

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY TO)
MAKE REVISIONS TO ITS ELECTRIC TARIFF)
TO REFLECT "RETURNING CUSTOMER) PSC DOCKET NO. 07-98T
SERVICE" UNDER 26 DEL. C. §§ 1001(17))
AND 1006 AND TO ALSO REVISE SEVERAL)
DISTRIBUTION RATES)
(FILED APRIL 3, 2007))

ORDER NO. 7177

This 24th day of April, 2007, the Commission determines and Orders the following:

1. In March and then April, 2007, Delmarva Power & Light Company ("DP&L") filed applications to make revisions to its Delaware No. 8 Electric Tariff. The Commission will deal with the two applications in this single Order.

2. In the first filing, submitted March 16, 2007, DP&L proposes to reset elements of its distribution rates across all customer classes to reflect the end of the "compressed" rate decrease period called for in PSC Order No. 6904 (Apr. 25, 2006).¹ The proposed

¹See PSC Order No. 6904 at Ord. ¶¶ 3-5 (Apr. 25, 2006). See also PSC Order No. 6902 at Ord. ¶¶ 2-5 (Apr. 25, 2006). In Orders Nos. 6902 and 6904, the Commission adopted a process to have DP&L reflect in its distribution rates a \$4,937,000 decrease in its distribution-side revenue requirements. Under the Commission's process, the new (reduced) distribution rates would be "effective" on May 1, 2006, but would not be "implemented" until July 1, 2006. To cover this mismatch between the "effective" and "implementation" dates, the Commission directed that the rates to be implemented on July 1, 2006 should reflect an adjustment "such that the equivalent economic effects of a rate change effective May 1, 2006, will be reflected for the period of July 1, 2006 through April 30, 2007." See Order No. 6904 at Order ¶ 4. The Commission also ordered DP&L to return, on or after May 1, 2007, to have the distribution rates reset to remove this (delayed) "implementation date adjustment." Id. at Ord. ¶ 5.

distribution rate adjustments set forth in the tariff sheet revisions would be effective on May 1, 2007.

3. In its second filing, made April 3, 2007, DP&L proposes tariff changes to implement (on May 1, 2007) the new "Returning Customer Service" ("RCS") called for under the provisions of the "Electric Utility Retail Consumer Supply Act of 2006" ("EURCSA").² Under that Act, RCS is to be a separate supply service (distinguished from "Standard Offer Service" ("SOS")) to be provided to those customers with a peak monthly load of 1000kW or more which return to taking electric supply service from DP&L after earlier having "left" SOS service from DP&L. After returning, those customers must "take" RCS supply, rather than SOS, for a period of twelve consecutive months.³ DP&L's proposed tariff changes do not explicitly create a separate RCS-labeled service. Rather, the revisions require that "returning customers" (under the RCS criteria) take their supply service under the "Hourly Priced Service" Rider ("HPS") under DP&L's present SOS service offerings. This implicitly prices RCS at such HPS rate levels.⁴

4. In the case of the proposed tariff revisions submitted March 16, 2007, Staff reports that the proposed reset rates accurately reflect the distribution rate levels approved in Order No. 6904 but

²codified in various sections of 26 Del. C. ch. 10 (2006 Supp.).

³See 26 Del. C. §§ 1001(17), 1006(a)(4), & 1007(a)(1) (2006 Supp.).

⁴Del. Electric Tariff No. 8 proposed (revised) tariff sheets nos. 45, 46, 113 & 114. Under the Act, the RCS price is to be "based on the regional spot market plus DP&L's reasonable costs of procuring such supply for this group of customers." See 26 Del. C. § 1006(a)(4) (2006 Supp.).

without the additional "compression" adjustment. The Commission will now approve these reset rates (and the tariff sheet revisions) for use on and after May 1, 2007. In this situation, where the "decompression" is somewhat of a mechanical exercise, the Commission does not believe that any further proceedings are necessary or appropriate.

5. For the revisions aimed at beginning RCS, the Commission will allow the tariff changes, mandating HPS for the category of "returning customers," to go into effect on a temporary basis (and subject to refund) on May 1, 2007.⁵ At the same time, the Commission will provide an opportunity for persons or entities to submit objections or comments related to whether DP&L has appropriately implemented this new, and statutorily-required, RCS service in its proposed tariff revisions.⁶ After that period has expired, the Commission will determine whether to approve the RCS revisions or conduct further proceedings.

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

1. That the tariff revisions to Delaware Electric Tariff No. 8 filed by Delmarva Power & Light Company on March 16, 2007, which reset

⁵These proposed tariff sheets make charges related to RCS also incorporate the reset distribution rates proposed in the earlier March 16th filing.

⁶The Commission notes that DP&L's filing responds to an ambiguity in the definition of RCS under § 1001(17). DP&L's filing makes RCS service an ongoing offering, rather than simply a much more limited service applicable only to customers "which have left [SOS] as of April 30, 2007, and later decide to return." While the latter reading might find support in the phraseology of § 1001(17), the Commission believes (at least tentatively) that the other statutory provisions related to RCS justify DP&L's interpretation of its RCS obligation. Under it, April 30, 2007 merely represents the start-up date for such offering.

distribution rates across all customer classes to remove the adjustment required under PSC Order No. 6904 at Ord. ¶¶ 3-5 (Apr. 26, 2006), are hereby approved. Those tariff provisions shall become effective on May 1, 2007. Delmarva Power & Light Company shall promptly provide notice of these distribution rate adjustments to its distribution customers in a manner to be approved by the Commission Staff.

2. That the tariff revisions to Delaware Electric Tariff No. 8 filed by Delmarva Power & Light Company on April 3, 2007, which implement the electric distribution company's statutory obligation to provide "Returning Customer Service" under the provisions of 26 Del. C. §§ 1001(17) & 1007(a)(1), are hereby allowed to go into effect on a temporary basis, and subject to refund, on May 1, 2007. Those revisions shall govern, on a temporary basis, until further Order of the Commission.

3. That Delmarva Power & Light Company shall publish the form of notice attached as Exhibit "A" in two-column format, outlined in black, in The News Journal newspaper on April 30, 2007 and May 4, 2007.

4. That interested and affected persons and entities may file objections and comments about the proposed tariff revisions related to "Returning Customer Service" on or before June 4, 2007. The Commission will make a further decision on such tariff revisions after the close of the opportunity for such comments. In the absence of

objections, the Commission may choose to finally approve the tariff revisions without conducting any further proceedings.

5. That, for the good cause explained in the body of this Order, the rates and tariff revisions set forth in Ordering paragraphs 1 and 2 are allowed to go into effect without sixty days notice to the Commission or prior public notice as might otherwise be required by 26 Del. C. § 304(a).

6. 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

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 CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY
WITH A PEAK MONTHLY LOAD OF 1000kW OR MORE
AND OTHER INTERESTED PERSONS**

On April 3, 2007, Delmarva Power & Light Company ("DP&L") filed with the Public Service Commission ("the Commission") revisions to its Electric Tariff to implement and price "Returning Customer Service" as defined by 26 Del. C. § 1001(17) and 1007(a). "Returning Customer Service" refers to the service to be provided by DP&L to customers with a peak monthly load of 1000kW or more which have returned to DP&L for electric supply service after previously "leaving" DP&L's Standard Offer Service for other sources of electric supply. Under the proposed tariff revisions, such returning customers will pay the rates under the "Hourly Priced Service" Rider for twelve months in lieu of taking electric supply under Standard Offer Supply.

In PSC Order No. 7177 (Apr. 24, 2007), the Commission allowed the "Returning Customer Service" provisions to go into effect on a

temporary basis (and subject to refund) beginning on May 1, 2007. The Commission now allows for objections or comments concerning DP&L's tariff revisions to implement its "Returning Customer Service." If you wish to object or comment, you must file ten copies of your views with the Commission at the following address:

Public Service Commission
861 Silver Lake Blvd.
Cannon Bldg., Suite 100
Dover, DE 19904
Attn: PSC Dckt. No. 07-98T

You must also file such comments before June 4, 2007. If no objections or comments are filed, the Commission may finally approve the tariff revisions without further proceedings. Only persons or entities which make a filing will receive direct notice of any further proceedings in this matter.

You may review copies of DP&L's proposed tariff revisions to implement "Returning Customer Service" at the Commission's office at the address set forth above. If you have questions concerning this matter, you can contact the Commission at (302) 739-4247. You may also send your inquiries by Internet e-mail addressed to david.bloom@state.de.us.