

**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 ITS) PSC DOCKET NO. 08-266F
 GAS COST RATES)
 (FILED AUGUST 29, 2008))

ORDER NO. 7532

This 5th day of February, 2009, the Commission finds, determines and Orders the following:

1. On August 28, 2008, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Delaware Public Service Commission (the "Commission") an application for proposed changes in its Gas Cost Rate ("GCR") factors to become effective for the twelve-month period beginning on November 1, 2008, as follows:

Rate Schedule	2007-2008 GCR Period Demand Charge	2007-2008 GCR Period Commodity Charge	Proposed 2008-2009 GCR Demand Charge	Proposed 2008-2009 GCR Commodity Charge
RG, GG, GL	N/A	96.517¢/ccf	N/A	117.560¢/ccf
Non-Electing MVG	\$10.2000/Mcf of Billing MDQ	\$8.2710/Mcf	\$8.5538/Mcf of Billing MDQ	\$10.5303/Mcf
Electing MVG and LVG	\$10.2000/Mcf of Billing MDQ	Varies	\$8.5538/MCF of Billing MDQ	Varies
Standby Service	\$10.2000/Mcf of Standby MDQ	N/A	\$8.5538/Mcf of Standby MDQ	N/A

2. On September 16, 2008, by Order No. 7444, the Commission permitted the proposed rates to go into effect on November 1, 2008, with proration, on a temporary basis and subject to true-up and refund, pending evidentiary hearings and a final decision by the

Commission. Those rates are now under review in proceedings pending before Hearing Examiner Mark Lawrence. James McC. Geddes, Esquire, was designated as Rate Counsel.

3. Sheet No. 36 of Delmarva's tariff sets forth the procedure for adjusting its GCR factors during the applicable GCR period if over-recoveries of gas costs are expected to exceed 4.5% or under-recoveries of gas costs are expected to exceed 6%. Thus, if it appears that the continued use of the then-effective GCR factors will result in an over-collection of gas costs by more than 4.5% or an under-collection of more than 6% of the projected firm gas costs for the 2008-2009 GCR period, then the Company must file, and the Commission must then review, new GCR factors.

4. On January 26, 2009, Delmarva filed a supplemental, or "out of cycle," application seeking Commission approval of a decrease in its proposed GCR factors, effective on and after March 1, 2009. The Company states that the proposed decrease will result in an over-collection of approximately \$10.6 million, or 6.9%, of the projected firm gas costs for the 2008-2009 GCR period. According to Delmarva, the decrease is primarily attributable to downward pressure on gas commodity prices from reduced demand expectations and higher than projected gas storage levels.

5. Thus, the Company proposes the following revised GCR factors:

Rate Schedule	Proposed Supplemental 2008-2009 GCR Period Demand Charge	Proposed Supplemental 2008-2009 GCR Period Commodity Charge
RG, GG, GL	N/A	109.812¢/ccf
Non-Electing MVG	\$8.5538/Mcf of Billing MDQ	\$9.7555/Mcf
Electing MVG and LVG	\$8.5538/Mcf of Billing MDQ	Varies
Standby Service	\$8.5538/Mcf of Standby MDQ	N/A

The proposed decreased GCR factors will reduce the projected over-recovery to \$7.0 million, or 4.5%, of the updated projected firm costs of gas at the end of the 2008-2009 GCR period.

6. Delmarva also requests a waiver of the sixty (60) day notice requirement set forth in 26 Del. C. § 304(a) in order to place the new rates into effect on March 1, 2009.

7. According to the Company, under the proposed decrease in the GCR factors, a residential space heating customer using 120 ccf per month will experience a decrease of \$9.30 per month, or 4.8%. Commercial and industrial customers served under service classifications GG and MVG will experience decreases in their total bills that range from 2.1%-3.0% and 5.3%-6.5% respectively, depending on their service classification and load and consumption characteristics.

8. Consistent with the provisions of Sheet No. 36 of Delmarva's tariff, the Commission will allow the revised GCR factors proposed in the Company's supplemental application to go into effect,

with proration, on a temporary basis and subject to true-up and refund (if necessary) effective on March 1, 2009, pending evidentiary hearings on the justness and reasonableness of the proposed rates. The Commission will not require a new intervention period for this docket in light of the facts that the supplemental application proposes to decrease the rates approved on a temporary basis in Order No. 7444 and that the Division of the Public Advocate was the only intervener during the intervention period. However, when the Company publishes notice of the evidentiary hearing in this case, it shall include an explanation of the rate effects of the initial and supplemental applications, so that customers will have the opportunity to offer written and oral comments on both the originally-proposed GCR factors and the decreased GCR factors proposed in the supplemental application. The justness and reasonableness of the revised GCR factors as proposed in the supplemental application shall be considered as part of the ongoing proceedings in this docket.

9. For the reasons set forth above, the Commission will also grant Delmarva's request for a waiver of the sixty (60) day notice requirement of 26 *Del. C.* §304(a) allowing an abbreviated notice period so that the new rates may become effective on March 1, 2009.

Now, therefore, **IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. That, pursuant to 26 *Del. C.* §§303(b), 304 and 306(a)(2) and Sheet No. 36 of Delmarva Power & Light Company's tariff, the modifications to the GCR factors contained in Delmarva Power & Light Company's supplemental application on January 26, 2009 and set forth

below are hereby approved to become effective on March 1, 2009, with proration, on a temporary basis and subject to true-up and refund, pending the completion of full evidentiary hearings and a final decision by the Commission in this docket:

Rate Schedule	Proposed Supplemental 2008-2009 GCR Period Demand Charge	Proposed Supplemental 2008-2009 GCR Period Commodity Charge
RG, GG, GL	N/A	109.812¢/ccf
Non-Electing MVG	\$8.5538/Mcf of Billing MDQ	\$9.7555/Mcf
Electing MVG and LVG	\$8.5538/Mcf of Billing MDQ	Varies
Standby Service	\$8.5538/Mcf of Standby MDQ	N/A

2. That, pursuant to 26 Del. C. §304(a), the sixty (60) day notice requirement is waived and the supplemental application filed on January 26, 2009 is accepted for rates effective March 1, 2009.

3. That the adjusted GCR factors, as proposed in Delmarva Power & Light Company's supplemental application filed January 26, 2009 and approved to go into effect on a temporary basis in Ordering Paragraph 1 above, shall be examined for their justness and reasonableness and their compliance with Sheet No. 36 of Delmarva Power & Light Company's tariff in the ongoing proceedings in this matter now pending before Hearing Examiner Lawrence. James McC. Geddes, Esquire, shall continue as Rate Counsel. Delmarva Power & Light Company is again put on notice that that it will be charged the costs incurred in connection with this proceeding pursuant to the provisions of 26 Del. C. §114(b)(1).

4. That Delmarva Power & Light Company shall give public notice of the filing of its supplemental application and of the Commission's action thereon by publishing notice in the legal classified sections of *The News Journal* and the *Delaware State News* newspapers as part of the notice it will provide for the evidentiary hearing in this docket. Such notice shall include an explanation of the rate effects of the initial and supplemental applications, so that customers will have the opportunity to offer written and oral comments on both the originally proposed GCR factors and the decreased GCR factors requested in the supplemental application.

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:

Chair

/s/ Joann T. Conaway_____
Commissioner

/s/ Jaymes B. Lester_____
Commissioner

/s/ Jeffrey J. Clark_____
Commissioner

/s/ Dallas Winslow_____
Commissioner

ATTEST:

/s/ Karen J. Nickerson_____
Secretary