

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE PROVISION OF)
STANDARD OFFER SUPPLY TO RETAIL)
CONSUMERS IN THE SERVICE TERRITORY) PSC DOCKET NO. 04-391
OF DELMARVA POWER & LIGHT COMPANY)
AFTER MAY 1, 2006)
(OPENED OCTOBER 19, 2004))

ORDER NO. 7192

This 22nd day of May, 2007, the Commission finds, determines, and Orders the following:

1. On April 23, 2007, Delmarva Power & Light Company ("DP&L") filed an application to make several changes to its Standard Offer Supply ("SOS") service offerings. These changes can be broken down into two categories:

- (a) changes in the rates for "fixed" price SOS to reflect the bid prices from the recent "fixed price" SOS wholesale procurement process (see PSC Order No. 7162 (Apr. 24, 2007)); and
- (b) implementation of the initial rate elements for the "Procurement Cost Adjustment" factor applicable to both fixed price SOS and Hourly Priced (SOS and returning customer) service (see Settlement Agreement ¶ II G.1.(b) approved in PSC Order No. 6746 (Oct. 11, 2005)).

In addition, in the same filing, DP&L also proposes adjustments to its retail service transmission rate elements for the various classes of service. According to DP&L, these adjustments implement the "mirror

PJM's charges" formulation for establishing retail transmission rates set forth in paragraph F of the Settlement Agreement approved in Order No. 6746.¹ DP&L proposes that all these changes become effective on June 1, 2007.

2. Staff reports that, based on its preliminary analysis, the tariff and rate changes proposed in DP&L's application appear to be accurate and consistent with the dictates approved in the Commission's prior Orders. However, Staff recommends that the Commission allow the proposed rate and tariff changes to go into effect on June 1, 2007 on a temporary basis and subject to refund. According to Staff, such a procedure would allow interested persons to comment upon, or object to, the proposed changes before the Commission makes a final determination.

3. The Commission adopts Staff's proposed procedural recommendation. The rate and tariff changes proposed in DP&L's April filing (as later supplemented) will be allowed to go into effect, subject to refund, on June 1, 2007. If Staff eventually questions the rates, or if any interested person poses a material objection to one or more of the charges, the Commission can then determine how to proceed further. If Staff continues to endorse the rate adjustments, and objections are not forthcoming, the Commission can then enter a final Order without further protracted proceedings.

¹In its April 23, 2007 filing, DP&L did not include specific monetary figures for the new transmission rate elements that would be applied to the customer's Peak Load Contribution ("PLC"). In a supplemental filing made on May 18, 2007, DP&L supplied further revised tariff sheets with the actual monetary rate elements to be used to calculate a customer's transmission charges.

4. The Commission would add one thing. The 2006 amendments to the "Electric Utility Restructuring Act" now require that "rates for customers taking standard offer service shall be adjusted in accordance with subchapter III of Chapter 1 of [Title 26]." See 26 Del. C. § 1006(a)(2) (2006 Supp.). The Commission surely does not attempt here to divine whether such directive has a substantive content for what standards are to be applied for approving SOS rate changes,² or how such directive is to be read in the context of the RFP procurement process that the same 2006 amendments continue.³ However, the Commission does believe the new directive has a procedural component - that changes in SOS rates should proceed, as much as possible, in accord with the procedural scheme set forth in sections 304 through 307 of the Public Utilities Act. At the same time, DP&L's other regulated electric offerings - distribution and transmission - continue to be subject to such statutory procedural directives. And, one of those statutory procedural requirements is that a utility make any rate change filing sixty days in advance of the proposed effective date for such rate change. See 26 Del. C. § 304(a) (2006). That sixty-day period allows time for Commission investigation of the filing as well as for public notice prior to the proposed effective date. Consequently, going forward, the Commission would anticipate that DP&L will adhere to § 304(a) procedural requirements when it seeks to change rates for its SOS services and other regulated services. Of course, if the Commission has, by prior Order, endorsed

²See 26 Del. C. § 1007(b)(2) (2006 Supp.).

³See 26 Del. C. § 1007(c)(1)a. (2006 Supp.).

a differing timetable for filing, DP&L can permissibly adhere to such a timeline. However, in the absence of any prior directive, or a Commission waiver of the statutory waiting period, the sixty-day filing requirement set forth in § 304(a) should normally prevail.

