

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

IN THE MATTER OF THE REQUEST BY )  
DELMARVA POWER & LIGHT COMPANY FOR )  
A RULING OF NON-APPLICABILITY OR, )  
ALTERNATIVELY, A PARTIAL WAIVER OF ) PSC DOCKET NO. 05-122  
LIMITATIONS ON THE PROVISION OF )  
COMPETITIVE SERVICES )  
(FILED MARCH 31, 2005) )

**ORDER NO. 6653**

**AND NOW**, this 7<sup>th</sup> day of June, 2005;

**WHEREAS**, on March 31, 2005, Delmarva Power & Light Company ("Delmarva") filed a Petition requesting that the Commission determine whether certain services that it intended to offer to the Town of St. Michael's, Maryland ("St. Michael's"), pursuant to a Request for Proposals, were regulated services or competitive offerings; and

**WHEREAS**, the Commission ordered Staff to conduct an investigation concerning the regulated or competitive nature of the proposed services and to report to the assigned hearing examiner the results of its findings within thirty (30) days; and

**WHEREAS**, Delaware ratepayers have a substantial interest in the vendor chosen to provide St. Michael's service under its Request for Proposals because the allocation of costs and expenses that Delmarva apportions among its regulated companies in Virginia, Maryland, and Delaware will increase if a company other than Delmarva is the successful bidder; and

**WHEREAS**, the potential reapportionment caused by Delmarva's unsuccessful bid will require Delaware ratepayers to bear a greater share of the regulated costs and expenses;

**WHEREAS**, as directed, the Commission Staff has conducted an investigation into the service offerings to be proposed to St. Michael's, and it has reported to the Hearing Examiner the results of its investigation; and

**WHEREAS**, Staff has found that the proposed service offerings are regulated services that will be regulated by the Maryland Public Service Commission; and

**WHEREAS**, Staff has further determined that in the event Delmarva is the successful bidder in response to St. Michael's Request for Proposals, it will monitor the accounting entries between Delmarva's regulated subsidiary and certain of its unregulated entities to ensure that Delaware ratepayers are not unfairly burdened with the costs of unregulated services; and

**WHEREAS**, the Hearing Examiner has determined that this matter does not present a sufficient controversy to warrant a full evidentiary hearing; and

**WHEREAS**, the Hearing Examiner has found Staff's examination of the issues to be sufficiently adequate to refer this matter directly to the Commission for disposition;

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

1. That, based upon Staff's investigation, the proposed service offerings to be bid by Delmarva Power & Light Company in response to the Town of St. Michael's Request for Proposals are

regulated services as defined by the Code of Conduct Governing Regulated Utility Activities and Competitive Activities ("Code of Conduct") (Order No. 5469).

2. That, as the proposed service offerings are regulated services, it is unnecessary for this Commission to enter an Order waiving any provision of the Code of Conduct to permit Delmarva Power & Light Company to bid on the St. Michael's Request for Proposals.

3. That, the Commission Staff is directed to monitor the bid submitted by Delmarva Power & Light Company in response to the Town of St. Michael's Request for Proposals to determine the precise nature of the services to be provided in the event that Delmarva Power & Light Company is the successful bidder.

4. That, in the event that Delmarva Power & Light Company is the successful bidder, the Commission Staff is further directed to monitor Delmarva Power & Light Company's accounting practices to ensure that the ratepayers are not unfairly charged with the costs and expenses of providing services to the Town of St. Michael's.

5. That, the Commission Staff is directed to investigate Delmarva Power & Light Company's accounting procedures in its distribution case to design a fair, just, and equitable method of distributing the costs and revenues from provision of services to the Town of St. Michael's, including the possibility that profits will be shared between Delmarva Power & Light Company's Delaware ratepayers and shareholders.

6. That, by and in accordance with the affirmative vote of a majority of the Commissioners, the Commission hereby dismisses Delmarva Power & Light Company's Petition For A Ruling Of Non-Applicability Or, Alternatively, A Partial Waiver Of Limitations On The Provision Of Competitive Services, without prejudice to Delmarva Power & Light Company's ability to raise any unresolved issues from its Petition either through a motion to reinstate the Petition or in its distribution case.

7. 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/ Dallas Winslow  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary