

**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY FOR )  
CHANGES IN THE ANCILLARY SERVICES ) PSC DOCKET NO. 04-54  
RATE COMPONENTS OF ITS STANDARD OFFER )  
SUPPLY CHARGES )  
(FILED FEBRUARY 13, 2004) )

**ORDER NO. 6432**

This 22<sup>nd</sup> day of June, 2004, the Commission finds, determines, and Orders the following:

**I. BACKGROUND**

1. By PSC Order No. 6371 (Feb. 24, 2004), this Commission initiated this docket to consider the application filed by Delmarva Power & Light Company ("DP&L") seeking to modify its electric ancillary service rates. The Commission allowed the revised rates being proposed by DP&L to go into effect on March 15, 2004, on a temporary basis and subject to refund, pending a final Commission determination concerning such rates. In addition, the Commission scheduled public comment hearings in Wilmington and Dover, established a deadline for intervention petitions, and scheduled a hearing concerning DP&L's application at its regularly scheduled meeting on May 18, 2004.

2. Based upon Staff's recommendation, however, the Commission later referred this matter to a Hearing Examiner for further proceedings. PSC Order No. 6391 (Apr. 6, 2004). The Hearing Examiner conducted public comment hearings in Wilmington and Dover on March 23

and 24, 2004, and established a procedural schedule. The Public Advocate and Delaware Energy Users' Group ("DEUG") intervened as parties to the case. DEUG is an association of industrial electricity users who are customers of DP&L.

3. On June 1, 2004, the parties presented the Hearing Examiner with a "Proposed Settlement" and, by memorandum dated June 10, 2004, the Hearing Examiner recommended that the Commission, after conducting an evidentiary hearing, approve the Proposed Settlement. The Commission considered the application and received evidence at its regular meeting on June 22, 2004. The Commission now approves the Proposed Settlement and grants the ancillary rate increase outlined therein.

## **II. SUMMARY OF EVIDENCE**

4. The record in this matter includes DP&L's February 13, 2004 Application (with accompanying exhibits), the June 1, 2004 Proposed Settlement, the Hearing Examiner's June 10, 2004 memorandum, and the testimony presented by Staff's witness and DP&L's witness at the June 22, 2004 hearing. No members of the public offered comment at the public comment hearings or otherwise.

5. In its Application, DP&L sought approval to modify its electric ancillary service rates by an amount that would increase total Delaware electric revenue by \$13,085,903, or approximately 2.4 percent. Ancillary service rates are a separate component of DP&L's unbundled electric rates and they compensate DP&L for ancillary

service costs charged to it by PJM Interconnection, LLC ("PJM").<sup>1</sup> Application at 2. PJM charges DP&L for these costs pursuant to mechanisms approved by the Federal Energy Regulatory Commission. *Id.*

6. Under the Proposed Settlement, which is attached to the original hereof as "Attachment A," the annual increase for ancillary charge services shall be \$12,395,906, or approximately 2.3 percent, effective June 23, 2004. Because the temporary rate increase approved by the Commission was approximately 2.4 percent, DP&L will over-collect a certain amount of revenue (approximately \$75,000) before the proposed rate, if approved, becomes effective.

7. Rather than refund the over-collection to all customers, the parties have agreed that, no later than July 15, 2004, DP&L will place \$75,000 in the Low Income Energy Fund, which is administered by the State to assist low-income residents with their energy bills. Proposed Settlement at 2. According to the parties, if the over-collection were to be credited to all of DP&L's customers, then the bill credits would amount to only \$0.10 to \$0.15 per customer. In addition, DP&L asserts that the one-time grant to the Low Income Energy Fund is more administratively efficient than a bill credit for all customers.

8. The parties also stipulated that, prior to filing for the next ancillary charge increase, the Company will solicit bids from qualified providers for the provision of certain ancillary services that the Company is authorized to purchase from entities other than

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<sup>1</sup>PJM's ancillary service charges reflect, among other things, PJM's administrative costs, reactive supply and voltage control, operating

PJM. Proposed Settlement at 3. The purpose of this solicitation is to determine if there are qualified providers of these ancillary services that can provide such services to the Company at a cost lower than it is able to otherwise secure through PJM directly.

9. At the June 22, 2004 hearing, witnesses from the Commission Staff, the Public Advocate, and DP&L testified that adoption of the Proposed Settlement would be in the public interest.

### **III. FINDINGS OF FACT & CONCLUSIONS OF LAW**

10. DP&L filed its February 13, 2004 application in accordance with the Merger Settlement from PSC Docket No. 01-94. Application at 1. While the Merger Settlement generally established a freeze on electric rates, the parties to the Merger Settlement, in recognition of increasing ancillary service charges from PJM, agreed to an exception to the general rate freeze that would allow DP&L to file to change its ancillary rates (one time) to reflect PJM's ancillary charges at the time of filing. Merger Settlement at ¶ II.C.4.

11. As permitted by the Merger Settlement, Delmarva seeks to increase its ancillary service rates in order to recover the increased charges it incurs from PJM for ancillary services. Commission Staff, the Public Advocate, and DEUG have scrutinized Delmarva's request and Delmarva, as part of the negotiation process, has made certain adjustments to its request. As a result, the parties have reached agreement on all issues in this docket, as reflected in the Proposed Settlement as attached to the original hereof.

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reserves, scheduling and dispatch, and black start service. (Application at 2.)

12. Under Delaware law, the Commission may, upon hearing, approve a settlement agreement when it finds such settlement to be in the public interest. 26 Del. C. § 512. The Commission now finds that the Proposed Settlement is in the public interest, for the following reasons:

- a. Delmarva will be able to recover the ancillary charges it pays to PJM. DP&L is required to pay ancillary services and the costs for such services are essentially outside DP&L's control (Application at 2);
- b. The relatively small over-collection resulting from the temporary rates will be returned to customers via a \$75,000 grant to the State's Low Income Energy Fund. This grant is more meaningful and more administratively efficient than would be a bill credit for all customers of \$0.10 to \$0.15; and
- c. All parties, including Commission Staff, the Public Advocate, DEUG, and the Company have indicated that the Proposed Settlement is in the public interest.

Now, therefore, **IT IS ORDERED:**

1. That, by and in accordance with the affirmative vote of a majority of the Commissioners, the Commission hereby adopts, as in the public interest, the June 1, 2004 "Proposed Settlement," appended to the original hereof as "Attachment A."

2. That the Commission approves as just and reasonable the ancillary service rates outlined in the attached Proposed Settlement, appended to the original hereof as "Attachment A," effective for usage on and after June 23, 2004. The annual increase for ancillary charge services shall be \$12,395,906, or approximately 2.3 percent on an annual basis, as shown in the Proposed Settlement, appended to the

original hereof as "Attachment A," at Appendix A and as shown in the tariffs at Appendix B.

3. That, no later than July 15, 2004, Delmarva Power & Light Company shall place \$75,000 in the Low Income Energy Fund for use as assistance to low-income residents and shall comply with the other terms and conditions as stipulated in the Proposed Settlement.

4. 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:

/s/ Arnetta McRae  
Chair

/S/ Joshua M. Twilley  
Vice Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

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Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary

**ATTACHMENT "A"**

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION )  
OF DELMARVA POWER & LIGHT COMPANY, )  
FOR CHANGES IN ITS ANCILLARY SERVICES ) PSC DOCKET No. 04-54  
RATE COMPONENTS OF ITS STANDARD OFFER )  
SUPPLY CHARGES (Filed February 13, 2004) )

**PROPOSED SETTLEMENT**

On this day, June 1, 2004, Delmarva Power & Light Company (“Delmarva” or the “Company”), the Delaware Public Service Commission Staff (the “Staff”), the Division of the Public Advocate ("DPA"), and the Delaware Energy Users Group ("DEUG") all of whom together are the "Parties" or "Settling Parties," hereby propose a complete settlement of all issues that were raised or could have been raised in this proceeding and to establish final rates for the ancillary services components of its Standard Offer Service (“SOS”) rates as follows.

