

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

IN THE MATTER OF THE INVESTIGATION)
INTO THE ADOPTION OF PROPOSED)
RULES AND REGULATIONS TO ACCOMPLISH)
INTEGRATED RESOURCE PLANNING FOR THE) PSC REGULATION DOCKET NO. 60
PROVISION OF STANDARD OFFER SERVICE)
BY DELMARVA POWER & LIGHT COMPANY)
UNDER 26 DEL. C. § 1007(c) & (d))
(OPENED AUGUST 21, 2007))

ORDER NO. 7263

This 21st day of August, 2007, the Commission determines and Orders the following:

1. The "Electric Utility Retail Customer Supply Act of 2006" ("the Act") directs Delmarva Power & Light Company ("DP&L") to file an "Integrated Resource Plan" ("IRP") with the Commission, the State Energy Office, the Controller General, and the Director of the Office of Management and Budget (collectively "the State Agencies").¹ The Act requires DP&L to systematically evaluate all available supply options (including procurement, generation, transmission, conservation, and load management) over a ten-year planning period.² The Act further directs DP&L to craft an IRP comprised of the appropriate mix of such resources that will be utilized to meet the needs of its Standard Offer Service ("SOS") customers, at the lowest reasonable cost while

¹See 26 Del. C. 1007(c) (as amended by 75 Del. Laws ch. 242 § 6 (2006)).

² Id.

supporting or improving the reliability of electric service to all customers in Delaware.³

2. The Act further provides for DP&L to consider the economic and environmental value of resources that utilize new or innovative baseload technologies, resources that provide short- or long-term environmental benefits to the citizens of the state, facilities that have existing fuel and transmission infrastructure, facilities that utilize existing brownfield or industrial sites, resources that promote fuel diversity, resources that support or improve reliability, and resources that encourage price stability.

3. The Act confers on the Commission the authority to "promulgate any rules and regulations it deems necessary to accomplish the development of IRPs by DP&L."⁴

4. As of this date, DP&L has filed its initial IRP. In Order No. 7122 (Jan. 23, 2007), the Commission opened PSC Docket No. 07-20 to perform its oversight and review of the Integrated Resource Plan. Here, the Commission opens a proceeding to consider the development of rules and regulations to accomplish integrated resource planning for DP&L's SOS customers.

5. By this Order, the Commission directs Staff to prepare proposed rules, regulations, or other needed documents, for the Commission's review. Staff shall circulate initial drafts to the

³See 26 Del. C. §§ 1001, 1007(c)(1) (as amended by 75 Del. Laws ch. 242 § 6 (2006)).

⁴See 26 Del. C. § 1007(c)(1)c. (as amended by 75 Del. Laws ch. 242 § 6 (2006)).

parties to PSC Docket 07-20 ("the IRP parties") and the State Agencies by August 31, 2007. The IRP parties and the State Agencies shall provide comment on Staff's initial drafts by October 12, 2007. Following comment from the IRP Parties and State Agencies, Staff shall submit to the Commission revised drafts by November 14, 2007. If the Commission accepts Staff's drafts, the proposed regulations will then be subject to scrutiny and comment under the rule-making process dictated by the Administrative Procedures Act.⁵

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

1. That this docket is instituted to investigate, for possible adoption by the Commission, rules and regulations and other guidelines needed to accomplish integrated resource planning under the "Electric Utility Retail Customer Supply Act of 2006," 75 Del. Laws ch. 242 § 6 (Apr.6, 2006), codified at 26 Del. C. §§ 1007(c), (d).

2. That Staff shall present to the Commission a draft of a proposed set of rules or regulations as well as recommendations for any other action by the Commission. Staff shall endeavor to file its draft rules and recommendations by November 14, 2007 following comment from the IRP parties and the State Agencies.

3. That the State Energy Office, the Controller General, the Director of the Office of Management and Budget, are hereby invited to participate in this rule-making proceeding to the extent they deem appropriate in order to assist this Commission in considering proposed guidelines in the process of planning for the efficient and timely

⁵See 29 Del. C. § 10111, et seq.

future electrical energy needs which are to be met by Commission regulated electric utilities.

4. That, pursuant to 26 Del. C. § 502 and 29 Del. C. ch. 101, Ruth Ann Price is assigned as the Hearing Examiner for this docket. Hearing Examiner Price shall conduct such procedures and hearings as may be necessary to construct a record complete enough for the Commission to investigate the proposed rules and regulations. Hearing Examiner Price shall conduct such procedures and hearings in accordance with the notice and other procedural requisites imposed by State law and those required under the Administrative Procedures Act.

5. That Delmarva Power & Light Company, the Division of the Public Advocate, NRG Energy, Inc., Bluewater Wind LLC, the Sustainable Energy Utility Task Force, Jeremy Firestone, Alan Muller, and Maryanne McGonnegal are deemed participants in this matter. Hearing Examiner Ruth Ann Price is delegated the authority to grant or deny any further requests to participate that might be filed in this matter. The Secretary shall compile and maintain a service list.

6. That the Secretary shall publish in the manner described below the notice attached as Exhibit "A." Such notice shall be published in The News Journal newspaper on or before September 12, 2007 in two-column format, outlined in black. The Secretary shall promptly file proof of such publication in this docket. The Secretary shall also post a copy of the notice on the Commission's Internet website under an appropriate heading with a link to this Order.

7. That James McC. Geddes, Esquire, is designated Rate Counsel for this matter.

8. That, pursuant to 26 Del. C. § 114, Delmarva Power & Light Company will be charged the costs of this proceeding.

9. 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:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

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 STANDARD OFFER SERVICE RETAIL CUSTOMERS OF DELMARVA
POWER & LIGHT COMPANY AND OTHER INTERESTED PERSONS**

In 2006, the General Assembly and Governor enacted the "Electric Utility Retail Customer Supply Act," 75 Del. Laws. Ch. 242 § 6 (Apr. 6, 2006). The Act required Delmarva Power & Light Company ("DP&L") to submit an Integrated Resource Plan ("IRP") with the Public Service Commission ("the Commission"), the Controller General, the Director of the Office of Management and Budget, and the State Energy Office (collectively "the State Agencies"). The IRP is a document that reflects the end result of an integrated resource planning process by DP&L during which it has systematically evaluated all actions or options for procuring, creating, or load-managing electric supply to meet, at minimal cost, the needs of its Standard Offer Service ("SOS") retail customers over a ten-year planning period. DP&L filed its initial IRP with the State Agencies on December 1, 2006.

The Commission has initiated this docket to develop rules, regulations, and other guidelines to accomplish integrated resource planning for DP&L's SOS customers pursuant to the Act. The Commission Staff will propose draft rules and regulations that will be considered by the Commission and then proposed for adoption under the rule-making procedures of the Administrative Procedures Act.

If you wish to participate in this proceeding, you must file a written request to participate. You must file such request with the Commission on or before Friday, October 12, 2007. Evidentiary hearings to consider the proposed rules and regulations and to receive comment and evidence concerning them will be scheduled at a later date, and public notice of such hearings will be given by publication similar to this notice. The Commission will make its decision to adopt, reject, or adopt with modification, the proposed rules and regulations on the basis of the evidence and information presented of record in this docket.

You should file written requests to participate with the Commission at the following address:

Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904
Attn: PSC Reg. Dckt No. 60

You can review Order No. 7263 at the Commission's office in Dover or at the Commission's Internet website located at <http://depssc.delaware.gov>. If you have questions about this proceeding, you can contact the Commission at 1-800-282-8574 (in Delaware only) or (302) 736-7500 (text telephone available). You can

also send inquiries by Internet e-mail addressed to
janis.dillard@state.de.us. If you are disabled and need assistance to
be able to participate, please contact the Commission to make
arrangements for such assistance.

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