

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR AN ANNUAL UPDATE IN THE GAS) PSC DOCKET NO. 15-1333
ENVIRONMENTAL SURCHARGE RIDER RATE)
("ESR"))
(FILED AUGUST 26, 2015))

ORDER NO. 8818

AND NOW, this 24th day of November, 2015, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on August 26, 2015, Delmarva Power & Light Company ("Delmarva") filed the above-captioned application (the "Application") with the Commission seeking approval to increase the rate for its Environmental Surcharge Rider ("ESR") under the process approved in PSC Order No. 6401 (April 20, 2004) in Docket No. 04-53; and

WHEREAS, in its Application, Delmarva seeks to increase its current ESR rate from a positive surcharge rate of \$0.00122 per ccf to a positive surcharge rate of \$0.00128 per ccf for the Residential Gas Sales Service, General Gas Sales Service and General Volume Firm Transportation Service rate classes and from a positive surcharge rate of \$0.01215 per Mcf to \$0.01282 per Mcf for the Medium Volume Gas Sales Service, Large Volume Gas Sales Service, Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Reduction, Medium Volume Firm Transportation Service and Large Volume Firm Transportation Service rate classes; and

WHEREAS, the Division of the Public Advocate ("DPA") exercised its statutory right of intervention on August 28, 2015; and

WHEREAS, on September 22, 2015, in Order No. 8786, the Commission opened this docket and allowed the proposed rates, reconciliation and true-ups to become effective on a temporary basis with proration and subject to refund, effective with usage for gas usage on and after November 1, 2015; and

WHEREAS, by Order No. 8798, the Commission ordered that an evidentiary hearing regarding the Application would be conducted at its regularly-scheduled meeting on Tuesday, November 24, 2015; and

WHEREAS, by that same order, the Commission ordered that interested persons or entities be afforded the opportunity to file petitions for leave to intervene on or before October 13, 2015, or to file written comments or objections to the proposed changes in the ESR rate on or before October 22, 2015, and that the Commission would accept public comments on the Application on or before October 22, 2015, as well as immediately prior to the commencement of the evidentiary hearing on November 24, 2015; and

WHEREAS, Delmarva published notice of the filing of its Application and of the public evidentiary hearing in *The News Journal* newspaper on September 29 and October 6, 2015; and

WHEREAS, the Commission received no written comments in response to the publications of the notices, and no additional petitions for leave to intervene were filed; and

WHEREAS, the Commission has conducted the duly-noticed public evidentiary hearing for this matter; and

WHEREAS, at the evidentiary hearing, Delmarva, Staff, and the DPA presented to the Commission a proposed Settlement Agreement in which the parties agreed that Delmarva's Application should be approved; and

WHEREAS, at the evidentiary hearing, Staff witness Malika Davis testified that she had conducted an audit of the claimed expenses; and

WHEREAS, Staff witness Davis and DPA witness Andrea Maucher testified that they had reviewed the Application, and concluded that the proposed Settlement Agreement will result in just and reasonable rates and is in the public interest because it will eliminate the legal costs and expenditure of time associated with filing additional testimony and preparing for a contested evidentiary hearing in a case where the only real issues are whether the costs were incurred and whether the proposed rate was calculated correctly; and

WHEREAS, Delmarva also presented a witness to testify that the proposed Settlement Agreement is in the public interest and will result in just and reasonable rates; and

WHEREAS, we admitted into evidence **five (5) exhibits** which are listed in the attached Exhibit Log;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE VOTE OF NO FEWER THAN THREE COMMISSIONERS:

1. Based on the evidence adduced at the evidentiary hearing, the Commission finds that the proposed Settlement

Agreement, which was admitted into evidence and is attached to this Order as Attachment "A," will result in just and reasonable rates, is in the public interest, and is thus hereby **APPROVED**.

2. The Commission approves as final the proposed ESR rate of \$0.00128 per ccf for the Residential Gas Sales Service, General Gas Sales Service and General Volume Firm Transportation Service rate classes and the proposed ESR rate of \$0.01282 per Mcf for the Medium Volume Gas Sales Service, Large Volume Gas Sales Service, Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Reduction, Medium Volume Firm Transportation Service and Large Volume Firm Transportation Service rate classes, effective with service on and after November 1, 2015.

3. 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

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

Exhibit Log - PSC Docket 15-1333

<u>Exhibit No.</u>	<u>Date of Admission</u>	<u>Sponsor</u>	<u>Description</u>
1	November 24, 2015	Delmarva	Affidavits of Publication of Public Notice
2	November 24, 2015	Delmarva	Application of Delmarva dated August 26, 2015
3	November 24, 2015	Delmarva	Direct Testimony of Ryan C. Robichaud, Senior Supervising Scientist, Delmarva
4	November 24, 2015	Delmarva	Direct Testimony of Kristin M. McEvoy, Senior Regulatory Affairs Coordinator of Regulatory Compliance Pricing, for PHI Service Company, a subsidiary of PEPCO Holdings, Inc., the parent company of Delmarva
5	November 24, 2015	Staff	Proposed Settlement Agreement

Attachment "A"

Proposed Settlement Agreement
Signed by Delmarva Power & Light Company,
the Delaware Division of the Public Advocate, and
the Staff of the Public Service Commission



A PHI Company

Legal Services

500 N. Wakefield Drive
Mailstop: 92DC42
Newark, DE 19702

Mailstop: 92DC42
P.O. Box 6066
Wilmington, DE 19714-6066

October 9, 2015

VIA OVERNIGHT DELIVERY

Donna Nickerson
Secretary
Delaware Public Service Commission
Cannon Building, Suite 100
861 Silver Lake Boulevard
Dover, DE 19904

RE: Docket No. 15-1333
Affidavit of Publication

Dear Alisa:

Enclosed please find the original Affidavit of Publication for the Public Notice regarding Docket 15-1333, as required by the Hearing Examiner. The notice was published in The News Journal on September 29 and October 6, 2015.

Thank you and if you have any questions, please contact me (302) 429-3065.

Very truly yours,

Kelly J. Showalter

Kelly J. Showalter

Enclosures

RECEIVED
2015 OCT 14 AM 11 43
DELAWARE P.S.C.



The News Journal
Media Group

A GANNETT COMPANY

Street Address:
950 West Basin Road
New Castle, DE 19720

(302) 324-2500
(800) 235-9100

Mailing Address:
P.O. Box 15505
Wilmington, DE 19850

Legal Desk:
(302) 324-2676
Legal Fax:
302 324-2249

DELMARVA POWER
500 N WAKEFIELD DR

NEWARK, DE 19702

AFFIDAVIT OF PUBLICATION

State of Delaware } **SS.**
New Castle County

Personally appeared **The News Journal**

Of the **The News Journal Media Group**, a newspaper printed, published and circulated in the State of Delaware, who being duly sworn, depose and saith that the advertisement of which the annexed is a true copy, has been published in the said newspaper 2 times, once in each issue as follows:

09/29/15, 10/06/15 A.D 2015

Linda Barber

Sherry Ann Salvia
Sworn and subscribed before me, this 6 day of October,
2015

Ad Number: 0000749762



Legal notification printed at larger size for affidavit.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR AN ANNUAL UPDATE IN THE GAS)
ENVIRONMENTAL SURCHARGE RIDER RATE)
(FILED AUGUST 26, 2015))
PSC DOCKET NO. 15-1333

PUBLIC NOTICE

UPDATE TO DELMARVA POWER & LIGHT COMPANY'S
GAS ENVIRONMENTAL SURCHARGE RIDER RATE

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

The Delaware Public Service Commission (the "Commission") will conduct a public comment session and evidentiary hearing concerning the above-captioned case (as further explained below) at the following time and location:

Date & Time	Location
Tuesday, November 24, 2015 at 1:00 p.m.	Hearing Room Delaware Public Service Commission 861 Silver Lake Boulevard Cannon Building Dover, DE 19904

Delmarva Power & Light Company's Environmental Surcharge Rider Rate

Pursuant to the environmental remediation recovery mechanism approved in PSC Order No. 6401 (April 20, 2004) in Docket No. 04-53, Delmarva Power & Light Company ("Delmarva") has filed an application (the "Application") with the Commission proposing an increase in the Environmental Surcharge Rider ("ESR") from a positive surcharge of \$0.00122 per ccf to \$0.00128 per ccf for all firm delivery customers, with the increased rate to become effective with usage on and after November 1, 2015, with proration, subject to modification and refund after an evidentiary hearing.

For a typical residential space heating customer using 120 ccf of gas in a winter month, the effect of the proposed ESR rate change will be an increase in the monthly winter bill of approximately \$0.01, or a 0.003% increase in their total bill. Commercial and industrial customers will see a minimal increase.

By Order No. 3786 dated September 22, 2015, the Commission permitted the proposed rates to become effective with usage on and after November 1, 2015, with proration, subject to modification and refund after an evidentiary hearing.

On November 24, 2015, starting at 1:00 p.m., the Commission will consider whether to grant Delmarva's Application. The evidentiary hearing will be held at the Commission's office located at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904. The Commission will render a decision based upon the evidence presented to it at this evidentiary hearing.

Interested persons or entities are afforded the opportunity to file written comments or objections to the proposed change in the ESR rate. Such written comments or objections must be filed on or before October 21, 2015. Please send these written comments to the Commission's address listed above and note the "attention to" as "PSC Docket No. 15-1333." Written comments may be also be submitted electronically at <https://delafile.delaware.gov/>.

In addition, the Commission will accept public comments on the Application immediately prior to the commencement of the evidentiary hearing on November 24, 2015.