**I. INTRODUCTION AND PROCEDURAL BACKGROUND**

On February 13, 2004, Delmarva Power & Light Company filed an Application with the Delaware Public Service Commission (“Commission”). The Application requested a change in electric ancillary rates that has an aggregate effect of increasing annual revenues by \$13,085,903 or 2.4%. The application was accompanied by various schedules, tables, and data required by the Commission's minimum filing requirements and the pre-filed testimony of several Company witnesses. On February 24, 2004, in Order No. 6371, the Commission suspended the proposed rate and tariff changes

for 30 days and allowed the request for proposed ancillary rate changes to become effective as of March 15, 2004, with proration, subject to refund, required public notice, established a time for interventions and assigned the matter to a Hearing Examiner. DEUG intervened and the DPA gave notice of its intent to participate. The Commission held two public comment sessions on March 23 and 24, 2004.

Pursuant to the procedural schedule established by the Hearing Examiner, the Parties engaged in discovery and settlement discussion with respect to the application and accompanying testimony and other material filed with the Application.

Pursuant to the Hearing Examiner's directive, a public notice through newspaper publication will be made of a public and evidentiary hearing for purposes of taking testimony on the settlement to be held on June 22, 2004 at the Commission's offices in Dover, DE.

## II. SETTLEMENT PROVISIONS

NOW, THEREFORE, The Settling Parties hereby agree and stipulate to the following settlement and agreement and recommend approval of the following:

### A. Rates and Charges.

1. The annual increase for ancillary charge services shall be \$12,395,906, or about 2.3% on an annual basis as shown on the attached Appendix A.
2. The rates approved for usage on and after June 23, 2004 shall be as set forth in the tariff leafs attached as Appendix B and shall continue in effect until May 1, 2006, and thereafter until changed by order of the Commission.
3. The Settling Parties agree that, no later than July 15, 2004, Delmarva shall contribute \$75,000 to the program to fund assistance for low income energy bills

administered by the Department of Health and Social Services, Division of State Service Centers. The Parties agree that this amount is a reasonable approximation of the funds that will be collected between March 15, 2004 through the expected effective date for prospectively adjusted rates that are in excess of what would have been collected over that period if the effective rates had been based on the use of 12 months of data rather than nine months of data and that also are reflective of adjustments associated with the addition or elimination of certain costs and revenues that the Settling Parties agree should be made.

The Settling Parties agree that no additional refunds with respect to the rates that have been in effect are necessary or warranted and that the above mechanism for returning excess revenues, as defined above, is in the public interest.

B. Miscellaneous Issues.

1. The Settling Parties respectfully request that the prepared testimony and exhibits filed in this proceeding by the witnesses for the Settling Parties be admitted into evidence as part of the record in this case. Each of the Settling Parties waives its right to cross-examine the witnesses for the other Settling Parties.

2. The Settling Parties stipulate that prior to filing for the next ancillary charge increase the Company will issue a Request for Proposals (“RFP”) to solicit bids from qualified providers for the provision of Spinning Reserve and Regulation ancillary services, and any other ancillary service which the Company is authorized by the PJM Open Access Transmission Tariff to purchase from entities other than PJM. The purpose

of this RFP solicitation will be to determine if there are qualified<sup>2</sup> providers of these ancillary services to the Company at a cost<sup>3</sup> lower than it is able to otherwise secure through PJM directly. If the State of Delaware engages in a solicitation process for the acquisition of full requirements service to fulfill the Company's obligation to provide Standard Offer Service ("SOS"), then such process will be deemed to satisfy this provision of this Proposed Settlement Agreement. In any process leading up to such a State of Delaware solicitation, the Company shall recommend (and other Settling Parties may oppose, support, or take another position) that: i) any such solicitation be for a "full requirements" service such that the winning bidder or bidders would provide, arrange for, or acquire both the supply service and ancillary services; and ii) bidders be required to submit bids that price the supply service and ancillary services together and thus not create a separately priced ancillary services passthrough or tracking mechanism that would cause the SOS price to vary as the result of varying ancillary services costs.

#### C. Additional Provisions

1. The provisions of this settlement are not severable.
2. This Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to any ratemaking or any other principle in any future case. No Party to this settlement necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this settlement other than as specified herein, except that the Parties agree that the resolution of the issues herein taken as a whole results in just

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<sup>2</sup> Qualifications will include, but are not limited to, credit worthiness, membership in PJM, and relative reliability of supply.

and reasonable rates and that the non-rate tariff changes are reasonable and in the public interest.

3. To the extent opinions or views were expressed or issues were raised in the pre-filed testimony that are not specifically addressed in the Settlement, no findings, recommendations, or positions with respect to such opinions, views or issues should be implied or inferred.

4. This settlement shall terminate as of the date that a subsequent change in ancillary rates becomes effective, which change shall not take effect until May 1, 2006 at the earliest. Such ancillary rate change may be the subject of an application by Delmarva or a complaint from a Settling Party made prior to May 1, 2006, but the effective date of such rate change would not be before May 1, 2006.

IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned Parties have caused this Proposed Settlement to be signed by their duly-authorized representatives.

/s/ Randall V. Griffin  
Delmarva Power & Light  
Company

/s/ Connie S. McDowell  
Delaware Public Service  
Commission Staff

/s/ G. Arthur Padmore  
Division of the Public Advocate

/s/ Brian R. Greene  
Delaware Energy Users Group

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<sup>3</sup> Cost means all the associated costs of contracting with a third party supplier.

APPENDIX A  
Revenue Summary

	Updated Dec 2003 Number of Delivery Accounts	Updated Dec 2003 Number of SOS- Ancillary Accounts	Updated Booked Total SOS-Ancillary Sales kWh	Revised Out-Of-Period Adjustment To Booked SOS-Ancillary Sales kWh	Updated Adjusted Booked SOS-Ancillary Sales kWh	Delivered Power Line Com Delivered Summary Present Settlement Revenue by Class Using Month December Data
Rate Class						
Res	183,915	183,915	1,769,384,456		1,769,384,456	\$15
RSH	<u>68,057</u>	<u>68,057</u>	<u>1,092,749,184</u>		<u>1,092,749,184</u>	\$8
Subtotal Res + RSH	251,972	251,972	2,862,133,640		2,862,133,640	24
RTOU	4	4	61,602		61,602	
RTOU-ND	118	118	1,634,929		1,634,929	
RTOU-SOP	-	-	-		-	
SGS-S	17,480	17,480	169,296,792		169,296,792	\$1
MGS-S	11,112	11,112	1,063,601,101		1,063,601,101	\$8
GS-SH	898	898	34,528,319		34,528,319	\$
GS-WH	93	93	728,024		728,024	
ORL	30	30	604,421		604,421	
LGS-S	333	333	504,255,480		504,255,480	\$3
GS-P	490	486	2,489,461,154		2,489,461,154	\$13
GS-T	13	10	1,215,684,771	(640,866,992)	574,817,779	\$2

OL	5,167	5,167	48,909,923		48,909,923	\$
<b>Total</b>	287,710	287,703	8,390,900,156	(640,866,992)	7,750,033,164	\$54
				Updated Delaware Ancillary Rates		
			<u>Rate Eff 10/1/1999</u>			
1/ Delaware Retail Secondary Ancillary Services Rate:			\$0.000905	\$0.002518		
2/ Delaware Retail Primary Ancillary Services Rate:			\$0.000885	\$0.002462		
3/ Delaware Retail Transmission Ancillary Services Rate:			\$0.000874	\$0.002419		

## APPENDIX B

### Final Approved Rates

## MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER Billing Months <u>June Through September</u>	WINTER Billing Months <u>October Through May</u>
<b><u>RESIDENTIAL "R"</u></b>		
<b><u>Delivery Service Charges:</u></b>		
Customer Charge	\$4.76	\$4.76
Distribution Charge		
First 500 kWh Rate Eff	\$0.028545/kWh	\$0.028545/kWh
10/1/03	\$0.028545/kWh	\$0.028545/kWh
Excess kWh Rate Eff 10/1/03		
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh
<b><u>Supply Service Charges:</u></b>		
<b><u>Standard Offer Service with Transmission and Ancillary Services:</u></b>		
Transmission Rate	\$0.003671/kWh	\$0.003671/kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Capacity and Energy		
First 500 kWh Rate Eff	\$0.055870/kWh	\$0.052372/kWh
10/1/03	\$0.055870/kWh	\$0.044172/kWh
Excess kWh Rate Eff 10/1/03		

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service and Standard Offer Service with Transmission Service charges may be separately stated.

