

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL TO EXTEND ITS RATES) PSC DOCKET NO. 05-433T
UNDER SERVICE CLASSIFICATION "X")
(FILED DECEMBER 20, 2005))

ORDER NO. 6811

WHEREAS, Delmarva Power & Light Company ("Delmarva"), has filed an application seeking permission to extend for two more years the current rates and charges set forth in the Service Classification "X" portion of its Electric Tariff, which pertains to the rates Delmarva will pay to purchase electric supply from those "qualified facilities" that have generating capacities of 1000 kW or less, as well as the interconnection and metering charges associated with such purchases from such small "QFs";¹ and

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

WHEREAS, the Commission determines that Delmarva's proposed application should be considered, after appropriate public notice, at

¹See 16 U.S.C. § 824a-3 and 18 C.F.R. § 292.304(c). By federal regulation, Delmarva has an obligation to submit to the Commission at least every two years data from which its "avoided costs" can be calculated. 18 C.F.R. § 292.302.

a hearing held before the Commission during its regularly scheduled meeting on Tuesday, March 14, 2006;² and

WHEREAS, the Commission determines, under the authority granted by 26 Del. C. § 102A, that the appropriate public notice in this particular matter is to provide direct notice of the proposed application 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 10th day of January, 2006; **IT IS ORDERED:**

1. That Delmarva Power & Light Company shall provide public notice, under 26 Del. C. § 102A, of its application to extend its Service Classification "X" rates for another two years as set forth in its filing made on December 20, 2005, 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 electric energy to Delmarva Power & Light Company under the provisions of Service Classification "X" or contracted to supply energy to Delmarva Power & Light Company under Service Classification

²The Commission understands that the recent Energy Policy Act of 2005 (Pub. L. No. 109-58, § 1253; 119 Stat. 967 (2005)) made revisions to § 210 of PURPA (16 U.S.C. § 824a-3). Under the new § 824a-3(m), an electric utility can have its "must purchase" or "must sell" obligations with new qualifying facilities lifted by the Federal Energy Regulatory Commission if the federal agency determines certain "open market" conditions exist. Delmarva has not reported it has made, or intends to make, such a filing to be exempted from its "must purchase" PURPA obligations. However, the Commission now solicits comments from Delmarva, qualifying facilities, and any other interested persons focusing on what (if any) changes must, or should, be made to the Service Classification "X" process and its "avoided cost" rates because of provisions enacted in the Energy Policy Act of 2005 (and FERC's implementing regulations).

"X". Delmarva Power & Light Company shall file proof of such service of this notice with the Commission on or before January 30, 2006.

2. That the Commission will hold a public hearing on the extension application filed on December 20, 2005, by Delmarva Power & Light Company during the Commission's regularly scheduled meeting on March 14, 2006. 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 March 14, 2006 public hearing.

3. That the Commission will enter a further Order concerning the application filed by Delmarva Power & Light Company related to its Service Classification "X" rates and charges at, or after, the public hearing to be held March 14, 2006. The presently tariffed rates under such Classification "X" are hereby continued pending further Order of the Commission.

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/ Joann T. Conaway
Commissioner

PSC Docket No. 05-433T, Order No. 6811 Cont'd.

/s/ Dallas Winslow
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
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 ENERGY OR CAPACITY TO DELMARVA POWER & LIGHT
COMPANY UNDER ITS SERVICE CLASSIFICATION "X" RATES**

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

On December 20, 2005, Delmarva filed an application seeking Commission approval to extend its presently tariffed Service Classification "X" rates for an additional two-year period. Under Delmarva's proposal (unless the utility's purchase obligations are

changed), the following rates would continue to apply until December 2007:

EXTENDED SERVICE CLASSIFICATION "X" RATES

Monthly Customer Charge \$ 6.25

| | | |
|-------------------------------|----------------------------|----------------------|
| Energy Purchase Rates: | <u>Winter</u> | <u>Summer</u> |
| On-Peak: | PJM LMPs for Delmarva Zone | |
| Off-Peak: | PJM LMPs for Delmarva Zone | |
| Average: | PJM LMPs for Delmarva Zone | |

Capacity Payment Rate: PJM Capacity Market Rate

| | | |
|-----------------------|---|--|
| Meter Charges: | <u>Customer Pays for Meter</u> | <u>Company Pays for Meter</u> |
|-----------------------|---|--|

Time Differentiated Metering

| | | |
|-------------------------------------|---------|---------|
| Self-Contained single phase-200 amp | \$ 2.44 | \$ 5.29 |
| Self-Contained three phase-200 amp | \$ 2.44 | \$ 6.90 |
| Transformer rated three phase | \$ 2.44 | \$14.05 |

By PSC Order No. 6811 (Jan. 10, 2006), the Commission continued the present Service Classification "X" rates pending a final Order on Delmarva's application. On March 14, 2006, the Commission will hold a public hearing on Delmarva's proposed application to extend its present Service Classification "X" rates for another two years. The hearing will be conducted as part of the Commission's regular meeting on Tuesday, March 14, 2006. Such hearing will be held at 1:00 PM at the Commission's Dover Office at the address set forth below. At that hearing, the Commission may hear evidence presented by Delmarva, the Public Advocate, the Commission Staff, and any other parties. The

Commission's determinations in this matter will be based upon the presentations and evidence presented at such hearing.

Anyone who is, or may be, affected by Delmarva's proposed extension of its Service Classification "X" rates and charges should review the application and supporting materials. You may obtain copies of the relevant documents from the Commission at its office at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904. If you wish to participate as a party in the proceedings in this docket (PSC Docket No. 05-433T), you should file a Petition for Leave to Intervene in accordance with Rule 21 of the Commission's Rules of Practice and Procedure. Such petitions must be filed with the Commission no later than January 30, 2006. 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 Delmarva's application, you can file twelve (12) copies of such comments with the Commission, at the above address, on or before, February 15, 2006. The Commission also specifically solicits comments from Delmarva, qualified facilities, and other interested persons focusing on what (if any) changes to the Service Classification "X" process (and rates) are required, or might be appropriate, in light of the provisions under the recently enacted federal Energy Policy Act of 2005 (Pub. L. No. 109-58, 119 Stat. 594).

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.