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 asking for 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 October 13, 2015. All such petitions should be sent to the Commission's address listed above with attention to "PSC Docket No.15-1333." Petitions for intervention that are not received by the Commission on

or before October 13, 2015, will not be granted unless good cause is shown. If intervention status is granted, any intervenor wishing to oppose the Application must file written pre-filed testimony with the Commission on or before October 21, 2015. Any submissions sent by an intervenor that are not received by the Commission on or before October 21, 2015 will not be considered. Such written submissions shall also be served on the persons identified in Order No. 8786 in this docket.

You may review documents pertaining to this matter on the Commission's e-filing website at <https://delafile.delaware.gov>. If you would like to review the documents related to this matter at the Commission's office, please contact Donna Nickerson at donna.nickerson@state.de.us to arrange a time for your review during normal business hours. You may also review copies of these documents at the Wilmington office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801 or the 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 that location.

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://sos.delaware.gov/foia_requests.shtml. The Commission will respond to your request in accordance with the provisions of the 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. 15-1333" as the subject.

9/29, 10/6-NJ



STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
CANNON BUILDING
861 SILVER LAKE BLVD., SUITE 100
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7529
TELECOPIER: (302) 739-4849

FILING COVER SHEET

- 1. NAME OF APPLICANT: Delmarva Power & Light Company
- 2. TYPE OF FILING:
 - RATE CHANGE
 - FUEL ADJUSTMENT
 - ADMINISTRATIVE
 - CPCN
 - NEW SERVICE OFFERING
 - OTHER - DESCRIBE Annual Filing

IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED?

BASIC COMPETITIVE DISCRETIONARY

- 3. PROPOSED EFFECTIVE DATE: November 1, 2015
- IS EXPEDITED TREATMENT REQUESTED? YES NO
- 4. SHORT SUMMARY OF FILING: Annual Environmental Surcharge Filing

- 5. DOES THIS FILING RELATE TO OTHER DOCKETS: YES NO
- IF YES, LIST DOCKET(S) NO(S): 04-53

- 6. IS PUBLIC NOTICE REQUIRED? YES NO
- IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

- 7. APPLICANT'S CONTACT PERSON:
 - NAME: Pamela J. Scott
 - TITLE: Assistant General Counsel
 - PHONE: 302-429-3143
 - FAX: 302-429-3801
 - EMAIL: pjscott@pepcoholdings.com
 - WEBSITE (IF APPLICABLE)

- 8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?
YES NO IF YES, WHEN? 08/26/15

- 9. FILING FEE ENCLOSED: AMOUNT: \$ 100.00

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.



A PHI Company

Pamela J. Scott
Assistant General Counsel

92DC42
500 N. Wakefield Drive
Newark, DE 19702

P.O. Box 6066
Newark, DE 19714-6066

302.429.3143 - Telephone
302.429.3801 - Facsimile
pjscott@pepcoholdings.com

August 26, 2014

FILED VIA DELAFILE

Donna Nickerson, Secretary
Delaware Public Service Commission
Cannon Building, Suite 100
861 Silver Lake Boulevard
Dover, DE 19904

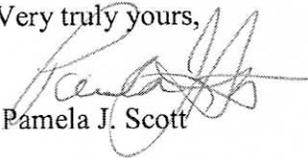
Re: Application for Approval of the 2015-16 Environmental Surcharge Rate

Dear Secretary Nickerson:

Enclosed for filing is Delmarva Power & Light Company's ("Delmarva") Application for Approval of the 2015-16 Environmental Surcharge Rate. Included with the Application is the filing fee of \$100.00.

Should you have any questions or require any additional information, please do not hesitate to contact me.

Very truly yours,


Pamela J. Scott

Enclosures

Briefing Sheet

Annual Application for the Gas Environmental Surcharge Rider
PSC Docket No. 15-___
Briefing Sheet

SUBJECT: Delmarva Power & Light Company's Annual Application for the Gas Environmental Surcharge Rider filed August 26, 2015.

RATE CHANGE SOUGHT: The Company seeks approval to increase its current Environmental Surcharge Rider rate (ESR) at a positive surcharge of \$0.00122 per CCF to \$0.00128 per CCF for all firm delivery service customers. The increase is to take effect for service rendered on and after November 1, 2015.

REASONS FOR FILING: This filing is the annual Application to review the Gas ESR rate pursuant the provisions in the Settlement Agreement in Docket No. 03-127, approved on December 9, 2003, by Order No. 6327, to establish the Gas Environmental Surcharge mechanism.

EFFECTIVE DATE: The proposed rate change is to be effective for service rendered on or after November 1, 2015, subject to refund, and pending approval of the Commission.

TEST YEAR: N/A - The Environmental Cost Year in this filing is June 1, 2014 through May 31, 2015. The Recovery Year in this filing is November 1, 2015 through October 31, 2016.

ELEMENTS OF RATE CHANGE: The new rate was calculated in accordance with the methodology approved in PSC Docket No. 04-53 to recover costs associated with the clean up of the Manufactured Gas Plant site in Wilmington, Delaware. A rate increase is requested in this filing.

IMPACT OF DIFFERENT CLASSES: The current Environmental Surcharge Rider rate increases to a positive surcharge of \$0.00128 per CCF for all firm delivery service customers.

CUSTOMER IMPACT The effect on a residential space heating customer using 120 ccf in a winter month would be an increase of \$0.01 or a 0.003% increase in their total bill.

Application

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR AN) Docket No. 15-__
ANNUAL UPDATE IN THE GAS ENVIRONMENTAL)
SURCHARGE RIDER RATE)
(Filed on August 26, 2015))

**DELMARVA POWER & LIGHT COMPANY'S APPLICATION
FOR AN UPDATE TO THE GAS ENVIRONMENTAL SURCHARGE RIDER**

Delmarva Power & Light Company (Delmarva or the Company) hereby files the annual Application for Approval to update its Gas Environmental Surcharge Rider (ESR) rates pursuant to 26 *Del. C.* §§ 201, 301, 304 and other applicable authorities, including Order No. 6401 in Docket No. 04-53, entered April 20, 2004, to be effective for service rendered on and after November 1, 2015. In support hereof, Delmarva submits the following:

1. Applicant is Delmarva Power & Light Company, 500 North Wakefield Drive, Newark, DE. 19702 - 5440. Delmarva is a wholly owned subsidiary of Pepco Holdings, Inc. (PHI).
2. Delmarva requests that all communications and notices with respect to this proceeding be made (preferably electronically only) to the following and these individuals be put on the official service list of this proceeding:

Pamela J. Scott, Esquire Delmarva Power & Light Company Assistant General Counsel 500 North Wakefield Drive Newark, DE 19702-5440 (Private Mail Service) or P. O. Box 6066 Mail Stop: 92DC42 Newark, DE 19714-6066 (302) 429-3143 pjscott@pepcoholdings.com	Ryan Robichaud Senior Supervising Engineer Delmarva Power & Light Company 84CP22 5 Collins Drive Carneys Point, NJ 08069 (856) 351-7800 ryan.robichaud@pepcoholdings.com
---	---

<p>Kristin McEvoy Delmarva Power & Light Company Senior Regulatory Affairs Coordinator of Regulatory Compliance Pricing 401 Eagle Run Road Newark, DE 19714 (Private Mail Service) or P.O. Box 9239 Mail Stop: 79NC59 Newark, DE 19714-9239 (302) 454-4187 kristin.mcevoy@pepcoholdings.com</p>	<p>Leonard J. Beck Delmarva Power & Light Company Regulatory Affairs 401 Eagle Run Road Newark, DE 19714 (Private Mail Service) or P.O. Box 9239 Mail Stop: 79NC59 Newark, DE 19714-9239 (302) 454-4839 Len.beck@pepcoholdings.com</p>
--	--

3. Pursuant to the provisions of Delmarva’s Environmental Surcharge Rider tariff clause, the Company requests permission to increase its current Environmental Surcharge Rider rate from a positive surcharge of \$0.00122 per ccf to a positive surcharge rate of \$0.00128 per ccf for all firm delivery service customers. This rate increase is proposed to become effective for service rendered on and after November 1, 2015, and thereafter, until changed by further order of the Delaware Public Service Commission (“Commission”).

4. The current Gas Tariff specifies that, “the Company will file with the Commission a copy of the Environmental Surcharge Rider computation at least thirty (30) days prior to the proposed effective date of November 1.”

5. Revised tariff leafs and red-line versions setting forth the proposed changes are attached to this Application. Consistent with the approved mechanism established in Docket No. 04-53, Delmarva requests that the Commission permit the proposed changes in ESR rates and the proposed surcharge to become effective for service rendered on and after November 1, 2015, with proration, subject to refund after Commission review.

6. The attached testimony describes the full calculation of the proposed ESR to be effective November 1, 2015. The reasons and basis for the proposed increase in the ESR rate are more fully explained in the testimonies of Kristin M. McEvoy and Ryan C. Robichaud.

7. For a typical space heating residential customer using 120 ccf of gas in a winter month, the effects of the proposed Gas Environmental Surcharge Rider Rate change will be an increase in the monthly winter bill of about \$0.01.

8. A proposed form of order is attached.

WHEREFORE, Delmarva Power & Light Company respectfully requests that:

- A. The Commission accept its Application for filing and schedule a hearing thereon;
and
- B. The Commission issue an order permitting the rates to go into effect on November 1, 2015, with proration, subject to further proceedings and potential refunds; and
- C. Proper notice of the hearing be published; and
- D. The Commission ultimately approve the proposed rates reflected in the tariff leafs as filed by the Company.

Respectfully submitted,

By: 
Pamela J. Scott
Assistant General Counsel
Delmarva Power & Light Company
500 North Wakefield Drive
Mailstop 92DC42
Newark, DE 19702- 5440
(302) 429-3143

Dated: August 26, 2015

STATE OF DELAWARE)
)
COUNTY OF NEW CASTLE)

) SS.

On this 20 day of August, 2015, personally came before me, the subscriber, a Notary Public in and for the State and County aforesaid Gary R Stockbridge, Regional Vice President of Pepco Holdings, Inc., a corporation existing under the laws of the State of Delaware, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of such corporation, that the signature of such Regional Vice President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.



Gary R Stockbridge
President – Delmarva Region

SWORN TO AND SUBSCRIBED before me this 20 day of August 2015.



Notary Public *Notary Public - DE No. #3096 (T. L. Goodman)*

My Commission expires: N/A

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

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR AN ANNUAL UPDATE IN THE GAS) PSC DOCKET NO. 15-____
ENVIRONMENTAL SURCHARGE RIDER RATE)
(FILED AUGUST 26, 2015))

ORDER NO. _____

AND NOW, this ____ day of _____, 2015, the Delaware Public Service Commission (“Commission”) determines and orders the following:

WHEREAS, on August 26, 2015, Delmarva Power & Light Company (“Delmarva” or “Company”) filed the above-captioned application (the “Application”) with the Commission seeking approval to increase the rate for its Environmental Surcharge Rider (“ESR”) under the process approved in PSC Order No. 6401 (Apr. 20, 2004) in Docket No. 04-53; and

WHEREAS, in its Application, Delmarva seeks to increase its current ESR rate from a positive surcharge of \$0.00122 per ccf to a positive surcharge rate of \$0.00128 per ccf for all firm delivery service customers; and

WHEREAS, pursuant to 26 *Del. C.* §§304(a) and 306(a)(2), upon the filing of a petition for a proposed change to any rate, the Commission may determine that a portion of such change shall become effective not later than 60 days after the filing of a petition on a temporary basis pending the final decision of the Commission; and

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

1. Pursuant to 26 Del. C. §§304(a) and 306(a)(2) and the process set forth by the Commission in Order No. 6401 (April 20, 2004), the proposed increase in the current ESR rate from a positive surcharge of \$0.00122 per ccf to a positive surcharge rate of \$0.00128 per ccf for all firm delivery service customers is hereby permitted to become effective for gas usage on and after November 1, 2015, with proration, and subject to refund pending further review and final decision by the Commission.

2. The Commission shall not assign this docket to a Hearing Examiner to conduct an evidentiary hearing, but, rather, shall conduct an evidentiary hearing on the Application during its regularly-scheduled meeting on _____, at ____ p.m. at 861 Silver Lake Boulevard, 1st Floor Hearing Room, Cannon Building, Dover, DE 19904.

3. As outlined in the form of Public Notice, interested persons or entities are afforded the opportunity to file written comments or objections to the proposed change in the ESR rate. Such written comments or objections must be filed *on or before* _____, 2015. In addition, the Commission will accept public comments on the Application immediately prior to the commencement of the evidentiary hearing on _____, 2015.

4. Pursuant to 26 Del. C. § 502 and 29 Del. C. ch. 101, the Commission designates Hearing Examiner _____ for the sole purpose of considering any petitions for intervention that may be filed in this docket.

5. Delmarva Power & Light Company shall provide public notice of the filing of its Application, this Order and the date of the evidentiary hearing by publishing notices in the form attached hereto as Exhibit "A" in the legal classified section of The News Journal

newspaper in two-column format, outlined in black, on _____. Proof of such publication is to be provided to the Commission as soon as practical but not later than the commencement of the evidentiary hearing concerning this matter.

6. The deadline for intervention pursuant to 26 *Del. Admin C.* §1001-2.9 shall be _____. Petitions for intervention that are not received by the Commission **on or before** _____, 2015, will not be granted unless good cause is shown. In addition, any intervenor wishing to oppose the Application must e- file written prefiled testimony with the Commission pursuant to the Rules of Practice and Procedure of the Commission (26 *Del. Admin C.* §1001-6.4), on or before _____, 2015. Copies of such testimony must be served on the following persons:

Jo Donoghue, Esquire Deputy Attorney General Public Service Commission 820 N. French Street 6th Floor Wilmington, DE 19801 (302) 577-8348 julie.donoghue@state.de.us	Regina A. Iorri, Esquire Deputy Attorney General Division of the Public Advocate 820 N. French Street 6th Floor Wilmington, DE 19801 (302) 577-8159 regina.iorri@state.de.us
---	---

<p>Pamela J. Scott, Esquire Delmarva Power & Light Assistant General Counsel 500 North Wakefield Drive Newark, DE 19702-5440 (Private Mail Service) or P. O. Box 6066 Mail Stop: 92DC42 Newark, DE 19714-6066 (302) 429-3143 pjscott@pepcoholdings.com</p>	<p>Malika Davis Delaware Public Service Commission 861 Silver Lake Blvd., Suite 100 Dover, DE 19904 (302) 736-7521 malika.davis@state.de.us</p>
<p>Connie McDowell Delaware Public Service Commission 861 Silver Lake Blvd., Suite 100 Dover, DE 19904 (302) 736-7535 connie.mcdowell@state.de.us</p>	
<p>Leonard J. Beck Delmarva Power & Light Company Regulatory Affairs 401 Eagle Run Road Newark, DE 19702 (Private Mail Service) or P.O. Box 9239 Mail Stop: 79NC59 Newark, DE 19714-9239 (302) 454-4839 Len.beck@pepcoholdings.com</p>	<p>Ryan Robichaud Senior Supervising Engineer Delmarva Power & Light Company 84CP22 5 Collins Drive Carneys Point, NJ 08069 (856) 351-7800 ryan.robichaud@pepcoholdings.com</p>
<p>David Bonar Public Advocate 29 South State Street Dover, DE 19901 (302) 241-2550 david.bonar@state.de.us</p>	<p>Kristin M. McEvoy Delmarva Power & Light Company Regulatory Compliance Pricing 401 Eagle Run Road Newark, DE 19714 (Private Mail Service) or P.O. Box 9239 Mail Stop: 79 NC 59 Newark, DE 19714-9239 (302) 454-4187</p>

Any written pre-filed testimony sent by an intervenor that is not received by the Commission *on or before* _____, 2015 shall not be considered.

7. Delmarva Power & Light Company is hereby put on notice that it will be charged the costs incurred by the Commission Staff and the Division of the Public Advocate in connection with this proceeding under the provisions of 26 *Del. C.* §114(b)(1).

8. 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

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Donna Nickerson
Secretary

EXHIBIT "A"

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

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR AN ANNUAL UPDATE IN THE GAS) PSC DOCKET NO. 15-____
ENVIRONMENTAL SURCHARGE RIDER RATE)
(FILED AUGUST 26, 2015))

PUBLIC NOTICE

**OF UPDATE TO DELMARVA POWER AND LIGHT COMPANY'S GAS
ENVIRONMENTAL SURCHARGE RIDER RATE**

**TO: ALL NATURAL GAS CUSTOMERS OF DELMARVA POWER & LIGHT
COMPANY, AND OTHER INTERESTED PERSONS**

The Delaware Public Service Commission (the "Commission") will conduct a public comment session and evidentiary hearing concerning the above-captioned case (as further explained below) at the following time and location:

Date & Time

Location

**Hearing Room
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building
Dover, DE 19904**

DP&L's Environmental Surcharge Rider Rate, PSC Docket No. 15-_____

Pursuant to the environmental remediation recovery mechanism approved in PSC Order No. 6401 (Apr. 20, 2004), in Docket No. 04-53, Delmarva Power & Light Company ("Delmarva" or the "Company"), has filed an application (the "Application") with the Commission proposing an increase in the Environmental Surcharge Rider ("ESR") from a positive surcharge of \$0.00122 per ccf to a positive surcharge rate of \$0.00128 per ccf for all firm delivery service customers, with the increased rate to become effective with usage on

and after November 1, 2015, with proration, subject to modification and refund after an evidentiary hearing.

For a typical residential space heating customer using 120 ccf of gas in a winter month, the effect of the proposed ESR rate change will be \$0.01 on the monthly winter bill. The effect of the increase on commercial and industrial customers will depend on their usage.

By Order No. _____ dated _____, 2015, the Commission permitted the proposed rates to become effective with usage on and after November 1, 2015, with proration, subject to modification and refund after an evidentiary hearing.

On _____, 2015, starting at 1:00 p.m., the Commission will consider whether to grant Delmarva's Application. The evidentiary hearing will be held at the Commission's office located at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904. The Commission will render a decision based upon the evidence presented to it at this evidentiary hearing.

Interested persons or entities are afforded the opportunity to file written comments or objections to the proposed change in the ESR rate. Such written comments or objections must be filed *on or before* _____, 2015. Please send these written comments to the Commission's address listed above and note the "attention to" as "PSC Docket No. 15-_____." Written comments may also be submitted electronically at <https://delafile@state.delaware.gov/>.

In addition, the Commission will accept public comments on the Application immediately prior to the commencement of the evidentiary hearing on _____, 2015.