Filed June 1, 2004

Effective with Usage  
On and After June 23, 2004

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER Billing Months <u>June Through September</u>	WINTER Billing Months <u>October Through May</u>
<b><u>RESIDENTIAL – SPACE HEATING “R”</u></b>		
<b><u>Delivery Service Charges:</u></b>		
Customer Charge	\$4.76	\$4.76
Distribution Charge		
First 500 kWh Rate Eff	\$0.020045/kWh	\$0.020045/kWh
10/1/03	\$0.020045/kWh	\$0.020045/kWh
Excess kWh Rate Eff 10/1/03		
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh
<b><u>Supply Service Charges:</u></b>		
<b><u>Standard Offer Service with Transmission and Ancillary Services:</u></b>		
Transmission Rate	\$0.003671/kWh	\$0.003671/kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Capacity and Energy		
First 500 kWh Rate Eff	\$0.064625/kWh	\$0.061127/kWh
10/1/03	\$0.064625/kWh	\$0.028182/kWh
Excess kWh Rate Eff 10/1/03		

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

Filed June 1, 2004

Effective with Usage  
On and After June 23, 2004

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER Billing Months <u>June Through September</u>	WINTER Billing Months <u>October Through May</u>
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**RESIDENTIAL TIME OF USE "R-TOU"****Delivery Service Charges:**

Customer Charge	\$7.34	\$7.34
Distribution Charge		
Demand Rate Eff 10/1/03	\$4.217000/kW	\$4.217000/kW
On-Peak Rate Eff 10/1/03	\$0.008025/kWh	\$0.008025/kWh
Off-Peak Rate Eff 10/1/03	\$0.008025/kWh	\$0.008025/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Rate	\$0.003671/kWh	\$0.003671/kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Capacity and Energy		
Demand Rate Eff 10/1/03	\$3.740960/kW	\$2.913870/kW
On-Peak Rate Eff 10/1/03	\$0.033766/kWh	\$0.033766/kWh
Off-Peak Rate eff 10/1/03	\$0.023112/kWh	\$0.023112/kWh

**RESIDENTIAL TIME OF USE NON-DEMAND "R-TOU-ND"****Delivery Service Charges:**

Customer Charge	\$7.34	\$7.34
Distribution Charge		
On-Peak Rate Eff 10/1/03	\$0.053435/kWh	\$0.053435/kWh
Off-Peak Rate eff 10/1/03	\$0.005850/kWh	\$0.005850/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Rate	\$0.003671/kWh	\$0.003671/kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Capacity and Energy		
On-Peak Rate Eff 10/1/03	\$0.101443/kWh	\$0.084692/kWh
Off-Peak Rate eff 10/1/03	\$0.029503/kWh	\$0.029503/kWh

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

Filed June 1, 2004

Effective with Usage  
On and After June 23, 2004

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER Billing Months <u>June Through September</u>	WINTER Billing Months <u>October Through May</u>
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**RESIDENTIAL TIME OF USE SUPER OFF-PEAK "R-TOU-SOP"****Delivery Service Charges:**

Customer Charge	\$7.34	\$7.34
Distribution Charge		
On-Peak Rate Eff 10/1/03	\$0.020947/kWh	\$0.020947/kWh
Off-Peak Rate Eff 10/1/03	\$0.020947/kWh	\$0.020947/kWh
Super Off-Peak Rate Eff 10/1/03	\$0.004888/kWh	\$0.004888/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Rate		
On-Peak Rate	\$0.005621/kWh	\$0.005621/kWh
Off-Peak Rate	\$0.005621/kWh	\$0.005621/kWh
Super Off-Peak Rate	\$0.000000/kWh	\$0.000000/kWh
Ancillary Service Rate		
On-Peak Rate	\$0.002518/kWh	\$0.002518/kWh
Off-Peak Rate	\$0.002518/kWh	\$0.002518/kWh
Super Off-Peak Rate	\$0.000000/kWh	\$0.000000/kWh
Supply Capacity and Energy		
On-Peak Rate Eff 10/1/03	\$0.102430/kWh	\$0.085680/kWh
Off-Peak Rate Eff 10/1/03	\$0.030494/kWh	\$0.030494/kWh
Super Off-Peak Rate Eff 10/1/03	\$0.020878/kWh	\$0.020878/kWh

