

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

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
TO CHANGE THE METHODOLOGY FOR THE) PSC DOCKET NO. 15-0671
CALCULATION OF BALANCING FEES)
ASSOCIATED WITH THE GAS COST RATE)
(FILED FEBRUARY 3, 2015))

ORDER NO. 8710

AND NOW, this 3rd day of March 2015, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, in Delmarva Power & Light Company's ("Delmarva" or the "Company") 2013 Gas Cost Rate ("GCR") proceeding, PSC Docket No. 13-349F, Jerome D. Mierzwa, a consultant with Exeter Associates, Inc., testified on behalf of the Commission Staff and the Division of the Public Advocate ("DPA") that the balancing fees should be assessed on transportation customers based on throughput (rather than excess volumes), and that balancing fees should be designed to recover demand charges from interstate pipelines for providing both balancing service and system reliability;¹ and

WHEREAS, in the Settlement Agreement ("Agreement") in PSC Docket No. 13-349F, Delmarva agreed to make a regulatory filing

¹ See PSC Docket No. 13-349F, Direct Testimony of Jerome D. Mierzwa, pp. 6-10.

to the Commission in which Delmarva would propose changes to the balancing fees associated with the GCR;² and

WHEREAS, on February 3, 2015, pursuant to 26 Del. C. §§201 and 301 and Order Nos. 8578 (July 8, 2013), 8649 (September 30, 2014), and 8701 (January 6, 2015) in PSC Docket No. 13-349F, Delmarva filed an application ("Application") requesting Commission approval to implement a new balancing fee structure consisting of two separate components: (1) a new Balancing Fee ("Balancing Fee") of \$0.5530 per Mcf for 2015-2016, which is designed to recover swing and storage service costs attributable to customers in service classifications Firm Transportation ("FT"), Interruptible Transportation ("IT"), Large Volume Gas - Qualifying Fuel Cell Provider-Renewable Capable ("LVG-QFCP-RC"), and certain contract customers and which will be assessed on the differences (under- and over-deliveries) between gas delivered to the Company's gate stations and the amount of gas actually used by the customer; and (2) a Pressure Support Fee ("PSF") of \$0.1893 per Mcf for 2015-2016, which is designed to recover the costs of Eastern Shore Natural Gas Company capacity from Sales (GCR), FT and LVG-QFCP-RC customers that benefit from pressure support, and which the Company proposes to allocate among such customers using throughput as the determinant; and

WHEREAS, Delmarva proposes that the Commission schedule public workshops for interested stakeholders so that Delmarva can

² See PSC Docket No. 13-349F Settlement Agreement, Section 12: "On or before October 1, 2014, the Company will submit a regulatory filing to the Public Service Commission in which the Company will propose changes to the balancing fees associated with its Gas Cost Rate."

further analyze and potentially refine the proposed balancing fee structure;

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

1. Under 26 *Del. C.* §§201, 301, 304 and 305, and pursuant to Order No. 8430 (August 13, 2013) in PSC Docket No. 13-349F, the Commission has the authority to review, investigate, and approve or reject Delmarva's proposed changes to its current methodology for calculating balancing fees associated with the GCR as set forth in the Application.

2. Delmarva's proposed changes to the Balancing Fee and PSF as set forth in the Application are hereby suspended pursuant to 26 *Del. C.* §306(a)(1) pending further Order of the Commission.

3. R. Campbell Hay is hereby designated as the Hearing Examiner for this docket pursuant to 26 *Del. C.* §502 and 29 *Del.*

C. ch. 101. Hearing Examiner Hay shall schedule and conduct such public evidentiary hearings as may be necessary or appropriate to develop a full and complete record concerning this matter. Hearing Examiner Hay shall thereafter prepare and submit to the Commission a proposed order for the Commission's consideration, the proposed order shall include a brief summary of the evidence and recommended findings of fact based upon the evidence presented, his recommended conclusions of law, and his recommended decision. Pursuant to 26 *Del. Admin. C.* §1001-2.9.3, Hearing Examiner Hay is delegated the authority to grant or deny petitions to intervene. In addition, Hearing Examiner Hay is

delegated the authority under 26 *Del. C.* §102A to determine the content, form, and manner of any further notice in this matter and is delegated the authority under 26 *Del. Admin.*

C. §1001-2.1.2 to grant applications of counsel for admission pro hac vice.

4. Delmarva shall cause to be published in The News Journal newspaper, in two-column format outlined in black, a copy of the form of notice attached hereto as Exhibit "A". Such notice shall be published **on or before March 18, 2015**. Delmarva shall file proof of such publication with the Commission as soon as practicable, but no later than **April 20, 2015**. In addition, Delmarva shall cause a copy of the attached notice to be sent via electronic mail to each Firm Transportation and LVG-QFCP-RC Customer. Delmarva shall thereafter file with the Commission, no later than April 20, 2015, a certification that such notice was sent, listing the names of the Firm Transportation and LVG-QFCO-RC Customers receiving such notice.

5. The Commission's Secretary shall promptly serve a copy of this Order on the DPA.

6. Interested persons may file comments, suggestions, and objections to Delmarva's proposed changes **on or before April 30, 2015**.

7. The deadline for filing petitions for leave to intervene pursuant to 26 *Del. Admin. C.* §1001-2.9 of the Commission's Rules of Practice and Procedure, **is April 20, 2015**. Late-filed petitions to intervene will not be granted unless good

cause is shown. Pursuant to Rule 1000.6.4 of the Commission's Rules of Practice and Procedure, 26 *Del. Admin. C.* §1000.1.6.4, petitions for intervention should be filed using the DelaFile e-filing system, which can be accessed from the Commission's website at <http://depsec.delaware.gov>.

8. Delmarva is hereby placed on notice that the costs of the proceedings will be charged to it under the provisions of 26 *Del. C.* §114(b)(1).

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:

/s/ Dallas Winslow

Chair

/s/ Joann T. Conaway

Commissioner

/s/ Jaymes B. Lester

Commissioner

/s/ Jeffrey J. Clark

Commissioner

Commissioner

ATTEST:

/s/ Donna Nickerson

Acting Secretary

EXHIBIT "A"

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
TO CHANGE THE METHODOLOGY FOR THE) PSC DOCKET NO. 15-0671
CALCULATION OF BALANCING FEES)
ASSOCIATED WITH THE GAS COST RATE)
(FILED FEBRUARY 3, 2015))

PUBLIC NOTICE

TO: ALL NATURAL GAS TRANSPORTATION CUSTOMERS AND QUALIFIED GAS SUPPLIERS OF DELMARVA POWER & LIGHT COMPANY AND OTHER INTERESTED PERSONS

Pursuant to 26 Del. C. §§201 and 301 and Order No. 8701 (January 6, 2015) in PSC Docket No. 13-349F, Delmarva Power & Light Company ("Delmarva") has filed an application (the "Application") with the Delaware Public Service Commission (the "Commission") seeking to make changes to the methodology for calculating the balancing fees associated with the Gas Cost Rate ("GCR"). More specifically, Delmarva requests permission to implement a new structure for the imposition of balancing fees that would consist of two components, a Balancing Fee and a Pressure Support Fee.

The proposed changes are included in the Application, which can be found on the Commission's e-filing website at the following address: <http://delafile.delaware.gov/>.

The Commission has appointed Hearing Examiner R. Campbell Hay to conduct public hearings as may be necessary or appropriate to develop a full and complete record concerning this matter, to be

scheduled at a later date. The Commission's final decision will be based on the evidence presented at such hearings.

Interested persons may file comments, suggestions, and objections to Delmarva's proposed changes with the Commission **on or before April 30, 2015**. All such written comments, suggestions, and objections must be sent to:

Attn: PSC Docket No. 15-0671
Delaware Public Service Commission
861 Silver Lake Boulevard, Suite 100
Cannon Building
Dover, Delaware 19904

Comments may also be filed at <https://delafile.delaware.gov>.

If you wish to formally participate as a party in this matter, with the right to present evidence and be represented by counsel, you must file with the Commission a written petition requesting leave to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (26 Del. Admin. C. §1001-2.9) **on or before April 20, 2015**. All such petitions should be sent to the Commission's address listed above. Petitions filed after the deadline of April 20, 2015, will not be considered except for good cause shown.

You are invited to review Delmarva's Application and supporting documents to determine how your interests may be affected. You may review documents posted on the Commission's website at <http://depssc.delaware.gov/>. If you would like to review documents at the Commission's offices, please contact Donna Nickerson at donna.nickerson@state.de.us to arrange a time for your review. You may also review copies of Delmarva's

Application and supporting documents at the Division of the Public Advocate's Wilmington office located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801 or its Dover office located at 29 S. State Street, Dover, DE 19901. Please call the Wilmington Office at (302) 577-5077 or the Dover office at 302-241-2555 to arrange for a time to review the documents at those locations.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at <http://smu.portal.delaware.gov/cgi-bin/mail.php?foia-request&subj=DOS>. There is also a link to the Freedom of Information Act Request Form on the Commission's website at <https://delafile.delaware.gov/Complaints/FOIA.aspx>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 Del. C. ch. 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means.

If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by Internet e-mail addressed to

psc@state.de.us, include "PSC Docket No. 15-0671" in the subject line.