

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE REVIEW BY THE)
STAFF OF THE DELAWARE PUBLIC SERVICE)
COMMISSION OF SERVICES PROVIDED TO)
DELMARVA POWER & LIGHT COMPANY) PSC DOCKET NO. 09-371
BY PEPSCO HOLDINGS, INC. AND/OR THE)
SUBSIDIARIES AND AFFILIATES OF PEPSCO)
HOLDINGS, INC.)
(OPENED SEPTEMBER 22, 2009))

ORDER NO. 7659

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

WHEREAS, in 2005 the United States Congress enacted the Energy Policy Act of 2005 (the "EPAAct"), which, among other things, repealed the Public Utility Holding Company Act of 1935 (15 U.S.C. §79 *et seq.*) and vested state regulatory commissions with greater authority to review utility books and records in order to police against the subsidization of non-utility affiliates and subsidiaries by public utilities and to generally exercise regulatory jurisdiction over affiliated transactions (*see* 42 U.S.C. §§16451, 16453); and

WHEREAS, pursuant to the authority granted to the Delaware Public Service Commission (the "Commission") by the pertinent provisions of the EPAAct, the Commission hereby opens this docket to conduct a review of the services provided to Delmarva Power & Light Company (the "Company") by its parent Pepco Holdings, Inc. ("PHI") and/or any affiliates and/or subsidiaries of the Company and PHI; and

WHEREAS, the Commission intends that the review address matters including but not limited to the following:

- The services provided to the Company by the holding company, any service company, and other affiliates or subsidiaries;

- Conformity with industry practice of the Company's procedures, policies, practices and formulae for assigning and allocating major affiliate costs;
- Comparisons with the types, level and costs of similar services provided to other PHI entities;
- Anomalies (if any) in the types or amount of costs assigned or allocated to the Company;
- Inquiry into and testing of large dollar transactions between or among the Company and any affiliates or subsidiaries; and
- Review of internal Company and other regulatory commission audits or examination of affiliate costs.

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

1. That this docket is hereby opened to review the services provided to Delmarva Power & Light Company (the "Company") by its parent Pepco Holdings, Inc. ("PHI") and/or any affiliates and/or subsidiaries of the Company and PHI to determine whether the charges for and allocations of such services are having a material impact on the Company's revenue requirements.
2. That the results of such review shall be considered in determining the Company's revenue requirement in its next base rate case.
3. If any workshops are scheduled, Delmarva shall give public notice thereof by publication in two-column format in the legal classified sections of the Delaware State News and The News Journal newspapers, in two-column format bordered in black, once the workshop dates have been determined.

4. That at the Commission's regularly-scheduled meeting on November 3, 2009, the Commission Staff shall make a presentation to the Commission detailing the results of its review and making recommendations for further proceedings if necessary. After the Staff presentation, the Commission shall determine whether (and if so, how) to proceed with a more in-depth examination.
5. That the deadline for petitions to intervene in this docket pursuant to Rule 11 of the Commission's Rules of Practice and Procedure shall be October 9, 2009.
6. The Company is hereby placed on notice that the costs of the proceeding will be charged to it under the provisions of 26 Del. C. § 114(b)(1).
7. 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

PSC Docket No. 09-371, Order No. 7659 Con't

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Katie Rochester
Acting Secretary