If you wish to formally participate as a party in this docket, with the right to submit evidence and to be represented by counsel, you must file with the Commission a written petition asking for leave to intervene in this docket in accordance with the requirements of the Commission's Rules of Practice and Procedure (26 Del. Admin C. §1001-2.9) *on or before* _____, 2015. All such petitions should be e-filed according to the Rules. Petitions for intervention that are not received by the Commission *on or before* _____, 2015, will not be granted unless good cause is shown. Petitions received thereafter will not be considered except for good cause shown. If intervention status is granted, any intervenor wishing to oppose the Application shall file written prefiled testimony with the Commission *on or before* _____, 2015. Any submissions sent by an intervenor that are not received by the Commission *on or before* _____, 2015

will not be considered. Such written submissions shall also be served on the persons identified in Order No. ____ in this docket dated _____.

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 <https://delafile@state.de.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 the Company's Application and supporting documents at the office of the Division of the Public Advocate locate at 29 South State Street, Dover, DE 19901. Please call (302) 241-2545 to arrange for a time to review the documents at that location.

If you wish to request copies of the 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>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 *Del. C. ch.* 100.

Any individual with a disability desiring to participate in these proceedings or to review the filings should contact the Commission to discuss any auxiliary aids or services needed. The Commission Staff can also provide additional information about this docket. 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-_____" as the subject.

Tariff Sheets

RATES AND CHARGES
CORE SALES RATE LEAF

SERVICE CLASSIFICATION	BASE RATE	BASIS
<u>Residential Gas Sales Service ("RG")</u>		
Customer Charge	\$11.41	per month
Delivery Charge	\$0.50229	per CCF
Space Heating Delivery Charge 1/ Over 50 CCF	\$0.40306	per CCF
Environmental Surcharge Rider	\$0.0012200128	per CCF
Gas Cost Rate (GCR)	\$0.53563	per CCF
<u>General Gas Sales Service ("GG")</u>		
Customer Charge	\$34.37	per month
Delivery Charge		
First 750 CCF	\$0.41726	per CCF
Over 750 CCF	\$0.31167	per CCF
Environmental Surcharge Rider	\$0.0012200128	per CCF
Gas Cost Rate (GCR)	\$0.53563	per CCF
<u>Gas Lighting Sales Service ("GL")</u>		
(Estimated Usage - 15 CCF per month)		
Monthly Charge	\$ 7.06	per gas light
Gas Cost Rate (GCR)	\$ 8.03	per gas light
<u>Medium Volume Gas Sales Service ("MVG")</u>		
Customer Charge	\$674.36	per month
Demand Charge	\$ 15.98	per MCF of Billing MDQ
Delivery Charge 2/	\$0.51276	per MCF
Environmental Surcharge Rider	\$0.0121501282	per MCF
Gas Cost Rate (GCR) Demand Charge	\$9.8132	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	\$3.5695	per MCF
<u>Large Volume Gas Sales Service ("LVG")</u>		
Customer Charge	\$1,010.59	per month
Demand Charge	\$ 9.84	per MCF of Billing MDQ
Delivery Charge 2/	\$0.12335	per MCF
Environmental Surcharge Rider	\$0.0121501282	per MCF
Gas Cost Rate (GCR) Demand Charge	\$9.8132	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	Varies	per MCF

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81
1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating delivery rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.
2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order Nos. 8767-
Docket Nos. 14-0295F

Filed: August 2026, 2015

Effective with Usage On and After November 1, 2014, 2015

Formatted: Font: 11 pt

Filed in Compliance with Order No. 8767 in Docket No. 14-0295F

To reflect Gas Cost Rate Approved as Final
(Originally Effective November 1, 2014)

Proposed

Delmarva Power & Light Company
~~Eleventh~~^{Twelfth}
P.S.C. Del. No. 5 – Gas

Leaf No.: 37a
Revision:

Revised: August 2026, 2015

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Production ("LVG-QFCP-RC")</u>		
Customer Charge	\$1,086.02	per month
Demand Charge	\$6.897670	per MCF of Billing MDQ
Capital Recovery Charge	Varies	per Customer's Executed Service Agreement
Environmental Surcharge Rider	\$0.0121501282	per MCF
Gas Cost Rate (GCR) Commodity Charge 1/	Varies	per MCF

Public Utilities Tax: 4.25% applies to all non-residential services, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% charged on all non-exempt services, in the City of Wilmington.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

- 1/ All LVG-QFCP-RC customers pay a Commodity Charge Rate based upon the Gas Daily Average (GDA) for Transco Zone 6 Non-New York price plus any premiums incurred by Delmarva to provide this service.

Order Nos. 8767
Docket Nos. 14-0295F

Filed: August 2026, 2015

Effective with Usage On and After November 1, 2014²⁰¹⁵

Filed in Compliance with Order No. 8767 in Docket No. 14-0295F

To reflect Gas Cost Rate Approved as Final

(Originally Effective November 1, 2014)

Proposed

Formatted: Border: Top: (No border)

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>General Volume Firm Transportation Service ("GVFT")</u>		
Customer Charge	\$119.76	per month
Delivery Charge		
First 750 CCF	\$0.41726	per CCF Redelivered
Over 750 CCF	\$0.31167	per CCF Redelivered
Balancing Fee Non-Base Rate	\$0.03388	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.0012200128	per CCF
<u>Medium Volume Firm Transportation Service ("MVFT")</u>		
Customer Charge	\$749.79	per month
Demand Charge	\$ 15.98	per MCF of Billing MDQ
Delivery Charge	\$ 0.51276	per MCF Redelivered
Balancing Fee Non-Base Rate	\$0.3388	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.0121501282	per MCF
<u>Large Volume Firm Transportation Service ("LVFT")</u>		
Customer Charge	\$1,086.02	per month
Demand Charge	\$ 9.84	per MCF of Billing MDQ
Delivery Charge	\$ 0.12335	per MCF Redelivered
Balancing Fee Non-Base Rate	\$0.3388	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.0121501282	per MCF
<u>Standby Service ("SBS")</u>		
Demand Charge Non-Base Rate	\$9.8132	per MCF of Standby MDQ
Commodity Charge		Monthly System WACCOG per MCF (adjusted for losses and unaccounted for)

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

Order No. 8767 Filed: August 2026, 2015
Docket No. 14-0295F Effective with Usage On and After November 1, 20142015
Filed in Compliance with Order No. 8767 in Docket No. 14-0295F
To reflect Gas Cost Rate Approved as Final
(Originally Effective November 1, 2014)
Proposed

RIDER "ESR" (continued)

ENVIRONMENTAL SURCHARGE RIDER

E. Determination of the Rate continued

(2) Reconciliation Factor: The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve-month period ending with the month of July immediately preceding the beginning of the next recovery year.

(3) Rider Rate: The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of November 1 through October 31.

F. Definitions

Environmental Cost Year (ECY) - is the time period over which environmental costs are incurred and any payments from other parties are netted against those costs. For purposes of this rider, the ECY is from June 1 through May 31. The ECY will include actual data recorded for the year. Recovery of environmental costs for an ECY will begin with the Recovery year that starts immediately following the end of the ECY.

Recovery Year - is each November 1 through October 31 and is the time period which the annually calculated environmental rider will be billed to firm customers.

Tax benefit (TB) - associated with environmental expenditures shall be calculated as follows:

$$Tb_n = AEC_n * [(5-x)/5] * 0.1118 * 0.40655$$

Where:

AEC_n = Actual Environmental Costs incurred in ECY "n"

X = The number of years that the Actual Environmental Costs (AEC) incurred in Year "n" have been subject to amortization (x= 1, 2, 3, and 4)

0.1118 = Before Tax Cost Rate

0.40655 = Effective Combined Federal and State Income Tax Rate.

The Before Tax Cost Rate of 0.1118 and the Effective Combined Federal and State Income Tax Rate of 0.40655 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting with the next Rider Rate is calculated for the next Recovery year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for the next ECY that ends after the rate changes.

**RATES AND CHARGES
CORE SALES RATE LEAF**

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Residential Gas Sales Service ("RG")</u>		
Customer Charge	\$11.41	per month
Delivery Charge	\$0.50229	per CCF
Space Heating Delivery Charge 1/ Over 50 CCF	\$0.40306	per CCF
Environmental Surcharge Rider	\$0.00128	per CCF
Gas Cost Rate (GCR)	\$0.53563	per CCF
<u>General Gas Sales Service ("GG")</u>		
Customer Charge	\$34.37	per month
Delivery Charge		
First 750 CCF	\$0.41726	per CCF
Over 750 CCF	\$0.31167	per CCF
Environmental Surcharge Rider	\$0.00128	per CCF
Gas Cost Rate (GCR)	\$0.53563	per CCF
<u>Gas Lighting Sales Service ("GL")</u>		
(Estimated Usage - 15 CCF per month)		
Monthly Charge	\$ 7.06	per gas light
Gas Cost Rate (GCR)	\$ 8.03	per gas light
<u>Medium Volume Gas Sales Service ("MVG")</u>		
Customer Charge	\$674.36	per month
Demand Charge	\$ 15.98	per MCF of Billing MDQ
Delivery Charge 2/	\$0.51276	per MCF
Environmental Surcharge Rider	\$0.01282	per MCF
Gas Cost Rate (GCR) Demand Charge	\$9.8132	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	\$3.5695	per MCF
<u>Large Volume Gas Sales Service ("LVG")</u>		
Customer Charge	\$1,010.59	per month
Demand Charge	\$ 9.84	per MCF of Billing MDQ
Delivery Charge 2/	\$0.12335	per MCF
Environmental Surcharge Rider	\$0.01282	per MCF
Gas Cost Rate (GCR) Demand Charge	\$9.8132	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	Varies	per MCF

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating delivery rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.
2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Production ("LVG-QFCP-RC")</u>		
Customer Charge	\$1,086.02	per month
Demand Charge	\$6.897670	per MCF of Billing MDQ
Capital Recovery Charge	Varies	per Customer's Executed Service Agreement
Environmental Surcharge Rider	\$0.01282	per MCF
Gas Cost Rate (GCR) Commodity Charge 1/	Varies	per MCF

Public Utilities Tax: 4.25% applies to all non-residential services, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% charged on all non-exempt services, in the City of Wilmington.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

1/ All LVG-QFCP-RC customers pay a Commodity Charge Rate based upon the Gas Daily Average (GDA) for Transco Zone 6 Non-New York price plus any premiums incurred by Delmarva to provide this service.

