAND DISTRIBUTION PRIMARY	19,502,737	8,311,914	9,665,258	25,436	3,721,438	15,078,192	75,250	475,759
3	DEMAND DISTRIBUTION SECONDARY	4,266,375	2,256,477	1,872,667	4,108	0	0	(0)	75,470
4	DEMAND DISTRIBUTION TRANSFORMERS	6,683,526	3,559,310	2,914,246	6,279	1,232,323	0	(0)	116,889
5	**CUSTOMER COMPONENTS**	37,118,470	15,469,851	7,842,585	215,112	867,066	3,986,740	831,876	7,028,649
6	CUSTOMER METERS COMPONENT	5,104,393	1,969,813	2,609,893	36,955	214,319	1,995,636	176,788	8,297
7	CUSTOMER SERVICES COMPONENT	4,207,268	2,676,629	195,428	309	58,283	0	(0)	0
8	ACCT 902 - METER READING COMP	8,951,121	3,373,313	1,507,027	62,752	139,803	205,848	5,307	1,382
9	ACCT 903 - CUST RECORDS & COLL COMP	15,248,753	5,764,953	2,496,974	107,808	67,968	86,604	2,305	172,494
10	CUSTOMER SERVICES EXP COMP	325,518	137,539	98,456	2,091	29,812	128,648	49,435	8,317
11	CUSTOMER SALES EXP COMP	410,951	173,664	124,112	2,627	37,615	162,404	61,972	10,497
12	CUSTOMER OTHER COMPONENT	2,870,467	1,373,941	810,696	2,571	319,265	1,407,599	536,069	6,827,662
13	TOTAL DELAWARE DISTRIBUTION	67,571,109	29,597,552	22,294,756	250,935	5,820,826	19,064,933	907,125	7,696,768
14	END OF YEAR CUSTOMERS	192,823	72,360	30,471	1,428	402	512	9	4,965
15	CUSTOMER $/MONTH/CUSTOMER	$16.04	$17.82	$21.45	$12.55	$179.93	$648.36	$7,702.55	$117.97

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

		TOTAL DELAWARE DISTRIBUTION (1)	TOTAL RESIDENTIAL SERVICE (2)	TOTAL GENERAL SERV SECONDARY (3)	TOTAL GENERAL SERV PRIMARY (4)	TOTAL GENERAL SERV TRANSMISSION (5)	STREET LIGHTING SERVICE (6)
	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - FUNCTION FORMAT						
	RATE OF RETURN	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%
	Ave Number of Customers (12 Months)	302,970	265,183	32,300	512	9	4,965
	$/KWH						
1	**DEMAND DISTRIBUTION**	0.0092	0.0151	0.0101	0.0058	0.0001	0.0128
2	DEMAND DISTRIBUTION PRIMARY	0.0065	0.0094	0.0070	0.0058	0.0001	0.0091
3	DEMAND DISTRIBUTION SECONDARY	0.0010	0.0022	0.0010	0.0000	(0.0000)	0.0014
4	DEMAND DISTRIBUTION TRANSFORMERS	0.0017	0.0035	0.0022	0.0000	(0.0000)	0.0022
5	**CUSTOMER COMPONENTS**	0.0084	0.0178	0.0046	0.0015	0.0007	0.1348
6	CUSTOMER METERS COMPONENT	0.0014	0.0024	0.0015	0.0008	0.0002	0.0002
7	CUSTOMER SERVICES COMPONENT	0.0008	0.0023	0.0001	0.0000	(0.0000)	0.0000
8	ACCT 902 - METER READING COMP	0.0016	0.0042	0.0009	0.0001	0.0000	0.0000
9	ACCT 903 - CUST RECORDS & COLL COMP	0.0028	0.0071	0.0014	0.0000	0.0000	0.0033
10	CUSTOMER SERVICES EXP COMP	0.0001	0.0002	0.0001	0.0000	0.0000	0.0002
11	CUSTOMER SALES EXP COMP	0.0001	0.0002	0.0001	0.0001	0.0001	0.0002
12	CUSTOMER OTHER COMPONENT	0.0016	0.0014	0.0006	0.0005	0.0005	0.1309
13	TOTAL DELAWARE DISTRIBUTION	0.0176	0.0328	0.0147	0.0074	0.0008	0.1476
14	CUSTOMER COMPONENT $/MO/CUST	$20.18	$16.53	$23.03	$648.36	$7,702.55	$117.97

DELMARVA POWER & LIGHT COMPANY
DELAWARE RETAIL COST OF SERVICE STUDY
12 MONTHS ENDED MARCH 31, 2009
ELECTRIC DISTRIBUTION REVISED

		Rate 1,2,6,7 RESIDENTIAL (7)-2	Rate 8,9 RESIDENTIAL SPACE HEATING (8)	Rate Code 10,11,12,13,14 GENERAL SERV SECONDARY Sm (9)	TELE-COMMUNICATION NETWORK SERVICE (10)	Rate 16 GENERAL SERV SECONDARY LARGE (11)	Rate 17,18,26 GENERAL SERV PRIMARY (12)	Rate 20,40 GENERAL SERV TRANSMISSION (13)	Rate 21,25,30 STREET LIGHTING SERVICE (14)
	CLAIMED RATE OF RETURN SUMMARY SCHEDULE - FUNCTION FORMAT								
	RATE OF RETURN	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%	7.97%
	Ave Number of Customers (12 Months)	192,823	72,360	30,471	1,428	402	512	9	4,965
	$/KWH								
1	**DEMAND DISTRIBUTION**	0.0159	0.0135	0.0111	0.0052	0.0081	0.0058	0.0001	0.0128
2	DEMAND DISTRIBUTION PRIMARY	0.0102	0.0079	0.0074	0.0037	0.0061	0.0058	0.0001	0.0091
3	DEMAND DISTRIBUTION SECONDARY	0.0022	0.0022	0.0014	0.0006	0.0000	0.0000	(0.0000)	0.0014
4	DEMAND DISTRIBUTION TRANSFORMERS	0.0035	0.0034	0.0022	0.0009	0.0020	0.0000	(0.0000)	0.0022
5	**CUSTOMER COMPONENTS**	0.0194	0.0148	0.0060	0.0310	0.0014	0.0015	0.0007	0.1348
6	CUSTOMER METERS COMPONENT	0.0027	0.0019	0.0020	0.0053	0.0003	0.0008	0.0002	0.0002
7	CUSTOMER SERVICES COMPONENT	0.0022	0.0026	0.0001	0.0000	0.0001	0.0000	(0.0000)	0.0000
8	ACCT 902 - METER READING COMP	0.0047	0.0032	0.0012	0.0091	0.0002	0.0001	0.0000	0.0000
9	ACCT 903 - CUST RECORDS & COLL COMP	0.0080	0.0055	0.0019	0.0156	0.0001	0.0000	0.0000	0.0033
10	CUSTOMER SERVICES EXP COMP	0.0002	0.0001	0.0001	0.0003	0.0000	0.0000	0.0000	0.0002
11	CUSTOMER SALES EXP COMP	0.0002	0.0002	0.0001	0.0004	0.0001	0.0001	0.0001	0.0002
12	CUSTOMER OTHER COMPONENT	0.0015	0.0013	0.0006	0.0004	0.0005	0.0005	0.0005	0.1309
13	TOTAL DELAWARE DISTRIBUTION	0.0353	0.0283	0.0171	0.0362	0.0095	0.0074	0.0008	0.1476
14	CUSTOMER COMPONENT $/MO/CUST	$16.04	$17.82	$21.45	$12.55	$179.93	$648.36	$7,702.55	$117.97

Schedule EPT R-5

Delmarva Power & Light - Delaware Electric Distribution
Class Cost of Service Study for the 12 months ending 3/09
Revised results applying requested ROR

	Customer Class	Rate of Return (%) Filed COSS	Rate of Return (%) Revised COSS
1	Residential	6.34	6.34
2	Residential Non Heating	6.58	6.58
3	Residential Space Heating	5.85	5.85
4	General Service Secondary Small	12.74	12.74
5	Telecommunication Network Service	24.57	24.57
6	General Service Secondary Large	8.63	8.63
7	General Service Primary	6.41	6.41
8	General Service Transmission	43.15	43.15
9	Street Lighting Service	6.84	6.84

Schedule EPT R-6

Delmarva Power & Light - Delaware Electric Distribution
Class Cost of Service Study for the 12 months ending 3/09
Revised Customer Component Costs applying requested ROR

	Customer Class	Customer Costs- $/Month/Customer	
		Filed COSS	Revised COSS
1	Residential	15.91	15.82
2	Residential Non Heating	15.53	15.45
3	Residential Space Heating	16.90	16.80
4	General Service Secondary Small	24.25	24.08
5	Telecommunication Network Service	15.13	15.08
6	General Service Secondary Large	205.07	203.04
7	General Service Primary	628.48	625.72
8	General Service Transmission	7,730.32	7,709.15
9	Street Lighting Service	NA	NA