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER Billing Months <u>June Through September</u>	WINTER Billing Months <u>October Through May</u>
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**SMALL GENERAL SERVICE – SECONDARY NON-DEMAND “SGS-ND”****Delivery Service Charges:**

Customer Charge	\$5.78	\$5.78
Distribution Charge Eff 10/1/03	\$0.043708/kWh	\$0.043708/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Rate	\$0.003049/kWh	\$0.003049/kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Energy Rate Eff 10/1/03	\$0.055622/kWh	\$0.045166/kWh

**SEPARATELY METERED SPACE HEATING SECONDARY SERVICE “SGS-ND” and “MGS-S”****Delivery Service Charges:**

	Closed to new Customers	Closed to new Customers
Minimum Charge	\$4.99	\$4.99
Distribution Charge Eff 10/1/03	\$0.016391/kWh	\$0.016391/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Rate	\$0.003049/kWh	\$0.003049/kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Energy Rate Eff 10/1/03	\$0.066139/kWh	\$0.044762/kWh

**SEPARATELY METERED WATER HEATING SECONDARY SERVICE “SGS-ND” and “MGS-S”****Delivery Service Charges:**

	Closed to new Customers	Closed to new Customers
Minimum Charge	\$4.99	\$4.99
Distribution Charge Eff 10/1/03	\$0.016391/kWh	\$0.016391/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Rate	\$0.003049/kWh	\$0.003049 /kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Energy Rate Eff 10/1/02	\$0.043458/kWh	\$0.043458/kWh
Supply Energy Rate Eff 10/1/03	\$0.044762/kWh	\$0.044762kWh

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

In addition to the charges and rates stated above, the Delaware State Public Utilities Tax of 4.25% shall apply to all applicable services, rendered hereunder, unless the Customer is exempt from such tax.

Filed June 1, 2004

Effective with Usage  
On and After June 23, 2004

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	<u>MONTHLY CHARGES AND RATES</u>	
	<u>SUMMER</u>	<u>WINTER</u>
	<u>Billing Months</u>	<u>Billing Months</u>
	<u>June Through September</u>	<u>October Through May</u>

**MEDIUM GENERAL SERVICE – SECONDARY “MGS-S”****Delivery Service Charges:**

Customer Charge	\$5.78	\$5.78
Distribution Charge		
Demand Rate Eff 10/1/03	\$3.721000/kW	\$3.721000/kW
Energy Rate Eff 10/1/03	\$0.006868/kWh	\$0.006868/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Demand Rate	\$0.887000/kW	\$0.887000/kW
Ancillary Service Energy Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Capacity and Energy		
Demand Rate Eff 10/1/03	\$10.303090/kW	\$5.212830/kW
Energy Rate Eff 10/1/03	\$0.030163/kWh	\$0.030163/kWh

**Or:****Market Priced Supply Service:**

Supply with Transmission and Ancillary Services for All “returning” Customers.	Refer to the “MPSS” tariff	Refer to the “MPSS” tariff
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**OFF-PEAK SERVICE – SECONDARY “MGS-S”**

Same Charges and Rates as MGS-S

Plus an Additional Charge	\$8.99	\$8.99
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**OUTDOOR RECREATIONAL LIGHTING SERVICE - SECONDARY “ORL”****Delivery Service Charges:**

Customer Charge	\$5.78	\$5.78
Distribution Charge Eff 10/1/03	\$0.024501/kWh	\$0.024501/kWh
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Rate	\$0.003049/kWh	\$0.003049/kWh
Ancillary Service Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Energy Rate Eff 10/1/03	\$0.063055/kWh	\$0.063055/kWh

**Or:****Market Priced Supply Service:**

Supply with Transmission and Ancillary Services for All “returning” Customers.	Refer to the “MPSS” tariff	Refer to the “MPSS” tariff
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Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

In addition to the charges and rates stated above, the Delaware State Public Utilities Tax of 4.25% shall apply to all applicable services, rendered hereunder, unless the Customer is exempt from such tax.

