

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY,)
D/B/A CONECTIV POWER DELIVERY, FOR) PSC DOCKET NO. 03-547T
APPROVAL TO REVISE ITS RATES UNDER)
SERVICE CLASSIFICATION "X")
(FILED DECEMBER 23, 2003))

ORDER NO. 6341

WHEREAS, Delmarva Power & Light Company, d/b/a Conectiv Power Delivery ("Delmarva" or "the Company"), has filed an application to revise the rates and charges in the Service Classification "X" portion of its Electric Tariff, which section sets forth the rates Delmarva will pay to purchase electric supply from those "qualified facilities" with a generating capacity of 1000 KV or less, as well as the interconnection and metering charges associated with such purchases;¹ and

WHEREAS, the Commission, in PSC Orders Nos. 5356 (Feb. 28, 2000) and 5497 (July 11, 2000), indicated that it would review Delmarva's Service Classification "X" rates, in a separate proceeding, on a biennial basis, beginning with a filing to be made in December, 2001;² and

¹ See 16 U.S.C. § 824a-3 and 18 C.F.R. § 292.304(c).

² Delmarva has an obligation to submit to the Commission data from which its "avoided costs" can be calculated at least every two years. 18 C.F.R. § 292.302.

WHEREAS, the Commission determines that the present proposed adjustments should be considered, after appropriate public notice, at a hearing held before the Commission during its regularly scheduled meeting on Tuesday, May 4, 2004; and

WHEREAS, the Commission determines, under the authority granted by 26 Del. C. § 102A, that the appropriate public notice in this matter is to provide direct notice of the proposed adjustments by mail to those qualifying facilities which, over the past five years, have sold electric supply to Delmarva or contracted to provide energy supply to Delmarva under Service Classification "X".

Now, therefore, this 13th day of January, 2004; **IT IS ORDERED:**

1. That the proposed Service Classification "X" rates set forth in the application and proposed tariff sheets filed by Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, on December 23, 2003, are hereby allowed to become effective, on a temporary basis and subject to refund, for purchases made on or after April 1, 2004, pending the entry of a final Order in this matter.

2. That Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, shall provide public notice, under 26 Del. C. § 102A, of the application for adjustments to its Service Classification "X" rates filed on December 23, 2003, by mailing, by first-class United States mail, a copy of the notice attached hereto as Exhibit "A" to each "qualifying facility" which has, within the preceding five years, sold electricity to Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, under the provisions of Service Classification "X" or

contracted to supply energy to Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, under Service Classification "X". Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, shall file proof of such service with the Commission on or before March 15, 2004.

3. That the Commission will hold a public hearing on the application filed by Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, to make adjustments to its Service Classification "X" rates during the Commission's regularly scheduled meeting on May 4, 2004. For purposes of this proceeding, the Executive Director of the Commission is delegated the authority to grant or deny petitions to intervene. The Executive Director is also delegated the authority to supervise and rule on any pre-hearing matters and to determine the procedures to be followed at the public hearing.

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

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

/s/ Joann T. Conaway
Commissioner

PSC Docket No. 03-547T, order No. 6341 Cont'd.

/s/ Donald J. Puglisi
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary

E X H I B I T "A"

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P U B L I C N O T I C E

**TO: ALL "QUALIFYING FACILITIES" UNDER PURPA WHO HAVE
SOLD GENERATION TO DELMARVA POWER & LIGHT COMPANY,
D/B/A CONECTIV POWER DELIVERY, UNDER SERVICE
CLASSIFICATION "X" RATES**

Under 16 U.S.C. § 824a-3 and 18 C.F.R. Part 292, Delmarva Power & Light Company, d/b/a Conectiv Power Delivery ("Delmarva" or "the Company"), is required to purchase electric supply from "qualifying facilities" ("QFs") at the Company's "avoided costs." The Delaware Public Service Commission ("the Commission") has historically required Delmarva to tariff the rates for such purchases from those QFs with generating capacities of 1000 KV or less. These rates are included in Service Classification "X" of the Company's Electric Tariff. The Commission reviews those rates on a two-year cycle.

