

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

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

ORDER NO. 7654

AND NOW, this 22nd day of September, 2009:

WHEREAS, on April 1, 2009 Delmarva Power & Light Company (the "Company") filed with the Delaware Public Service Commission (the "Commission") revised tariffs reflecting new Standard Offer Service ("SOS") rates and its new Procurement Cost Adjustment (the "PCA"),¹ with an effective date of June 1, 2009, which proposed tariff and rate changes would result in a proposed monthly reduction to a 1000 kWh "typical residential customer" bill of \$0.88 or a decrease of .6%; and

WHEREAS, in October 2005, the Commission approved a Request for Proposal ("RFP") process for the Company to procure supply from the wholesale electric market for resale to its SOS customers, in accordance with the Electric Utility Restructuring Act of 1999 (the "Act");² and

¹The PCA is a component of the "Full Requirements Cost" portion of both "fixed" and "hourly" priced SOS rates. It is designed 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 the Company actually paid to wholesale suppliers and PJM Interconnection to provide such full requirements for FP-SOS and HPS. The PCA is calculated by customer class and any differences are subject to an interest charge.

²See PSC Order No. 6746 (Oct. 11, 2005).

WHEREAS, in April 2006, the General Assembly revised certain SOS provisions in the Act but carried forward the RFP process established in this docket as the means to procure at least thirty percent of the Company's overall SOS load;³ and

WHEREAS, after each of the first two SOS procurement years, the Commission made certain changes to the RFP process and to the framework for public disclosure of the results;⁴ and

WHEREAS, on October 7, 2008, the Commission, pursuant to 26 Del. C. §1007(c)(1) and its continuing jurisdiction in this docket, issued Order No. 7461 approving the Company's request to utilize a reverse auction process conducted by World Energy Solutions Inc. ("World Energy") in its upcoming annual SOS procurement process;⁵ and

³See 26 Del. C. § 1007(c)(1)a, as added by the "Electric Utility Retail Customer Supply Act of 2006," 75 Del. Laws ch. 242 (Apr. 6, 2006).

⁴See PSC Orders Nos. 7053 (Oct. 17, 2006) and 7284 (Sept. 18, 2007).

⁵ The Commission established the original SOS procurement process in October 2005 (Order No. 6746) and modified it in August 2008 (Order No. 7432). The original RFP format was a simple sealed bid process in which bidders had one chance to submit bids for any or all of the blocks available without knowing other bids, the idea being that bidders would be forced to submit their best price. In contrast, the new reverse auction format relies upon the bidders' awareness of the actions of other bidders in an attempt to drive prices down. As designed, prior to the submission of bids, the Commission's consultant, Boston Pacific Company, Inc. ("Boston Pacific"), and World Energy set a starting price for each block. A separate auction is conducted for each available block. The auctions open simultaneously, and bidders may submit as many bids as they like on each block as long as each bid is below the starting price. Once bidders submit bids, they are able to view the current low bid price as it ticks down over the course of the auction. After 30 minutes, the first block closes and the lowest bid is declared the winner. Another block closes every 15 minutes thereafter, until the bid day is complete. After each

WHEREAS, in late 2008 and early 2009, the Company conducted its fourth annual SOS procurement, using the reverse auction, for supply contracts commencing on June 1, 2009;⁶ and

WHEREAS, at the Commission's February 19, 2009 meeting, Boston Pacific provided a Final Report on the details of each procurement and the successful bids for the 2008-2009 RFP for SOS; and

WHEREAS, as noted above, on April 1, 2009, DPL filed revised tariffs reflecting the new SOS rates resulting from the 2008-2009 RFP results and its revised PCA, with a proposed effective date for the tariff changes of June 1, 2009, which rates have been in effect on a temporary basis subject to refund since that date; and

WHEREAS, the Company published notice of its filing and advised the public of the Commission's instruction that interested persons may file comments or objections to the proposed rate and tariff changes on or before June 15, 2009; and

WHEREAS, Staff has reviewed the Company's filing to determine whether the proposed rates and tariff changes comply with previous Commission orders, reflect the most recent bidding results reflected in Boston Pacific's Final Report, and reflect the total supply costs of which the Company requested recovery; and

block closes, all bidders participating in that auction are able to see the winning price.

⁶ The procurement was conducted in two "tranches" and secured three-year supply contracts for one-third of the residential SOS load and one-year contracts for 100% of the load for other "fixed price" types of service. Boston Pacific, along with Staff, observed and evaluated each tranche procurement.

WHEREAS, no person filed any objections, comments or requests for an evidentiary hearing with respect to the Company's filing; and

WHEREAS, Staff did not identify any issues in the Company's determination of the SOS rates or recovery of the PCA, and recommended approval of the Company's proposed tariff revisions;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NOT FEWER THAN THREE COMMISSIONERS:

1. That the proposed rates and tariff changes proposed by Delmarva Power & Light Company in its April 1, 2009 filing, which were placed into effect on a temporary basis and subject to refund effective with service on and after June 1, 2009, are approved.

2. 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

PSC Docket No. 04-391, Order No. 7654 (Con't)

ATTEST:

/s/ Katie Rochester
Acting Secretary