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER Billing Months <u>June Through September</u>	WINTER Billing Months <u>October Through May</u>
<b><u>LARGE GENERAL SERVICE – SECONDARY “LGS-S”</u></b>		
<b><u>Delivery Service Charges:</u></b>		
Customer Charge	\$127.24	\$127.24
Distribution Charge		
Demand Rate Eff 10/1/03	\$2.407000/kW	\$2.407000/kW
On-Peak Rate Eff 10/1/03	\$0.004652/kWh	\$0.004652/kWh
Off-Peak Rate Eff 10/1/03	\$0.004652/kWh	\$0.004652/kWh
Power Factor Charge or Credit	\$0.030000/kW	\$0.030000/kW
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh
<b><u>Supply Service Charges:</u></b>		
<b><u>Standard Offer Service with Transmission and Ancillary Services:</u></b>		
Transmission Demand Rate	\$0.973000/kW	\$0.973000/kW
Ancillary Service Energy Rate	\$0.002518/kWh	\$0.002518/kWh
Supply Capacity and Energy		
Demand Rate Eff 10/1/03	\$10.360770/kW	\$6.164550/kW
On-Peak Rate Eff 10/1/03	\$0.036417/kWh	\$0.036417/kWh
Off-Peak Rate Eff 10/1/03	\$0.024652/kWh	\$0.024652/kWh
<b>Or:</b>		
<b><u>Market Priced Supply Service:</u></b>		
Supply with Transmission and Ancillary Services for All “returning” Customers.	Refer to the “MPSS” tariff	Refer to the “MPSS” tariff

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

In addition to the charges and rates stated above, the Delaware State Public Utilities Tax of 4.25% shall apply to all applicable services, rendered hereunder, unless the Customer is exempt from such tax.

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	<u>SUMMER</u> Billing Months <u>June Through September</u>	<u>WINTER</u> Billing Months <u>October Through May</u>
<b><u>GENERAL SERVICE - PRIMARY "GS-P"</u></b>		
<b><u>Delivery Service Charges:</u></b>		
Customer Charge	\$171.52	\$171.52
Distribution Charge		
Demand Rate Eff 10/1/03	\$2.803000/kW	\$2.803000/kW
On-Peak Rate Eff 10/1/03	\$0.000000/kWh	\$0.000000/kWh
Off-Peak Rate Eff 10/1/03	\$0.000000/kWh	\$0.000000/kWh
Power Factor Charge or Credit	\$0.030000/kW	\$0.030000/kW
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh
<b><u>Supply Service Charges:</u></b>		
<b><u>Standard Offer Service with Transmission and Ancillary Services:</u></b>		
Transmission Demand Rate	\$1.088000/kW	\$1.088000/kW
Ancillary Service Energy Rate	\$0.002462/kWh	\$0.002462/kWh
Supply Capacity and Energy		
Demand Rate Eff 10/1/03	\$9.124550/kW	\$5.530880/kW
On-Peak Rate Eff 10/1/03	\$0.034810/kWh	\$0.034810/kWh
Off-Peak Rate Eff 10/1/03	\$0.027163/kWh	\$0.027163/kWh
<b>Or:</b>		
<b><u>Market Priced Supply Service:</u></b>		
Supply with Transmission and Ancillary Services for All "returning" Customers.	Refer to the "MPSS" tariff	Refer to the "MPSS" tariff

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

In addition to the charges and rates stated above, the Delaware State Public Utilities Tax of 4.25% shall apply to all applicable services, rendered hereunder, unless the Customer is exempt from such tax.