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>General Volume Firm Transportation Service ("GVFT")</u>		
Customer Charge	\$119.76	per month
Delivery Charge		
First 750 CCF	\$0.41726	per CCF Redelivered
Over 750 CCF	\$0.31167	per CCF Redelivered
Balancing Fee Non-Base Rate	\$0.03388	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00128	per CCF
<u>Medium Volume Firm Transportation Service ("MVFT")</u>		
Customer Charge	\$749.79	per month
Demand Charge	\$ 15.98	per MCF of Billing MDQ
Delivery Charge	\$ 0.51276	per MCF Redelivered
Balancing Fee Non-Base Rate	\$0.3388	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.01282	per MCF
<u>Large Volume Firm Transportation Service ("LVFT")</u>		
Customer Charge	\$1,086.02	per month
Demand Charge	\$ 9.84	per MCF of Billing MDQ
Delivery Charge	\$ 0.12335	per MCF Redelivered
Balancing Fee Non-Base Rate	\$0.3388	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.01282	per MCF
<u>Standby Service ("SBS")</u>		
Demand Charge Non-Base Rate	\$9.8132	per MCF of Standby MDQ
Commodity Charge		Monthly System WACCOG per MCF (adjusted for losses and unaccounted for)

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

Order No.
Docket No.

Filed: August 26, 2015
Effective with Usage On and After November 1, 2015
Proposed

RIDER “ESR” (continued)

ENVIRONMENTAL SURCHARGE RIDER

E. Determination of the Rate continued

(2) Reconciliation Factor: The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve-month period ending with the month of July immediately preceding the beginning of the next recovery year.

(3) Rider Rate: The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of November 1 through October 31.

F. Definitions

Environmental Cost Year (ECY) - is the time period over which environmental costs are incurred and any payments from other parties are netted against those costs. For purposes of this rider, the ECY is from June 1 through May 31. The ECY will include actual data recorded for the year. Recovery of environmental costs for an ECY will begin with the Recovery year that starts immediately following the end of the ECY.

Recovery Year – is each November 1 through October 31 and is the time period which the annually calculated environmental rider will be billed to firm customers.

Tax benefit (TB) – associated with environmental expenditures shall be calculated as follows:

$$Tb_n = AEC_n * [(5-x)/5] * 0.1118 * 0.40655$$

Where:

AEC_n = Actual Environmental Costs incurred in ECY “n”

X = The number of years that the Actual Environmental Costs (AEC) incurred in Year “n” have been subject to amortization (x= 1, 2, 3, and 4)

0.1118 = Before Tax Cost Rate

0.40655 = Effective Combined Federal and State Income Tax Rate.

The Before Tax Cost Rate of 0.1118 and the Effective Combined Federal and State Income Tax Rate of 0.40655 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting with the next Rider Rate is calculated for the next Recovery year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for the next ECY that ends after the rate changes.

Schedules

Delmarva Power Light Company
2015 Annual Gas Environmental Surcharge Filing
PSC Docket No. 15-_____

Summary of Environmental Surcharge Rider To-Date

A B C D E F

Since the Environmental Surcharge Rider was established, the Delaware Public Service Commission has approved (or may approve with this filing) for the recovery by Delmarva Power the following amounts for remediation expenses at the three Wilmington subdivided sites, and the net amounts collected from Customers.

DOCKET NO.:	REMEDIAATION EXPENSES:	% OF TOTAL:	CUSTOMERS TO PAY:	CUSTOMER BENEFIT*:	PERIODS ENDING:
04-053	\$ 522,988.00	13%	\$ 475,442.33	\$ 47,545.67	May 31, 2003
04-484	\$ 55,751.00	1%	\$ 50,682.68	\$ 5,068.32	May 31, 2004
05-356	\$ 957,588.96	24%	\$ 870,533.01	\$ 87,055.95	May 31, 2005
06-283	\$ 798,811.76	20%	\$ 726,196.11	\$ 72,615.65	May 31, 2006
07-237	\$ 54,679.30	1%	\$ 49,779.84	\$ 4,899.46	May 31, 2007
08-267	\$ 18,913.20	0%	\$ 17,218.50	\$ 1,694.70	May 31, 2008
09-384	\$ 14,584.07	0%	\$ 13,277.28	\$ 1,306.79	May 31, 2009
10-290	\$ 43,732.82	1%	\$ 39,814.21	\$ 3,918.61	May 31, 2010
11-382	\$ 13,167.99	0%	\$ 12,004.15	\$ 1,163.84	May 31, 2011
12-420	\$ 112,416.42	3%	\$ 102,480.62	\$ 9,935.80	May 31, 2012
13-348	\$ 508,777.98	12%	\$ 409,481.68	\$ 99,296.30	May 31, 2013
14-296	\$ 971,862.01	24%	\$ 888,256.63	\$ 83,605.38	May 31, 2014
15-	\$ 953.46	0%	\$ 871.43	\$ 82.03	May 31, 2015
TOTALS:	\$ 4,074,226.97	100%	\$ 3,656,038.47	\$ 418,188.50	

* The Customer Benefit figures above reflect the dollar savings Customers received from the deferred taxes associated with the unamortized remediation cost balance, but does not reflect the carrying costs (interest) paid by the Company for the unamortized balances, or uncollected accounts. In addition, internal labor costs and associated benefits to manage the clean-up process and prepare this annual filing are not permitted to be included in this Environmental Surcharge Rider filing.

Delmarva Power Light Company
 2015 Annual Gas Environmental Surcharge Filing
 PSC Docket No. 15-___

Cost Recovery Schedule for
 Environmental Cost Year
 June 1, 2014 through May 31, 2015

	A	B	C	D	E	F	G	H
1	Expenses		\$ 953.46	1/				
2	Cost of Capital		7.29%	2/				
3	Tax Rate		40.655%					
4	Adjusted Cost of Capital		10.58%					

Year	Amortization	Unamortized balance	Income Taxes	Deferred Tax Account	Deferred Tax Benefit	Amount To be Recovered	To be recovered during Recovery Year Beginning
5	\$ 190.69	\$ 762.77	\$ 77.53	\$ 310.12	\$ 32.81	\$ 157.88	3/ Nov-15
6	\$ 190.69	\$ 572.08	\$ 77.53	\$ 232.59	\$ 24.61	\$ 166.08	Nov-16
7	\$ 190.69	\$ 381.39	\$ 77.53	\$ 155.06	\$ 16.41	\$ 174.28	Nov-17
8	\$ 190.69	\$ 190.68	\$ 77.53	\$ 77.53	\$ 8.20	\$ 182.49	Nov-18
9	\$ 190.70	\$ -	\$ 77.53	\$ -	\$ -	\$ 190.70	Nov-19
10							
11	Total \$	\$ 953.46	\$ 387.65	\$ -	\$ 82.03	\$ 871.43	

1/ Costs as shown on Schedule KMM-2
 2/ Cost of Capital calculated from the Settlement Agreement in Docket No. 12-546
 3/ Amount to be recovered this year in addition to the four prior years previously approved. (Reference Schedule KMM-5)

Delmarva Power Light Company
2015 Annual Gas Environmental Surcharge Filing
PSC Docket No. 15-_____

Schedule of Over/Under Collection

A	B	C	D	E	F	G	H
Year	Month	Total Firm Estimated Throughput (mcf) ^{1/}	ESR Rates	Rate Charged Net of PSC Assessment (mcf) ^{3/}	Amount To be Recovered Net of PSC Assessment	Actual Recovery Net of PSC Assessment	(Over)/Under Recovery Net of PSC Assessment
1	2014 July	1/ 787,503	\$ 0.00591	\$ 0.00589	\$ 4,640.18	\$ 4,106.19	\$ 533.99
2	2014 August	1/ 731,049	\$ 0.00591	\$ 0.00589	\$ 4,307.54	\$ 4,060.24	\$ 247.30
3	2014 September	1/ 778,844	\$ 0.00591	\$ 0.00589	\$ 4,589.16	\$ 4,083.55	\$ 505.61
4	2014 October	1/ 938,993	\$ 0.00591	\$ 0.00589	\$ 5,532.80	\$ 4,702.84	\$ 829.96
5	2014 November	2/ 1,464,381	\$ 0.01215	\$ 0.01211	\$ 17,738.85	\$ 14,174.57	\$ 3,564.28
6	2014 December	2/ 2,358,378	\$ 0.01215	\$ 0.01211	\$ 28,568.33	\$ 28,769.78	\$ (201.45)
7	2015 January	2/ 3,230,196	\$ 0.01215	\$ 0.01211	\$ 39,129.14	\$ 42,856.21	\$ (3,727.07)
8	2015 February	2/ 3,127,498	\$ 0.01215	\$ 0.01211	\$ 37,885.10	\$ 42,552.77	\$ (4,667.67)
9	2015 March	2/ 2,873,790	\$ 0.01215	\$ 0.01211	\$ 34,811.80	\$ 41,561.02	\$ (6,749.22)
10	2015 April	2/ 1,871,496	\$ 0.01215	\$ 0.01211	\$ 22,670.46	\$ 22,935.32	\$ (264.86)
11	2015 May	2/ 1,097,721	\$ 0.01215	\$ 0.01211	\$ 13,297.30	\$ 12,457.71	\$ 839.59
12	2015 June	2/ 786,788	\$ 0.01215	\$ 0.01211	\$ 9,530.80	\$ 9,203.46	\$ 327.34
13	Total	20,046,637			\$ 222,701.46	\$ 231,463.66	\$ (8,762.20)

