

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

IN THE MATTER OF THE APPLICATION OF )  
THE DELAWARE ELECTRIC COOPERATIVE, )  
INC., FOR AUTHORITY TO MODIFY ITS ) PSC Docket No. 06-13T  
CURRENT POWER COST ADJUSTMENT )  
FACTOR (FILED JANUARY 6, 2006) )

**ORDER NO. 6827**

**AND NOW**, this 24<sup>th</sup> day of January 2006, the Commission finds, determines, and orders the following:

1. Under Section 16 of the tariffs of the Delaware Electric Cooperative, Inc. ("DEC" or the "Company"), effective April 1, 2005, DEC is authorized to increase or decrease bills rendered under all service classifications to offset any increase or decrease in its power costs. Such adjustment is made by applying an adjustment factor (the "PCA Factor"), as approved by the Delaware Public Service Commission (the "Commission"), to the members' monthly kilowatt-hour consumption.

2. Pursuant to Section 16.3 of its tariffs, DEC is required to monitor and file with the Commission a monthly report showing the net over-collection or under-collection of power costs. If at any time the purchased power-related revenue will not be collected in the remaining portion of the fiscal year, DEC is required to file an amendment with the Commission to correct the over- or under-collection.

3. Historically, DEC has computed its PCA Factor by calculating the over- or under-collection power sales revenues

utilizing projected and actual data for the twelve (12) months under review. This calculation focused only on DEC's total power bills and power sales revenues and utilized the "base rate" set in its most recent rate case (\$0.06031). It did not track the various components (demand, energy, ancillary, transmission) that comprise DEC's actual power sales revenues on an on-going basis.

4. As the result of deregulation of electric supply rates and the "unbundling" process, which occurred in connection with the deregulation of electric supply, DEC has been able to determine exactly the revenue derived from its electric supply rates. DEC is therefore proposing to continuously update projected revenues (that utilize the base rate of \$0.06031) with actual revenues as determined by DEC's accounting process, which now identifies the individual components (demand, energy, ancillary and transmission).

5. In addition, DEC has accounted for and removed from its base rate power sales revenues the amounts representing the "retail adder" of \$.00072 per kWh, thus allowing a more accurate matching of power supply revenues to power supply costs. DEC contends that this new method of calculating the PCA will more accurately calculate and account for its electric supply revenue.

6. Using this new method, DEC has computed a PCA Factor to be used for the period beginning February 1, 2006 through December 31, 2006 of \$0.01171, which is an increase from the current PCA Factor of \$0.00790. This will result in an increase to an average residential customer using 750 kWh of \$2.86 per month in their total combined electric bill (i.e., including both supply and distribution charges).

7. DEC also requests the Commission to waive the 30 day notice provision under the Company's tariffs, as well as allowing the rate to go into effect prior to March 1<sup>st</sup> -- as set forth in Sections 16.1 and 16.2 of its tariffs. According to the Company, this would allow the proposed adjustment to be spread over a longer period.

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

1. That the Commission will permit the Delaware Electric Cooperative, Inc.'s proposed increase of its PCA Factor from \$0.00790 to \$0.01171 to go into effect with service provided on and after February 1, 2006.

2. That the calculation of the PCA Factor set forth in the Application is permitted for this case as set forth in Paragraph 1, subject only to further review by the Commission Staff to make sure that the proposed PCA properly reflects revenues collected for DEC's electric supply.

3. That the Commission agrees to waive the 30 day notice provision under Section 16.1 of the Delaware Electric Cooperative's tariffs and will allow the rate to go into effect February 1<sup>st</sup>, rather than March 1<sup>st</sup>, to help moderate the impact of the increase.

4. That the Delaware Electric Cooperative, Inc. is directed to work with the Commission Staff to insure that the PCA calculation is more accurately tracking electric supply revenues, and if appropriate, seek the Commission's approval to modify Section 16 of the Cooperative's Terms and Conditions of Service to reflect the more accurate method of calculating the PCA.

5. That the Commission reserves jurisdiction and authority to enter such further Orders as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae  
Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Dallas Winslow  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary

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PSC Docket No. 06-13T, Order  
No. 6827 Cont'd.¶

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