

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. 7237

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

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

- (a) changes in the various retail rates for "fixed-price" SOS to reflect the successful bid prices from the last "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" factors applicable to various classes under both "fixed-price" SOS and Hourly Priced (SOS and returning customer) services (see Settlement Agreement ¶ II

G.1.(b) approved in PSC Order No. 6746 (Oct. 11, 2005).¹

In addition, in the same filing, DP&L also proposed adjustments to its retail service transmission rate elements for the various classes of service. According to DP&L, these adjustments would implement the directive (set forth in paragraph F of the Settlement Agreement approved in Order No. 6746) that DP&L's retail transmission rates should track the formula rate structure, billing determinants, and other rate mechanisms utilized by PJM in its transmission charges to DP&L and should recover the same amounts charged DP&L by PJM for such transmission services.²

2. By PSC Order No. 7192 (May 22, 2007), the Commission allowed all of the proposed revised tariff provisions and rates to go into effect on a temporary basis (and subject to refund) as of June 1, 2007. The Commission directed DP&L to provide public notices of these new tariff provisions and rates with the opportunity for interested persons or entities to file objections or comments related to any of the rates, adjustments, or tariff provisions.

¹The "Procurement Cost Adjustment" is a component of the "Full Requirements Cost" portion of both "fixed" and "hourly" priced SOS rates. The PCA attempts to collect, or return, over the subsequent rate year any past period differences between the amounts billed to customers for fixed-price SOS (FP-SOS) and Hourly Priced services (HPS) and the amounts DP&L actually paid to wholesale suppliers and PJM Interconnection ("PJM") to provide such full requirements for FP-SOS and HPS. It is calculated by customer class and any differences are also subject to an interest charge.

²In 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.

3. DP&L published the prescribed public notices. No one filed comments or objections. Staff reports that after Order No. 7192, it undertook further analysis of the proposed adjustments. It reviewed underlying workpapers to confirm the Power Cost Adjustment differences for each customer class. Staff also concluded, after reviewing the inputs and calculations used by DP&L in its FERC Form 1, that the transmission rate formula and the particular transmission rate elements are accurate and consistent with the FERC approved formula rate. Consequently, Staff recommends final approval of all of the rates, adjustments, and revised tariff sheets.

4. In the absence of objections, and based on the Staff's recommendation, the Commission now finally approves the revisions to DP&L's "fixed" and "hourly" priced SOS services and the adjustments to its retail transmission charges as proposed by DP&L in the application filed on April 23, 2007 and supplemented on May 18, 2007.

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

1. That, for the reasons set forth in the body of this Order, the revised tariff (Delaware Electric No. 8) 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 now hereby finally approved. This final approval shall be effective on the date of this Order. Delmarva Power & Light Company has no obligation to make any refunds under PSC Order No. 7192 (May 22, 2007).