1/ Estimated throughput as shown in the Company's filing approved December 18, 2013 by Commission order No. 8496 in Docket No 13-348
 2/ Estimated throughput as shown in the Company's filing approved December 4, 2014 by Commission order No. 8680 in Docket No 14-296
 3/ Rate charge is net of PSC Assessment (\$0.00591* .997 for July 2014 to October 2014 and \$0.01215* .997 for November 2014 to June 2015)

Coltene Power Light Company
2015 Annual Cost Environmental Surcharge Filing
PSC Docket No. 15-____

Schedule of Summary of Environmental Cost Year Recoveries

Recovery Year Beginning	A	B	C	D	E	F	G	H	I	J	K	L	Year Ending
	Environmental Cost Year Ending May-04	Environmental Cost Year Ending May-04	Environmental Cost Year Ending May-04	Environmental Cost Year Ending May-05	Environmental Cost Year Ending May-06	Environmental Cost Year Ending May-07	Environmental Cost Year Ending May-08	Environmental Cost Year Ending May-09	Environmental Cost Year Ending May-10	Environmental Cost Year Ending May-11	Environmental Cost Year Ending May-12	Environmental Cost Year Ending May-13	Year Ending
1	Nov-03	\$ 95,576.33	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	1
2	Nov-04	\$ 96,333.90	\$ 1	\$ 156,865.41	\$ 130,716.09	\$ 8,976.08	\$ 3,104.76	\$ 2,394.10	\$ 7,179.13	\$ 2,168.00	\$ 18,508.89	\$ 83,798.47	2
3	Nov-05	\$ 99,843.03	\$ 1	\$ 165,461.01	\$ 137,977.66	\$ 9,486.02	\$ 3,374.29	\$ 2,524.77	\$ 7,570.98	\$ 2,284.43	\$ 19,502.64	\$ 50,235.30	3
4	Nov-06	\$ 104,597.60	\$ 1	\$ 174,106.80	\$ 145,295.22	\$ 10,446.51	\$ 3,443.70	\$ 2,856.45	\$ 7,982.84	\$ 2,512.22	\$ 20,598.12	\$ 51,886.34	4
5	Nov-07	\$ 11,150.22	\$ 1	\$ 181,517.70	\$ 159,762.39	\$ 10,959.86	\$ 3,613.17	\$ 2,918.83	\$ 8,746.56	\$ 2,633.59	\$ 22,483.28	\$ 61,822.97	5
6	Nov-08	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	6
7	Nov-09	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	7
8	Nov-10	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	8
9	Nov-11	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	9
10	Nov-12	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	10
11	Nov-13	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	11
12	Nov-14	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	12
13	Nov-15	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	13
14	Nov-16	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	14
15	Nov-17	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	15
16	Nov-18	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	16
17	Nov-19	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	17
18	Total	\$ 475,442.33	\$ 50,687.88	\$ 870,533.01	\$ 726,198.11	\$ 49,778.84	\$ 17,218.50	\$ 13,277.28	\$ 39,814.21	\$ 12,004.15	\$ 102,480.50	\$ 409,481.68	

Recovery Year Beginning	M	N	O	P	Q	R
	Environmental Cost Year Ending May-15	Environmental Cost Year Ending May-15	Subtotal To Be Recovered Nov-15 - Oct-16 Recovery Year	(Over)/Under Recovery	Total To Be Recovered Nov-15 - Oct-16 Recovery Year	(Over)/Under Recovery as % of Total
1	Nov-03	\$ 1	\$ 1	\$ 1	\$ 1	
2	Nov-04	\$ 1	\$ 1	\$ 1	\$ 1	
3	Nov-05	\$ 1	\$ 1	\$ 1	\$ 1	
4	Nov-06	\$ 1	\$ 1	\$ 1	\$ 1	
5	Nov-07	\$ 1	\$ 1	\$ 1	\$ 1	
6	Nov-08	\$ 1	\$ 1	\$ 1	\$ 1	
7	Nov-09	\$ 1	\$ 1	\$ 1	\$ 1	
8	Nov-10	\$ 1	\$ 1	\$ 1	\$ 1	
9	Nov-11	\$ 1	\$ 1	\$ 1	\$ 1	
10	Nov-12	\$ 1	\$ 1	\$ 1	\$ 1	
11	Nov-13	\$ 1	\$ 1	\$ 1	\$ 1	
12	Nov-14	\$ 160,530.25	\$ 1	\$ 1	\$ 1	
13	Nov-15	\$ 169,200.79	\$ 1	\$ 275,488.30	\$ 296,706.10	-3.29%
14	Nov-16	\$ 177,051.32	\$ 1	\$ 1	\$ 1	
15	Nov-17	\$ 186,011.86	\$ 1	\$ 1	\$ 1	
16	Nov-18	\$ 194,372.41	\$ 1	\$ 1	\$ 1	
17	Nov-19	\$ 1	\$ 1	\$ 1	\$ 1	
18	Total	\$ 890,256.83	\$ 871.42	\$ 275,488.30	\$ 296,706.10	-3.29%

- 1/ Environmental Cost Year Recovery as shown in the Company's filing approved April 20, 2004 by Commission Order No. 6401 in Docket No. 04-23
- 2/ Environmental Cost Year Recovery as shown in the Company's filing approved May 24, 2005 by Commission Order No. 6926 in Docket No. 04-384
- 3/ Environmental Cost Year Recovery as shown in the Company's filing approved April 23, 2006 by Commission Order No. 8598 in Docket No. 04-384
- 4/ Environmental Cost Year Recovery as shown in the Company's filing approved March 17, 2007 by Commission Order No. 9058 in Docket No. 05-283
- 5/ Environmental Cost Year Recovery as shown in the Company's filing approved March 17, 2008 by Commission Order No. 7497 in Docket No. 07-237
- 6/ Environmental Cost Year Recovery as shown in the Company's filing approved May 18, 2009 by Commission Order No. 7956 in Docket No. 08-267
- 7/ Environmental Cost Year Recovery as shown in the Company's filing approved December 22, 2009 by Commission Order No. 7956 in Docket No. 08-267
- 8/ Environmental Cost Year Recovery as shown in the Company's filing approved October 19, 2010 by Commission Order No. 7956 in Docket No. 08-384
- 9/ Environmental Cost Year Recovery as shown in the Company's filing approved November 11, 2011 by Commission Order No. 8541 in Docket No. 10-299
- 10/ Environmental Cost Year Recovery as shown in the Company's filing approved November 11, 2011 by Commission Order No. 8541 in Docket No. 10-299
- 11/ Environmental Cost Year Recovery as shown in the Company's filing approved November 11, 2011 by Commission Order No. 8541 in Docket No. 10-299
- 12/ Environmental Cost Year Recovery as shown in the Company's filing approved November 11, 2011 by Commission Order No. 8541 in Docket No. 10-299
- 13/ Environmental Cost Year Recovery as shown in the Company's filing approved November 11, 2011 by Commission Order No. 8541 in Docket No. 10-299
- 14/ Reference Schedule KMM-4

Balances to be collected in future periods above:	
19	Actual - 2015
20	\$ 287,041.74
21	\$ 194,554.90
22	\$ 190.70
23	\$ 774,813.96
Total	\$ 774,813.96

Delmarva Power Light Company
2015 Annual Gas Environmental Surcharge Filing
PSC Docket No. 15-_____

Environmental Surcharge Rider Rate Calculation

A B C D E F G H I J K

Month	Residential Service	General Service	Medium Volume Service	LVG-QFCP-RC Volume Service	Total Firm Sales	Firm Transportation	Total Firm Throughput	Recovery at \$ 0.01282	Recovery Net of PSC Assessment	PSC Assessment
Nov-15	485,384	263,750	12,657	141,735	903,526	557,192	1,460,718	\$ 18,731.50	\$ 18,675.47	\$ 56.03
Dec-15	1,095,546	506,029	24,120	146,502	1,772,197	539,250	2,311,447	\$ 29,640.81	\$ 29,552.15	\$ 88.66
Jan-16	1,643,160	761,139	40,156	146,047	2,590,502	785,774	3,376,276	\$ 43,295.63	\$ 43,166.13	\$ 129.50
Feb-16	1,649,283	730,390	34,571	136,624	2,550,868	771,020	3,321,888	\$ 42,598.18	\$ 42,470.77	\$ 127.41
Mar-16	1,396,203	658,123	30,154	146,047	2,230,527	757,566	2,988,093	\$ 38,317.77	\$ 38,203.16	\$ 114.61
Apr-16	876,427	425,066	24,489	141,336	1,467,328	535,379	2,002,707	\$ 25,661.68	\$ 25,604.87	\$ 76.81
May-16	423,902	233,087	11,989	145,047	815,025	440,731	1,255,756	\$ 16,103.17	\$ 16,055.00	\$ 48.17
Jun-16	229,990	144,136	6,928	141,336	522,390	342,884	865,274	\$ 11,095.83	\$ 11,062.64	\$ 33.19
Jul-16	144,442	117,051	4,660	146,047	412,200	378,756	790,956	\$ 10,142.81	\$ 10,112.48	\$ 30.34
Aug-16	119,994	101,167	3,812	146,047	371,020	383,860	754,880	\$ 9,680.19	\$ 9,651.24	\$ 28.95
Sep-16	140,068	119,156	4,469	141,336	405,029	377,373	782,402	\$ 10,033.12	\$ 10,003.11	\$ 30.01
Oct-16	218,154	152,881	5,077	146,047	521,959	428,292	950,251	\$ 12,185.53	\$ 12,149.08	\$ 36.45
Totals	8,422,553	4,211,775	203,092	1,725,151	14,562,571	6,298,077	20,860,648	\$ 267,506.22	\$ 266,706.10	\$ 800.12

