

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

IN THE MATTER OF THE APPLICATION )  
OF THE DELAWARE ELECTRIC )  
COOPERATIVE, INC., TO RESET ITS )  
POST-TRANSITION REGULATED RATES ) PSC DOCKET NO. 04-288  
UNDER 26 DEL. C. § 1006(b)(2)(d) )  
AND TO REVISE ITS POST- )  
TRANSITION STANDARD OFFER )  
SERVICE PRICE UNDER 26 DEL. C. )  
§ 1006(b)(2)(c) (FILED JULY 30, )  
2004) )

**ORDER NO. 6469**

**AND NOW**, this 31st day of August, A.D. 2004;

**WHEREAS**, on July 30, 2004, Delaware Electric Cooperative, Inc. ("DEC") filed, pursuant to Section 1006(b)(2)(d) of the Electric Utility Restructuring Act, 26 Del. C. § 1006(b)(2)(d), a cost of service study and a proposal to reset its rates. By September 1, 2004, DEC was required to file its proposal to reset its regulated rates to be applicable at the end of the transition period, March 31, 2005;

**WHEREAS**, DEC proposes to put its proposed changes in service rates and Terms and Conditions into effect on April 1, 2005, pursuant to the terms of 26 Del. C. § 1006 (b)(1)(d) and coincident with the end of the transition period;

**WHEREAS**, DEC's proposed rates include a decrease in distribution rates of 21.4%, and an increase in generation rates of 14.5%. This results in an overall increase in rates of 1.34%. According to the Application, the increase in generation costs is a result of significant increases in the cost of power purchased at wholesale and

the decrease in distribution rates is a result of refinancing at lower interest rates and reducing its depreciation rates.

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

1. That pursuant to *26 Del. C. §§ 301 and 305*, the application by the Delaware Electric Cooperative, Inc., on July 30, 2004, for certain tariff changes proposed to be effective April 1, 2005, are subject to review and such evidentiary hearings as may be appropriate.

2. That the Delaware Electric Cooperative, Inc., shall give public notice of the application by causing publication of the notice hereto attached as Exhibit "A" in The News Journal and Delaware State News newspapers in two column format outlined in black on September 7, 2004, with proof of such publication to be filed with the Commission as soon thereafter as is reasonably practicable but prior to the date set for any evidentiary hearings in this docket.

3. That William F. O'Brien is designated as Hearing Examiner for this docket pursuant to the provisions of *26 Del C. § 502* and *29 Del. C. ch. 101* to schedule and conduct such review and evidentiary hearings as may be necessary to develop a record concerning this matter and report to the Commission his proposed findings and recommendations based on the evidence presented. James McC. Geddes, Esquire, is designated Rate Counsel for this matter.

4. That the Delaware Electric Cooperative, Inc., is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of *26 Del. C. § 114 (b) (1)*.

5. 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/ 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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§ 1006(b)(2)(d) AND TO REVISE ITS )  
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SERVICE PRICE UNDER 26 DEL. C. )  
§ 1006(b)(2)(c) (FILED JULY 30, )  
2004) )

PUBLIC NOTICE

**TO: ALL ELECTRIC SERVICE CUSTOMERS OF THE DELAWARE ELECTRIC  
COOPERATIVE, INC.**

On July 30, 2004, the Delaware Electric Cooperative, Inc. ("DEC"), filed with the Delaware Public Service Commission ("the Commission"), pursuant to Section 1006(b)(2)(d) of the Electric Utility Restructuring Act, 26 Del. C. § 1006(b)(2)(d), a cost of service study and a proposal to reset its rates. By September 1, 2004, DEC was required to file its proposal to reset its regulated rates to be applicable at the end of the transition period, March 31, 2005.

DEC's proposed rates include a decrease in distribution rates of 21.4%, and an increase in generation rates of 14.5%. This results in an overall increase in rates of 1.34%. According to the Application, the increase in generation costs is a result of significant increases in the cost of power purchased at wholesale and the decrease in distribution rates is a result of refinancing at lower interest rates and reducing its depreciation rates.

The Commission will make its decision on this proposal on the basis of the evidence of record taken at public evidentiary hearings and public comment sessions that will be scheduled later and conducted upon due public notice.

Any person or group who wishes to formally participate as a party to this Docket (PSC Docket No. 04-288) must, in accordance with Rule 21 of the Commission's Rules of Practice and Procedure, petition the Commission for and be granted leave to intervene in the proceedings in this docket. To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 on or before Monday, September 27, 2004. Petitions received thereafter will not be considered except for good cause shown.

Copies of DEC's application and the testimony and exhibits DEC has filed in this docket are available for public inspection at the Commission's office at the address set out above during normal business hours.

Any individual with disabilities who wishes to participate in these proceedings, or to review these tariff revisions, should contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing, by telephone (including Telecommunications Relay Service or text telephone), or otherwise. The Commission's toll-free telephone number in Delaware is (800) 282-8574. Persons with questions concerning this application may also contact the Commission by either Text Telephone ("TT") or by regular telephone at (302) 739-4247. Inquiries can also be sent by Internet e-mail addressed to [connie.mcdowell@state.de.us](mailto:connie.mcdowell@state.de.us).