On December 23, 2003, Delmarva filed an application seeking approval to change its Service Classification "X" rates. The Company is proposing to change the manner in which avoided energy costs and capacity costs are defined and calculated. The Company is proposing

to use the actual value of energy and capacity within the PJM wholesale energy market rather than on a forecast basis. By the filing, Delmarva proposes to change its "Meter Charges," "Energy Purchase Rates," and the "Capacity Payment Rate." The present and proposed rates are as follows:

SERVICE CLASSIFICATION "X"

<u>PARTICULARS</u>	<u>PRESENT</u>		<u>PROPOSED</u>	
Monthly Customer Charge	\$6.25		\$6.25	
Energy Purchases Rate	<u>Summer</u>	<u>Winter</u>	<u>Summer</u>	<u>Winter</u>
On-Peak	\$0.0459 kWh	\$0.0298/kWh	PJM LMPs for Delmarva Zone	PJM LMPs for Delmarva Zone
Off-Peak	\$0.0261/kWh	\$0.0235/kWh	PJM LMPs for Delmarva Zone	PJM LMPs for Delmarva Zone
Average	\$0.0336/kWh	\$0.0263/kWh		
Capacity Payment Rate	\$23.73 kW - year		PJM Capacity Market Rate	
	<u>PRESENT</u>		<u>PROPOSED</u>	
	Customer Pays For Meter	Company Pays for Meter	Customer Pays For Meter	Company Pays For Meter
Time Differentiated Metering Self-Contained, single phase, 200 Amp.	\$2.44	\$5.29	\$2.44	\$5.29

Self- Contained, three phase, 200 Amp.	\$2.44	\$6.90	\$2.44	\$6.90
Transformer rated, three phase	\$2.44	\$14.05	\$2.44	\$14.05

By PSC Order No. 6341 (Jan. 13, 2004), the Commission allowed the proposed Service Classification "X" rates to go into effect, on a temporary basis, for purchase on or after April 1, 2004, pending the completion of an evidentiary hearing and a final Order.

Anyone who is, or may be, affected by the proposed changes in Service Classification "X" should review the application. You may obtain copies of the filing from the Commission at its office at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904. Copies are also available for inspection, by appointment, at the Division of the Public Advocate, Carvel Office Building, 820 North French Street, Wilmington, Delaware.

The Commission will conduct a public hearing on the proposed adjustments to Delmarva's Service Classification "X" rates as part of its regular meeting on Tuesday, May 4, 2004. Such hearing will be held at 1:00 PM at the Commission's Dover Office at the address set forth above. At that hearing, the Commission may hear evidence presented by Delmarva, the Public Advocate, the Commission Staff, and other parties. The Commission's determinations in this matter will be based upon the presentations and evidence presented at such hearing.

If you wish to participate as a party in the proceedings in this Docket (PSC Docket No. 03-547T), you should file a Petition for Leave to Intervene in accordance with Rule 21 of the Commission's Rules of Practice and Procedure. All such petitions should be filed no later than March 8, 2004. Petitions filed thereafter will not be considered except for good cause shown.

If you do not wish to intervene but desire to file comments concerning the adjustments, you should file twelve (12) copies of such comments with the Commission, at the above address, on or before, April 9, 2004.

If you are disabled and wish to participate in these proceedings, you should contact the Commission to discuss any auxiliary aids or services you might need to facilitate your review or participation. You may contact the Commission in person, in writing, by telephone, or by other means. If you desire more information or have questions about this proceeding, you may call the Commission toll-free in Delaware at 1-800-282-8574. You may also contact the Commission by either Text Telephone ("TT") or by regular telephone at (302) 739-4247. Inquiries may also be sent by internet email to connie.mcdowell@state.de.us.