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

1. That, pursuant to 26 Del. C. § 306(a)(1), the revised tariff sheets, including revised rates, filed by Delmarva Power & Light Company on April 23, 2007, and supplemented on May 18, 2007, that pertain to its Standard Offer Service offerings, Procurement Cost Adjustment factors, and transmission charges, are allowed to go into effect on a temporary basis on June 1, 2007. Such rates and tariff amendments that are now allowed to go into effect shall be subject to refund if the Commission shall finally determine that such rates or amendments are, in whole or in part, unjust or unreasonable. Pursuant to 26 Del. C. § 304(a), the Commission, for good cause, waives the requirement that these proposed rate and tariff changes had to have been submitted sixty days prior to the June 1, 2007 effective date.

2. That Delmarva Power & Light Company shall publish the form of notice attached hereto as Exhibit "A" in the following newspapers, on the designated dates, in two-column format outlined in black:

Tuesday, May 29, 2007 (The News Journal)

Wednesday, May 30, 2007 (Delaware State News)

3. That, in accordance with the schedule described in Exhibit "A," interested persons may file comments or objections to the proposed rate and tariff changes on or before June 29, 2007. If

material comments or objections are filed, or if Staff recommends changes to such rates or tariff revisions, the Commission will, by further Order, determine the course of further proceedings. If material comments or objections are not filed, and Staff recommends final approval of the rates and tariff amendments, then the Commission may enter a final Order without further proceedings.

4. That Delmarva Power & Light Company is hereby notified that it will be charged the costs of this proceeding under 26 Del. C. § 114(b).

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

E X H I B I T "A"

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CONSUMERS IN THE SERVICE TERRITORY) PSC DOCKET NO. 04-391
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**PUBLIC NOTICE OF CHANGES TO FIXED PRICE
STANDARD OFFER SERVICE RATES, PROCUREMENT COST ADJUSTMENT RATE
FACTORS, AND
END-USER TRANSMISSION RATES**

**TO: ALL CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY TAKING
STANDARD OFFER SUPPLY AND TRANSMISSION SERVICES**

On April 23, 2007, Delmarva Power & Light Company ("DP&L") filed with the Public Service Commission ("the PSC") an application to make changes to its Electric Tariff related to its Standard Offer Supply ("SOS") service offerings and its end-user transmission charges. The proposed changes include:

- (a) changes in the rates for "fixed" price SOS to reflect the bid prices from the recent "fixed price" SOS wholesale procurement process;
- (b) implementation of the initial "Procurement Cost Adjustment" factors applicable to both fixed price SOS and Hourly Prices (SOS and returning customer) services; and

(c) adjustments to retail service transmission rate elements for the various classes of service provided by DP&L.

On May 22, 2007, in PSC Order No. 7192, the PSC allowed the proposed rate and tariff changes to go into effect, on a temporary basis, on June 1, 2007 but subject to refund if the Commission should later finally determine the rates and charges are incorrect, or unjust or unreasonable. The PSC now solicits comments or objections to any, or all, of these rate and tariff changes. If you wish to comment or object, you should file ten copies of such comments or objections with the PSC at the address set forth below:

Public Service Commission
861 Silver Lake Blvd.
Cannon Bldg., Suite 100
Dover, DE 19904
Attn: PSC Dckt. No. 04-391

You must file such comments or objections on or before Friday, June 29, 2007. If possible, you should also file an electronic copy of your comments or objections as an attachment to an Internet e-mail addressed to david.bloom@state.de.us. If you file an objection, or wish to participate as a party in this proceeding, you should also file, by the above date, a petition to intervene under Rule 21 of the PSC's Rules of Practice and Procedure.

The PSC urges you to review copies of DP&L's application to learn the details of the rate adjustments and tariff changes. You can review the filings, and supporting material, at the PSC's office at the address denoted above. The application and proposed rate and

tariff changes are also posted on the PSC's website located at <http://dep.sc.delaware.gov>.

If you are disabled and need assistance in participating in this matter, please contact the PSC to discuss such assistance. You can contact the PSC about this matter at 1-800-282-8574 (toll-free in Delaware) or (302) 739-4247 (text telephone also). You may also send your inquiries by Internet e-mail addressed to david.bloom@state.de.us.