

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

IN THE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY FOR ) PSC DOCKET NO. 06-284  
A CHANGE IN NATURAL GAS BASE RATES )  
(FILED AUGUST 31, 2006) )

**ORDER NO. 7035**

**AND NOW**, to-wit, this 17<sup>TH</sup> day of October, 2006;

**WHEREAS**, Delmarva Power & Light Company ("DP&L" or "the Company"), having, on August 31, 2006, filed with the Commission an application for rate increases to its gas delivery base rates designed to produce approximately \$14,967,000 in additional annual revenues by increasing base gas service rates by approximately 6.62%; and

**WHEREAS**, the Commission, in PSC Order No. 7041 (Oct. 3, 2006), having reviewed the application for increased rates, and having determined that such proposed rate changes and accompanying tariff changes should, pursuant to the authority granted to the Commission by 26 Del. C. § 306(a)(1), be suspended pending further proceedings and a final decision of the Commission; and

**WHEREAS**, the Company having, on October 12, 2006, filed an additional request that the Commission review its proposal to place in effect temporary rates under bond as permitted by 26 Del. C. § 306(c) and the Company having further submitted revised tariff leaves that establish rates as permitted by 26 Del. C. § 306(c) to enable the Company to collect under bond, and subject to refund, an annual revenue increase of \$2,500,000 which does not exceed the lesser of 15% of the public utility's annual gross intrastate operating revenues or \$2,500,000; and

**WHEREAS**, the Commission having reviewed the request of DP&L to put rates into effect under bond and the supporting information demonstrating that the proposed increases are within the limitations established by 26 Del. C. § 306(c) and otherwise comply therewith for the collection of rates under bond;

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

1. That the Commission finds, pursuant to 26 Del. C. § 306(c), that Delmarva Power & Light Company has the statutory right, on and after the expiration of sixty (60) days from the filing of its rate increase application, to place into effect temporary rates, subject to refund, so long as such temporary rates do not exceed the lesser of fifteen percent (15%) of the Company's annual gross intrastate operating revenues or Two and a Half Million Dollars (\$2,500,000), and provided that the Commission approves as reasonable the amount of the bond and the surety thereon.

2. That the Commission hereby approves as reasonable a rate refunding bond to be filed by Delmarva Power & Light Company in the principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000), and further waives the requirement for a surety on such rate refunding bond to further guarantee the repayment of the interim rates collected pursuant to 26 Del. C. § 306(c). A duly executed rate refunding bond without surety shall be filed prior to November 1, 2006.

3. That the proposed temporary rates set forth above in the tariff leaves filed by Delmarva Power & Light Company on October 12, 2006, are reasonably designed to produce, on an annual basis, less than Two and a Half Million Dollars (\$2,500,000) and less than fifteen percent (15%) of the gross annual intrastate operating revenues of Delmarva Power & Light Company and may, therefore, be placed into effect on November 1,

2006, under 26 Del. C. § 306(c), subject to any refund as the Commission may hereafter Order.

4. That the Commission hereby waives those portions of Part V - Net Operating Income, Paragraph C (14) - Operating Expenses of the Commission's Minimum Filing Requirements that require the utility in its rate application to file certain information concerning transactions with corporate affiliates. Delmarva Power & Light Company shall continue to file the affiliate transaction reports required under PSC Order No. 5469 (June 20, 2000). In addition, Delmarva Power & Light Company shall promptly and fully respond to all inquiries or data requests by the Commission (or its Staff) related to affiliate transactions during the time this matter is pending.

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/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

PSC Docket No. 06-284, Order No. 7035 Cont'd.

/s/ Dallas Winslow  
Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary