

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

IN THE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY FOR )  
A DECREASE IN ELECTRIC TRANSMISSION ) PSC DOCKET NO. 06-192  
SERVICE RATES )  
(FILED JUNE 14, 2006) )

RE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY For )  
A CHANGE IN ELECTRIC TRANSMISSION ) PSC DOCKET NO. 05-147  
SERVICE RATES )  
(FILED MAY 4, 2005) )

**ORDER NO. 6951**

**AND NOW**, to-wit, this 20<sup>th</sup> day of June, A.D., 2006,

**WHEREAS**, on May 4, 2005, Delmarva Power & Light Company ("Delmarva" or the "Company") filed an Application with the Commission for an increase in its electric transmission service rates because of increased costs charged to the Company by PJM Interconnection, LLC ("PJM"). Delmarva's Application sought an increase of \$6,176,575 in electric transmission service revenues, or about 1.1% of total Delaware revenues. The proposed increase represented the Delaware-retail portion of the increase in the "Delmarva zonal" transmission rates on file with the Federal Energy Regulatory Commission ("FERC") under PJM's Open Access Transmission Tariff; and

**WHEREAS**, pursuant to PSC Order No. 6636 (May 24, 2005), the Commission made the rates effective as of June 3, 2005, with proration, and subject to refund and evidentiary hearings to be held at a later date; and

**WHEREAS**, by letter dated July 8, 2005, rate counsel, James McC. Geddes, Esquire, requested, on behalf of all the parties, that PSC Docket No. 05-147 be suspended indefinitely pending the outcome of a proceeding<sup>1</sup> before FERC, the results of which heavily impacted the Delmarva case before the Commission; and

**WHEREAS**, as a result of the FERC settlement and other FERC Orders, on April 20, 2006, Delmarva's former general counsel, Randall V. Griffin, Esquire, informed the hearing examiner in PSC Docket No. 05-147 that the parties in the FERC proceeding had reached a settlement of the issues and that the settlement had been approved by FERC. Mr. Griffin asserted that most, if not all, of the issues raised in PSC Docket No. 05-147 had been addressed at the federal level. Mr. Griffin represented that in light of the FERC settlement, Delmarva was developing a proposal to make the appropriate modifications to the rates made effective on a temporary basis in the case before the Commission; and

**WHEREAS**, on June 14, 2006, Delmarva filed an Application with the Commission, PSC Docket No. 06-192, seeking approval to modify its electric transmission service rates and for certain waivers of notice and filing requirements; and

**WHEREAS**, the Application filed in PSC Docket No. 06-192 seeks to decrease Delmarva's electric transmission service rates by approximately \$12.0 million or about 2.076%. Further, the Application proposes to decrease the wholesale transmission revenue requirements

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<sup>1</sup>The FERC proceeding is denominated as *Baltimore Gas and Electric Company; and Pepco Holdings, Inc. Operating Affiliates: Potomac Electric*

to reflect changes to: (1) the formula rate for network integration transmission service; (2) the "Seams Elimination Charge/Cost Adjustment;" and (3) the "Reliability Must Run" initiative; and

**WHEREAS**, the Commission having determined, pursuant to 26 *Del. C.* §§ 303 and 304 and its prior PSC Order No. 6636 (May 24, 2005) in Docket No. 05-147 that the proposed rates should be permitted to become effective for usage on and after July 1, 2006, with proration, pending evidentiary hearings and further review by the Commission; and

**WHEREAS**, the Commission having determined that consolidation of PSC Dockets Nos. 05-147 and 06-192 is the most efficient and effective method of considering the issues presented in both cases;

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

1. That, by and in accordance with the affirmative vote of a majority of the Commissioners, PSC Dockets Nos. 05-147 and 06-192 are hereby consolidated.

2. That pursuant to 26 *Del. C.* §§ 301 and 305, the Application made by Delmarva Power & Light Company on June 14, 2006 for modifications to its Electric Transmission Services Rates, which represent a reduction of approximately two percent (2%) be made effective as of July 1, 2006, with proration, subject to refund (if applicable) and pending evidentiary hearings to be held at a later date and a final Commission Order.

3. That Delmarva Power & Light Company shall give public notice of the filing of this Application and of the Commission action

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*Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company, Docket Nos. ER05-515-000, ER05-515-001, 115 FERC ¶ 61,066 (2006).*

thereon by publishing notice in the form attached hereto as Exhibit "A" in two-column format, outlined in black, in the legal classified sections of *The News Journal* and the *Delaware State News* newspapers on June 23, 2006, with proof of such publication to be provided to the Commission as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

4. That the waivers requested by Delmarva Power & Light Company with respect to this rate decrease are granted.

5. That, Ruth Ann Price is designated as Hearing Examiner for these consolidated cases pursuant to the terms and provisions of 26 Del. C. § 502 and 29 Del. C. ch. 101. Hearing Examiner Price shall compel the parties to submit such briefs, documents, reports, and testimony, and shall schedule and conduct, upon due notice, such public evidentiary hearings and oral arguments as may be necessary to develop a full and complete record concerning the Applications filed by Delmarva Power & Light Company in PSC Dockets Nos. 05-147 and 06-192. Thereafter, Hearing Examiner Price shall report to the Commission her proposed findings of fact and recommendations based on the record and evidence presented. In addition, pursuant to Rules 19 and 21 of the Commission's Rules of Practice and Procedure, Hearing Examiner Price is specifically authorized to grant or deny any future motions and/or petitions for intervention. In addition, Hearing Examiner Price is specifically delegated the authority to determine, under 26 Del. C. § 102A, the form and manner of any public notice to be given for such further evidentiary hearings.

6. James McC. Geddes, Esquire, is designated Rate Counsel for this matter.

7. That Delmarva Power & Light Company 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).

8. 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/ Joann T. Conaway  
Commissioner

/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 ELECTRIC CUSTOMERS OF DELMARVA  
POWER & LIGHT COMPANY**

On June 14, 2006, Delmarva Power & Light Company filed an Application with the Delaware Public Service Commission ("Commission") requesting a change in electric transmission rates that have the aggregate effect of decreasing annual revenues by approximately \$12 million (\$12,000,000) or two percent (2%). Delmarva Power & Light Company proposes to decrease its wholesale transmission revenue requirements through changes to the: (1) formula rate for network integration; (2) Seams Elimination Charge/Cost Adjustment/Assignment ("SECA"); and (3) the "Reliability Must Run" rate.

In PSC Docket No. 05-147, filed on May 4, 2005, Delmarva Power & Light Company filed an Application proposing to increase transmission service rates by approximately \$6 million (\$6,000,000) or about one and one-tenths percent (1.1%) of total Delaware revenues. The rate

increase was made effective as of June 3, 2005 on a temporary basis, subject to proration and refunds (if applicable) and subject to evidentiary hearings to be held at a later date. At the request of the parties, this case was suspended indefinitely pending the outcome of a proceeding before the Federal Energy Regulatory Commission ("FERC") that considered pertinent issues present in the case before the Delaware PSC. On April 19, 2006, FERC issued an order approving the parties' settlement of the FERC case. As a result of that settlement, substantially all of the issues presented in PSC Docket No. 05-147 have been resolved and Delmarva Power & Light Company is filing its Application to decrease transmission rates in PSC Docket No. 06-192.

Delmarva Power & Light Company proposes to consolidate PSC Dockets Nos. 05-147 and 06-192. Further, Delmarva Power & Light Company asks that the Commission place the rate decrease in effect on a temporary basis effective July 1, 2006, subject to proration and refunds (if applicable) and pending evidentiary hearings and a final Commission Order at a later date.

Any person or group wishing to participate formally as a party in this consolidated docket, with the right to submit evidence and to be represented by counsel must, in accordance with Rule 21, petition the Commission for and be granted leave to intervene in the proceedings in this docket by the Hearing Examiner. To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Suite 100, Cannon Building, Dover, Delaware 19904 (Attn: PSC Dckt. No. 06-192) on or before July 28, 2006.

Petitions received thereafter will not be considered except for good cause shown.

The Hearing Examiner will consider the Application, including any settlement that might be reached by the parties to the proceeding, in hearings to be held at the times and locations to be determined by the Hearing Examiner.

Copies of the Application, testimony, and attachments will be available for public inspection at the Commission's Dover office at the above address, or, by appointment, in the Division of the Public Advocate located on the 4<sup>th</sup> Floor, Carvel State Office Building, 820 North French Street, Wilmington. Please call for an appointment at (302) 577-5077.

Individuals with disabilities who wish to participate in these proceedings or to review these filings may 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, telephonically, by use of the Telecommunications Relay Service, or otherwise. The Commission Staff is available for questions concerning this Application and other documents. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 739-4247 and that number should also be used for Text Telephone ("TT") calls. Inquiries can also be sent to the Commission by Internet e-mail to [connie.mcdowell@state.de.us](mailto:connie.mcdowell@state.de.us).