MONTHLY CHARGES AND RATES

<u>SERVICE CLASSIFICATION</u>	SUMMER Billing Months <u>June Through September</u>	WINTER Billing Months <u>October Through May</u>
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**GENERAL SERVICE – TRANSMISSION “GS-T”****Delivery Service Charges:**

Customer Charge	\$432.86	\$432.86
Distribution Charge		
Demand Rate Eff 10/1/03	\$0.916000/kW	\$0.916000/kW
On-Peak Rate Eff 10/1/03	\$0.000000/kWh	\$0.000000/kWh
Off-Peak Rate Eff 10/1/03	\$0.000000/kWh	\$0.000000/kWh
Power Factor Charge or Credit	\$0.030000/kW	\$0.030000/kW
Environmental Fund Rate	\$0.000178/kWh	\$0.000178/kWh
Low-Income Fund Rate	\$0.000095/kWh	\$0.000095/kWh

**Supply Service Charges:****Standard Offer Service with Transmission and Ancillary Services:**

Transmission Demand Rate	\$1.138000/kW	\$1.138000/kW
Ancillary Service Energy Rate	\$0.002419/kWh	\$0.002419/kWh
Supply Capacity and Energy		
Demand Rate Eff 10/1/03	\$9.034200/kW	\$6.569410/kW
On-Peak Rate Eff 10/1/03	\$0.033246/kWh	\$0.033246/kWh
Off-Peak Rate Eff 10/1/03	\$0.026341/kWh	\$0.026341/kWh

**Or:****Market Priced Supply Service:**

Supply with Transmission and Ancillary Services for All “returning” Customers.	Refer to the “MPSS” tariff	Refer to the “MPSS” tariff
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Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

In addition to the charges and rates stated above, the Delaware State Public Utilities Tax of 4.25% shall apply to all applicable services, rendered hereunder, unless the Customer is exempt from such tax.

MONTHLY CHARGES AND RATES

## SERVICE CLASSIFICATION

**OUTDOOR LIGHTING RATE - "OL" - SERVICE CLASSIFICATION**

The Outdoor Lighting (OL) Delivery Service Charges, stated below \*, have been applied to the listed "Monthly kWh Usage" for the particular light type and size to determine part of the monthly Delivery Service Charge, before application of any applicable taxes, as stated on the following leaf. All other rates below shall be applied to the total kWh Usage for the billing month.

<u>SERVICE CLASSIFICATION</u>	Billing Months January through December
<b><u>Outdoor Lighting</u></b>	
<b><u>Delivery Service Charges:</u></b>	
Distribution Charge Eff 10/1/03	\$0.021762/kWh *
Environmental Fund Rate	\$0.000178/kWh *
Low-Income Fund Rate	\$0.000095/kWh *
<b><u>Supply Service Charges:</u></b>	
<b><u>Standard Offer Service with Transmission and Ancillary Services:</u></b>	
Transmission Rate	\$0.000903/kWh
Ancillary Service Rate	\$0.002518/kWh
Supply Energy Rate Eff 10/1/03	\$0.030128/kWh
<b>Or:</b>	
<b><u>Market Priced Supply Service:</u></b>	
Supply with Transmission and Ancillary Services for All "returning" Customers.	Refer to the "MPSS" tariff

**Traffic and Pedestrian Signals**

<b><u>Delivery Service Charges:</u></b>	
Distribution Charge Eff 10/1/03	\$0.021762/kWh *
Environmental Fund Rate	\$0.000178/kWh *
Low-Income Fund Rate	\$0.000095/kWh *
<b><u>Supply Service Charges:</u></b>	
<b><u>Standard Offer Service with Transmission and Ancillary Services:</u></b>	
Transmission Rate	\$0.000903/kWh
Ancillary Service Rate	\$0.002518/kWh
Supply Energy Rate Eff 10/1/03	\$0.042855/kWh
<b>Or:</b>	
<b><u>Market Priced Supply Service:</u></b>	
Supply with Transmission and Ancillary Services for All "returning" Customers.	Refer to the "MPSS" tariff

Note: The above Delivery Service charges apply when the Customer has an Electric Supplier, other than the Company, as its energy provider. The above Delivery and Standard Offer Service with Transmission Service charges apply when the Customer has the Company as its energy provider. For billing format purposes, the Delivery Service, Transmission Service and Standard Offer Service charges may be separately stated.

In addition to the charges and rates stated above, the Delaware State Public Utilities Tax of 4.25% shall apply to all applicable services, rendered hereunder, unless the Customer is exempt from such tax.

Proposed Settlement Rates in Docket No. 04-54