

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION )  
OF DELMARVA POWER & LIGHT )  
COMPANY FOR AN INCREASE IN ) PSC DOCKET NO. 13-115  
ELECTRIC BASE RATES )  
(FILED MARCH 22, 2013) )

**ORDER NO. 8549**

**AND NOW**, this 2nd day of April, 2014:

**WHEREAS**, on March 22, 2013, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Delaware Public Service Commission (the "Commission") an application (the "Application") to increase electric distribution base rates, which Application was docketed as Docket No. 13-115; and

**WHEREAS**, by Order No. 8337 dated April 9, 2013, the Commission opened this docket to consider Delmarva's Application; designated Senior Hearing Examiner Lawrence to conduct any necessary evidentiary hearings and to submit his proposed findings and recommendations to the Commission; and authorized Delmarva to implement an annual \$2.5 million increase in intrastate operating revenues effective June 1, 2013, pursuant to 26 Del. C. §306(c); and

**WHEREAS**, the Commission Staff, the Division of the Public Advocate ("DPA"), the Delaware Department of Natural Resources and Environmental Control ("DNREC"), the Delaware Energy Users Group ("DEUG") and the Caesar Rodney Institute (collectively, the "Parties") intervened or otherwise participated in the proceedings; and

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**WHEREAS**, on October 22, 2013, Delmarva placed an additional interim rate increase of \$25,155,265 into effect pursuant to 26 Del. C. §306(a); and

**WHEREAS**, evidentiary hearings were held before Senior Hearing Examiner Lawrence on November 13, 14 and 18, 2013; and

**WHEREAS**, Senior Hearing Examiner Lawrence issued proposed Findings and Recommendations (the "Hearing Examiner's Report") regarding the Application on March 4, 2014; and

**WHEREAS**, Delmarva, Staff, the DPA and DEUG filed exceptions to certain matters addressed in the Hearing Examiner's Report; and

**WHEREAS**, the Commission met in public session on April 1 and 2, 2014, to hear oral argument and conduct deliberations on the issues addressed in the Hearing Examiner's Report and consider the exceptions taken to the Hearing Examiner's Report; and

**WHEREAS**, the Commission has resolved the issues in this matter as set forth below;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE UNANIMOUS VOTE OF ALL COMMISSIONERS:**

1. That as a result of the Commission's deliberations referenced above, the Commission hereby approves an overall increase in Delmarva Power & Light Company's electric

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distribution rates of \$15,096,574, the components of which are set forth below:

<u>Description</u>	<u>Amount</u>
Rate Base	\$619,566,495
Overall Rate of Return	7.26%
Return on Equity	9.7%
Cost of Long-Term Debt	4.91%
Required Operating Income at Present Rates	
\$44,980,528	
Gross Revenue Conversion Factor	1.70606
Operating Income Deficiency	\$8,848,794
Total Revenue Requirement Increase	\$15,096,574

These amounts are subject to verification by all parties and may be changed by further Order of the Commission upon such verification. A full Findings, Opinion and Order setting forth the Commission's reasons for its decisions on the various contested issues will follow at a later date.

2. That the Commission orders that new compliance tariff leaves be developed and filed with the Commission Staff no later than April 15, 2014, which shall include the new electric distribution rates and which shall become effective with service on and after May 1, 2014.

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3. Since the new rates are less than the existing distribution rates placed into effect on October 22, 2013, pursuant to 26 Del. C. §306(a)(1), customers will be entitled to a refund of overpayments since Delmarva Power & Light Company's full requested rate increase was placed into effect, with interest on the deferred amounts as calculated in accordance with Regulation Docket No. 11, which shall reflect Delmarva Power & Light Company's short-term borrowing costs.

4. The method and manner of such refund shall be approved by the Commission in a further Order.

5. That the Commission reserves the jurisdiction and authority to issue such further Orders as it deems necessary or proper.

**BY ORDER OF THE COMMISSION:**

/s/ Dallas Winslow  
Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

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Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary