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July 14, 2008

VIA FACSIMILE AND E-MAIL

To: Commission Staff and the Parties/Participants of
PSC Dockets Nos. 07-20*

Re: In the Matter of Integrated Resource Planning for the Provision of Standard Offer Supply Service by Delmarva Power & Light Company Under 26 Del. C. § 1007(c) & (d); Review of Initial Resource Plan Submitted December 1, 2006 (Opened January 23, 2007); PSC Docket No. 07-20

Dear Parties/Participants:

Enclosed please find my decision regarding the Joint Motion of Delmarva Power & Light and Dr. Jeremy Firestone to suspend the procedural schedule in the above-docket.

Please note that I have scheduled a status conference in this matter for **Thursday, September 4, 2008 at 10:00 a.m. in the Third Floor Conference Room**, Carvel Office Building, 820 North French Street, Wilmington, Delaware.

Thank you all for your consideration in this matter.

Very truly yours,

Ruth Ann Price

Ruth Ann Price,
Senior Hearing Examiner

cc: *Service List
Bruce Burcat, Executive Director
William F. O'Brien, DAG
Karen Nickerson, Secretary

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF INTEGRATED RESOURCE PLANNING FOR THE PROVISION OF STANDARD OFFER SUPPLY SERVICE BY DELMARVA POWER & LIGHT COMPANY UNDER 26 DEL. C. § 1007(c) & (d): REVIEW OF INITIAL RESOURCE PLAN SUBMITTED DECEMBER 1, 2006 (OPENED JANUARY 23, 2007)	)	PSC DOCKET NO. 07-20

HEARING EXAMINER'S DECISION REGARDING THE JOINT MOTION OF DELMARVA POWER & LIGHT COMPANY AND JEREMY FIRESTONE TO SUSPEND THE CURRENT SCHEDULE

On July 3, 2008, Delmarva Power & Light Company ("Delmarva")and Dr. Jeremy Firestone ("Movants") jointly filed a motion requesting that I suspend the current schedule for this docket pending a Commission decision on whether the remainder of the 2006 Integrated Resource Plan ("IRP") should be merged with the IRP that is due to be filed on December 1, 2008.

Under the Delaware Electric Utility Retail Customer Supply Act ("EURCSA"), 26 *Del. C.* § 1007(c) & (d), Delmarva must file its biannual IRP on or before December 1, 2008. The Movants contend that amending the Second IRP Update at this time, which Delmarva filed on May 15, 2008, while also developing a new IRP for filing on December 1, 2008, would result in a waste of resources and unnecessary costs, which ultimately would be borne by Delmarva's customers. Motion at ¶12. Further, the Movants represent that they intend to petition the Commission for an Order declaring that the December 1, 2008 IRP will

satisfy Delmarva's obligation under EURCSA for both the remainder of the 2006 IRP and the December 1, 2008 IRP. *Id.* The Movants contend that the effect of their request will be to merge the 2006 IRP docket into the December 1, 2008 IRP docket. *Id.*

In December 2006, Delmarva filed its original Integrated Resource Plan ("IRP"). Since its initial filing, the Company has filed two updates to the original IRP. The first update entitled, "Delmarva Power & Light's Delaware IRP Update," was filed on March 5, 2008. In May 2008, Delmarva filed its Second IRP Update. Delmarva's recommended portfolio contained in the Second IRP Update was formulated based upon, among other things, Bluewater Wind's proposed offshore wind Purchase Power Agreement ("PPA") developed by Bluewater Wind, and submitted to the State Agencies,[1] on December 10, 2007.[2]

Under the December 2007 PPA, Delmarva's Standard Offer Service ("SOS") Residential and Small Commercial and Industrial ("RSCI") customers would purchase the "first take" of 300 MW of energy and renewable energy credits ("RECs") in any given hour around the clock from the proposed 450 MW nameplate Bluewater Wind offshore wind farm. The Movants contend that since there is an executed Offshore Wind

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[1] The State Agencies are the Delaware Public Service Commission, the Department of Natural Resources and Environmental Control, the Office of Management and Budget, and the Controller General.

[2] In their Motion, Movants set forth various other differences between the PPA under consideration in December 2007 and the PPA Delmarva and Bluewater Wind executed in June 2008. These differences are stated in the Motion at Paragraph 6. However, for purposes of this Motion, the most significant differences for this Hearing Examiner between the two PPAs is that the most recent proposal is an "executed" document demonstrating that the parties have a meeting of the minds concerning the terms and conditions under which the they will deliver and purchase power and that the most recent PPA involves about one-half the purchase power as the December 2007 PPA.

Agreement between Delmarva and Bluewater Wind that has significant differences in size, price, and costs (*i.e.* the costs will be spread across all Delmarva customers) the economics used as a basis to develop the December 2007 PPA now are inapplicable. The Movants further argue that the Offshore Wind Agreement (albeit pending the State Agencies approval) will become a significant portion of Delmarva's renewable energy portfolio. Consequently, the Second IRP Update must be amended to reflect the anticipated power to be received from the Offshore Wind Agreement. In addition, the Movants assert that the current procedural schedule for this docket and the pending discovery requests are based upon the Second IRP Update which do not reflect the current thinking regarding the power sources for Delaware customers.

Significantly, the Movants, who at times have voiced considerable differences in their positions, have set forth in their Motion guiding principles in developing an IRP that incorporates the terms and conditions of the Offshore Wind Agreement. Paragraph 13 of the Motion details the agreement between the Movants regarding development of a new IRP that would be filed on or before December 1, 2008.[3]

By electronic mail on July 8, 2008, I notified the parties to this proceeding that responses to the Motion were due on or before July 10th. On July 10, Staff filed a request for a one-day extension of time, until July 11, to file its position on the Motion. No

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[3]It appears that Dr. Firestone has abandoned his objections to the proposed IRP regulations that are currently pending before me. The Motion expressly states that "[t]he Movants are in agreement that Delmarva will strive to develop the December 2008 IRP ***in conformance with the Proposed IRP Regulations as proposed by Commission Staff.***" [Emphasis added.]

parties objected to Staff's request which I granted. Bluewater Wind filed a response indicating that it did not object to the Motion. Only one party objected to the joint motion. Alan Mueller objected to the motion stating that he believed that the process of resource planning had been inverted by allowing the offshore wind project, representing in his view between five to ten percent of the supply-side needs, to drive the process. Mr. Muller further stated that "abandonment of the demand side to the "SEU," makes it increasingly unlikely that IRP process will yield much that is substantial." Reply of Alan Mueller, dated July 8, 2008. No other parties filed answers or objected to the Motion.

On July 11, Staff filed its answer to the Motion stating that on July 31, the State Agencies will be considering the merits of the Offshore Wind Agreement as well as whether additional generation is required in Sussex County. Staff notes that should the State Agencies find that additional generation is appropriate for Sussex County, the issue could be folded either into this docket or PSC Docket No. 06-241. Since these issues are pertinent to this docket, Staff proposed a limited forty-five (45) day suspension of this docket in order to receive further guidance from the Commission and the State Agencies regarding the issues to be investigated in the future. After this short time period, the parties and I would meet to discuss how to proceed. Delmarva, Dr. Firestone and the Division of the Public Advocate all concur with Staff's request for a limited 45 day extension.

I find that the reasons asserted by the Movants for suspension of this docket are persuasive, reasonable and in the public interest. It is clear that the IRP environment that we are currently in is radically different from that Bluewater plan proposed in December 2007. In June 2008, Delmarva and Bluewater Wind have entered into a written, signed agreement regarding the size of the offshore wind project as well as other terms and conditions that will make this project viable. Delmarva has a much clearer picture of the needs of its portfolio. However, Staff makes a cogent point in stating that it is not in the best interests of Delmarva's customers for this matter to linger infinitely. Therefore, I will grant the suspension of all matters related to this docket, including discovery, until Thursday, September 4, 2008. On that date, the parties and I will meet at 10:00 a.m. in the Third Floor Conference Room, Carvel Office Building, 820 North French Street, Wilmington, Delaware, to discuss the status of this docket, the action of the State Agencies at their July 31st public meeting and the remainder of the procedural schedule in this docket.

Respectfully submitted,

Ruth Ann Price

Ruth Ann Price,
Senior Hearing Examiner

Dated: July 14, 2008

Service List (3 pages)
PSC Docket No. 07-20 (modified 07/14/08)

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Fax Cover Sheet
PSC Docket No. 07-20 (Delmarva Power IRP)

Number of pages including cover sheet: 10

**Date: July 14, 2008 [Allons enfants de la Patrie,
Le jour de gloire est arrivé !]**

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Notes: **Original will not follow.**