

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS TO) PSC DOCKET NO. 06-285F
ITS GAS COST RATES)
(FILED AUGUST 31, 2006))

ORDER NO. 7141

This 20th day of March, 2007, the Commission determines and Orders the following:

1. In PSC Order No. 7039 (Oct. 3, 2006), the Commission allowed Delmarva Power & Light Company ("DP&L") to adjust its rates under its Gas Cost Rate ("GCR") Clause in its Gas Tariff¹ to reflect its projections for its gas purchase costs during the 2006-07 application period. These rate adjustments were subject to an eventual "true-up" (and possible refund), and the matter was sent to a Hearing Examiner for further proceedings and a Report with a recommended decision.

2. On February 23, 2007, DP&L filed to again adjust its GCR Clause rates effective April 1, 2007, based on its revised projections of its gas purchase costs. According to DP&L, continued use of the GCR rates allowed to go into effect last November would lead to the utility becoming "out-of-band" (see P.S.C. Del. No. 5 - Gas, Section XX, Leaf 36), with a possible over-recovery of \$6.2 million by the end of the application period. DP&L thus proposes GCR rate decreases of approximately 3.1% for the RG customer classification and decreases

¹See P.S.C. Del. No. 5 - Gas, Section XX.

ranging from 2.1% to 4.3% for the "GG" and "MVG" customer classifications.

3. In light of the "banding" terms in DP&L's Gas Tariff, the Commission now allows the new GCR rate adjustments sought by DP&L to go into effect. Scrutiny of these latest GCR rate changes shall be incorporated into this pending docket now being conducted by the Hearing Examiner.

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

1. That the rate adjustments proposed by Delmarva Power & Light Company in its letter application dated February 23, 2007, which modify the rates under its Gas Cost Rate Clause (Section XX) of its Gas Tariff, are hereby allowed to go into effect, on a temporary basis, subject to true-up and refund. Such rate adjustments shall be effective with meter readings on or after April 1, 2007, with proration. The proposed tariff sheet revisions included with the February 23, 2007 application are also approved on a temporary basis.

2. That the letter application filed February 23, 2007 seeking rate adjustments to the rates under the Gas Cost Rate Clause is hereby referred to Hearing Examiner Ruth A. Price for further investigation and the development of a full record. This matter shall be considered in conjunction with the proceedings currently being conducted in this docket before that Hearing Examiner.

3. That, under the supervision of Hearing Examiner Price, Delmarva Power & Light Company shall provide public notice of the adjustments in its Gas Cost Rates as proposed in its February 23, 2007 letter application. Hearing Examiner Price is delegated the authority to

determine the manner and content of such notice. Such public notice shall be provided, or published, before April 1, 2007.

4. That the sixty-day notice period prescribed by 26 Del. C. § 304 is hereby waived because of the "banding" requirements set forth in Section XX of P.S.C. Del. No. 5 - Gas Tariff of Delmarva Power & Light Company and to allow the proposed rate decreases to go into effect promptly.

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/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Karen J. Nickerson
Secretary