118,648 Residential Customers as of July 2015
71 Average annual usage (MCF)
\$ 0.91 Average annual ESR cost (current rate of \$0.01282)

Rate Calculation:

Subtotal to be Recovered (Nov. 1, 2015 to Oct. 31, 2016 - Sched. KMM-5)	\$ 266,706.10
PSC Assessment added at:	0.30%
Total Recovery including PSC Assessment	\$ 267,506.22
Firm Throughput (mcf)	20,860,648
Proposed Rate per mcf	\$ 0.01282
Proposed Rate per ccf	\$ 0.00128
Rate Currently in Effect per ccf	\$ 0.00122
Typical monthly heating bill impact on 120 ccf residential customer	\$ 0.01

1/ The Sales Forecast is from the Company's GCR filing submitted on August 27, 2015 from Schedule RWB-1 Adjusted as follows:

Schedule RWB-1 (page 2 of 3)	19,135,701
Less: Gas Lighting (204)	
Plus: LVG-QFCP-RC (MCF)	1,725,151
	<u>20,860,648</u>

Delmarva Power Light Company 2015 - 2016 GCR + ESR Period Gas Sales Budget

Firm Bundled Sales							
all in mcf	RES	RSH	GL	GG	MVG	LVG	Total
Aug-15	8,589	102,037	17	101,214	5,226	-	217,083
Sep-15	9,531	101,998	17	106,977	5,175	-	223,698
Oct-15	10,335	185,329	17	149,842	7,700	-	353,223
Total	28,455	389,364	50	358,033	18,101	-	794,003
Nov-15	16,798	468,586	17	263,750	12,657	-	761,808
Dec-15	31,655	1,063,891	17	506,029	24,120	-	1,625,712
Jan-16	44,263	1,598,897	17	761,139	40,156	-	2,444,472
Feb-16	42,467	1,606,816	17	730,390	34,571	-	2,414,261
Mar-16	42,651	1,353,552	17	658,123	30,154	-	2,084,497
Apr-16	35,482	840,945	17	425,066	24,499	-	1,326,009
May-16	17,499	406,403	17	233,087	11,989	-	668,995
Jun-16	11,926	218,064	17	144,136	6,928	-	381,071
Jul-16	9,261	135,181	17	117,051	4,660	-	266,170
Aug-16	7,930	112,064	17	101,167	3,812	-	224,990
Sep-16	8,459	131,609	17	119,156	4,469	-	263,710
Oct-16	10,850	207,304	17	152,681	5,077	-	375,929
Total	279,241	8,143,312	204	4,211,775	203,092	-	12,837,624

Comparison to August 2014 GCR & ESR forecast for 14-15 GCR period:

Total	251,386	7,598,883	204	3,964,541	220,911	-	12,035,925
Change	27,855	544,429	-	247,234	(17,819)	-	801,699
%Change	10.0%	6.7%	0.0%	5.9%	-8.8%	0.0%	6.2%

Delmarva Power Light Company 2015 - 2016 GCR + ESR Period Gas Sales Budget

all in mcf	Firm Transportation			Firm Throughput	
	GVFT	MVFT	LVFT		Total
Aug-15	30,318	66,761	290,485	387,564	604,647
Sep-15	33,287	70,294	289,998	393,579	617,277
Oct-15	49,818	88,618	305,275	443,711	796,934
Total	113,423	225,673	885,758	1,224,854	2,018,857
Nov-15	82,604	127,415	347,173	557,192	1,319,000
Dec-15	82,494	127,176	329,580	539,250	2,164,962
Jan-16	132,229	178,358	475,187	785,774	3,230,246
Feb-16	140,471	176,496	454,053	771,020	3,185,281
Mar-16	106,915	150,274	500,377	757,566	2,842,063
Apr-16	58,317	106,070	370,992	535,379	1,861,388
May-16	35,391	88,617	316,723	440,731	1,109,726
Jun-16	27,371	72,156	243,357	342,884	723,955
Jul-16	25,148	71,355	282,253	378,756	644,926
Aug-16	25,658	67,834	290,368	383,860	608,850
Sep-16	27,283	73,301	276,789	377,373	641,083
Oct-16	50,422	87,109	290,761	428,292	804,221
Total	794,303	1,326,161	4,177,613	6,298,077	19,135,701

Comparison to August 2014 GCR & ESR forecast for 14-15 GCR period:

Total	825,464	1,329,634	4,035,136	6,190,234	18,226,159
Change	(31,161)	(3,473)	142,477	107,843	909,542
%Change	-3.9%	-0.3%	3.4%	1.7%	4.8%

Delmarva Power Light Company 2015 - 2016 GCR + ESR Period Gas Sales Budget

all in mcf	Interruptible Transportation				Total IT + FPS	Total Transportation	Total Delivery Sales
	MVIT	LVIT	Total IT	FPS			
Aug-15	16,575	23,689	40,264	-	40,264	427,828	644,911
Sep-15	15,783	22,709	38,492	-	38,492	432,071	655,769
Oct-15	20,682	29,640	50,322	-	50,322	494,033	847,256
Total	53,040	76,038	129,078	-	129,078	1,353,932	2,147,935
Nov-15	25,782	30,601	56,383	-	56,383	613,575	1,375,383
Dec-15	16,919	27,078	43,997	-	43,997	583,247	2,208,959
Jan-16	12,865	34,998	47,863	-	47,863	833,637	3,278,109
Feb-16	8,381	26,701	35,082	-	35,082	806,102	3,220,363
Mar-16	15,928	48,772	64,700	-	64,700	822,266	2,906,763
Apr-16	20,856	12,650	33,506	-	33,506	568,885	1,894,894
May-16	17,294	10,303	27,597	-	27,597	468,328	1,137,323
Jun-16	16,506	21,769	38,275	-	38,275	381,159	762,230
Jul-16	18,887	21,616	40,503	-	40,503	419,259	685,429
Aug-16	22,156	20,889	43,045	-	43,045	426,905	651,895
Sep-16	21,172	9,464	30,636	-	30,636	408,009	671,719
Oct-16	27,255	15,411	42,666	-	42,666	470,958	846,887
Total	224,001	280,252	504,253	-	504,253	6,802,330	19,639,954

Comparison to August 2014 GCR & ESR forecast for 14-15 GCR period:

Total	224,488	338,474	562,962	-	562,962	6,753,196	18,789,121
Change	(487)	(58,222)	(58,709)	-	(58,709)	49,134	850,833
%Change	-0.2%	-20.8%	-11.6%	-	-11.6%	0.7%	4.3%

1 **DELMARVA POWER & LIGHT COMPANY**
2 **TESTIMONY OF RYAN C. ROBICHAUD**
3 **BEFORE THE PUBLIC SERVICE COMMISSION**
4 **OF THE STATE OF DELAWARE**
5 **CONCERNING THE ANNUAL GAS ENVIRONMENTAL**
6 **SURCHARGE RIDER (ESR) RATE REVIEW**
7 **PSC DOCKET NO. 15-_____**

8
9 **1. Q: Please state your name, title and business address.**

10 **A:** My name is Ryan C. Robichaud, Senior Supervising Scientist, testifying
11 on behalf of Delmarva Power & Light Company (Delmarva or the Company).
12 My office is located at 5 Collins Drive, Carney's Point, New Jersey 08069.

13 **2. Q: What is your educational and professional background and experience?**

14 **A:** I hold a Bachelors of Science degree in Environmental Sciences from
15 Oregon State University. I began my employment with Delmarva Power/Conectiv
16 in 2001, working in the Corporate Environmental Affairs Department. My
17 primary responsibilities were to conduct environmental audits of Company
18 facilities and manage the portfolio of current and legacy Company owned
19 contaminated properties including but not limited to the Wilmington Coal Gas
20 Site – North (WCGS-N) and Wilmington Coal Gas Site – South (WCGS-S). My
21 site remediation responsibilities for the contaminated properties included
22 developing and monitoring budgets, resolving technical matters, coordinating
23 logistics, interacting with Regulatory Agencies and the public, working with
24 consultants and contractors.

1 In 2006, I moved to the Corporate Environmental Compliance Department at
2 Pepco Holdings, Inc. (Delmarva's parent Company) with a focus on the Atlantic
3 City Electric territory providing compliance support, and spill/waste management
4 services. In this position my responsibilities included the management of our
5 Waste Vendor Audit program, our Spill Prevention Control and Countermeasure
6 (SPCC) program and our Environmental Management Information System. In
7 2014, I was hired into my current position in the Environmental Waste Services
8 Department with the responsibility of managing all waste and scrap equipment
9 activities in our Atlantic City Electric and Delmarva Power regions. Further, with
10 my previous experience as the project manager of the WCGS-N and WCGS-S
11 sites, I have assumed responsibility for managing the WCGS-S project.

12 Prior to my employment at Delmarva Power, I worked as an
13 Environmental Health and Safety Manager at a pharmaceutical company as well
14 as an Environmental Consultant performing Superfund oversight and compliance
15 inspections on behalf of EPA Region III.

16 3. Q: Have you previously testified before the Delaware Public Service
17 Commission?

18 A: No, I have not.

19 4. Q: What is the purpose of your testimony?

20 A: The purpose of my testimony is to provide an update of the Company's
21 activities since last year and discuss the cleanup work to date at the Wilmington
22 Coal Gas South Site. I will discuss the expenses incurred in the Environmental
23 Cost Year (ECY) for the period June 1, 2014 through May 31, 2015, and provide

1 details of the work related to those expenses. This testimony was prepared by me
2 or under my direct supervision. The source documents for my testimony are
3 Company records. I also rely on my personal knowledge and experience.

4 **5. Q: Which sites have been part of an environmental remediation in Delaware for**
5 **Delmarva's manufactured gas plants?**

6 **A:** Delmarva Power has two former Manufactured Gas Plant locations in
7 Delaware. For remediation purposes, the Delaware Department of Natural
8 Resources and Environmental Control (DNREC) divided the first of the two
9 locations (the Wilmington plant) into three sites. The location of the second plant
10 is in New Castle, Delaware, and is not currently being remediated. The three
11 DNREC designated sites in Wilmington include: Wilmington Coal Gas North
12 Site, Wilmington Coal Gas South Site, and the Public Works Yard. These
13 otherwise contiguous plant sites were separated by South Madison and Beech
14 Streets prior to the recent redevelopment of the area as part of the Riverfront
15 development. The Wilmington Coal Gas North Site property was transferred to
16 the Delaware Department of Transportation (DelDOT) on March 15, 2006. The
17 Public Works Yard was transferred to the City of Wilmington on August 14,
18 1984. For the Environmental Cost Year June 1, 2014 to May 31, 2015, expenses
19 were only incurred in connection with the remediation of the Wilmington Coal
20 Gas South Site as set forth in Schedule KMM-2.

21
22
23

1 **6. Q: What types of costs make up the expenses listed on Schedule KMM-2?**

2 **A:** The expenses listed on Schedule KMM-2 are the charges billed to
3 Delmarva by AECOM, Inc., the engineering and environmental consulting firm
4 retained by Delmarva to assist in the remediation of the Wilmington Coal Gas
5 South Site, as well as charges imposed by the Delaware Department of Natural
6 Resources and Environmental Control's Site Investigation and Restoration
7 Section (DNREC-SIRS) for oversight of the project. The work performed during
8 the environmental test year was primarily the implementation of the Remedial
9 Action Work Plan for this site as approved by DNREC. The total amount
10 invoiced by AECOM and DNREC-SIRS and paid by Delmarva from June 1,
11 2014 through May 31, 2015, was \$953.46. These charges were for the
12 following: travel costs for meetings to discuss the Site Closure Report and
13 development of the Long Term Stewardship Plan (LTSP) and project oversight
14 fees from the State of Delaware.

15 **7. Q: Please address any changes in ownership of the Wilmington Coal Gas South**
16 **Site since the last application.**

17 **A:** Delmarva's ownership of the Wilmington Coal Gas South Site has not
18 changed since the previous annual filing (Docket No.12-420). Delmarva
19 continues to own the majority of the area designated by DNREC as Wilmington
20 Coal Gas South Site; however, a portion of the remedy extended onto the
21 neighboring parcel of land owned by the Delaware Stadium Corporation.

1 8. Q: When does Delmarva expect all remediation work to be completed and what
2 is the current estimate of remaining remediation expenses for the
3 Wilmington Coal Gas South Site?

4 A: All remediation work required by DNREC in the Remedial Action Work
5 Plan was completed as of July of 2013 with the costs included in last year's ESR
6 filing. Delmarva estimates that it will incur approximately \$370,000 in expenses
7 over the next 10 years to finalize and implement the site LTSP which includes,
8 but is not limited to, groundwater monitoring and cap maintenance activities as
9 required and approved by DNREC.

10 9. Q: What is the current status of the project with the Department of Natural
11 Resources and Environmental Control (DNREC)?

12 A: Delmarva submitted the LTSP to DNREC on November 26, 2014. The
13 LTSP identifies the ongoing maintenance activities required to ensure the long
14 term effectiveness of the remediated approved by DNREC. The LTSP includes
15 routine sampling of site ground water monitoring wells, maintenance of the
16 asphalt and vegetative cap, fencing (engineering controls) and recordation of deed
17 restrictions against the property that, among other things, requires DNREC
18 notification and approval, when necessary, for any potential future earth
19 disturbing activities at the site. DNREC approved the LTSP on January 30,
20 2015.

21 As part of the LTSP, Delmarva recently reviewed and provided comments
22 on an Environmental Covenant (EC) template supplied by DNREC. Language
23 within the EC has been finalized and Delmarva is in the process of obtaining the

1 appropriate signatures in order to record the document. Once the EC is executed
2 and recorded, DNREC will issue a Certificate of Completion of Remedy thus
3 recognizing the completion of all work required to remediate the environmental
4 conditions at the site.

5 **10. Q: Does this conclude your testimony?**

6 A: Yes.

1 **DELMARVA POWER & LIGHT COMPANY**
2 **TESTIMONY OF KRISTIN M. McEVOY**
3 **BEFORE THE PUBLIC SERVICE COMMISSION**
4 **OF THE STATE OF DELAWARE**
5 **CONCERNING THE ANNUAL GAS ENVIRONMENTAL**
6 **SURCHARGE RIDER (ESR) RATE REVIEW**
7 **PSC DOCKET NO. 15-_____**

8
9 **1. Q: Please state your name, occupation and business address.**

10 **A:** My name is Kristin M. McEvoy, Senior Regulatory Affairs Coordinator of
11 Regulatory Compliance Pricing, for PHI Service Company which is a subsidiary
12 of PEPCO Holdings, Inc. the parent company of Delmarva Power and Light
13 Company (Delmarva or the Company). My office is located at 401 Eagle Run
14 Road, Newark, Delaware 19702.

15 **2. Q: What is your educational and professional background and experience?**

16 **A:** I hold a Bachelor of Science degree in Finance and a Masters of Business
17 Administration degree with an accounting concentration from Rowan University.
18 I have been employed by PHI Service Company, the parent to Delmarva Power
19 and Light Company (Delmarva) since October of 2006 serving in accounting and
20 finance, and regulatory functions.

21 In my current role, I am responsible for the Delaware Standard Offer
22 Service Program, the Renewable Portfolio Standard filing, the Qualified Fuel Cell
23 Provider filings, Demand Side Management, Environmental Surcharge, Gas Cost
24 Rate, and other related activities. In my prior accounting and finance role, I was
25 responsible for recording all regulated revenues and managed multiple deferral

1 accounting mechanisms for the Pepco Utility, led numerous projects and served as
2 an interim supervisor providing oversight and coordination of other team
3 members' responsibilities.

4 Prior to joining PHI, I was employed by a manufacturing company for
5 eight years holding various accounting and finance positions with increasing
6 levels of responsibility.

7 **3. Q: Have you previously testified before the Delaware Public Service**
8 **Commission?**

9 A: Yes. I previously testified in the Delaware Standard Offer Service SOS-
10 PCA-RARM-RPS filings, PSC Docket Nos. 04-391 and 14-144.

11 **4. Q: What is the purpose of your testimony?**

12 A: The purpose of my testimony is to support Delmarva's annual application
13 to review the Gas Environmental Surcharge Rider Rate (ESR Rate). I will
14 provide detail as to the calculation of the proposed ESR Rate increase. This
15 testimony was prepared by me or under my direct supervision. The source
16 documents for my testimony are Company records. I also rely on my personal
17 knowledge and experience.

18 **5. Q: What rate is Delmarva proposing to be effective on November 1, 2015, and**
19 **how does this compare with the current rates?**

20 A: Delmarva requests that the proposed ESR Rates, as required by the Gas
21 Service Tariff, be approved effective with usage on and after November 1, 2015.
22 Delmarva's proposed ESR Rates for the 2015-2016 period are shown below.
23 Compared to the ESR Rates presently in effect, Delmarva is asking for a

1 \$0.00006/CCF increase in the rate from \$0.00122/CCF to \$0.00128/CCF or
2 \$0.01215/MCF to \$0.01282/MCF for the average residential customer. As
3 detailed later herein, for Delmarva's typical residential customer, this will cause a
4 monthly winter heating bill to increase by \$0.01.

5 **ENVIRONMENTAL SURCHARGE RIDER RATE**

Current	Proposed	Change
\$0.00122/CCF	\$0.00128/CCF	\$0.00006/CCF
\$0.01215/MCF	\$0.01282/MCF	\$0.00067/MCF

6
7 **6. Q: Has Delmarva proposed any Rate Structure Redesign of its ESR Rate in this**
8 **proceeding?**

9 A: No. Delmarva has not proposed any rate structure redesign in this filing.
10 Delmarva has calculated the ESR Rate using the same method approved by the
11 Commission in Order No. 6401, Docket No. 04-53.

12 **7. Q: Please explain the background of the ESR Rate.**

13 A: In Docket No. 03-127, Delmarva filed for a change in Gas Base Rates in
14 March 2003. In that proceeding, Delmarva had requested recovery of certain
15 expenses associated with remediation of its Manufactured Gas Plant sites. The
16 parties entered into a Settlement Agreement in Docket No. 03-127, which was
17 approved on December 9, 2003 by Commission Order No. 6327. The Settlement
18 Agreement contained a provision which allowed Delmarva to file for a separate
19 mechanism to recover appropriate costs associated with the remediation of the

1 Manufactured Gas Plant sites. Section II. A. 2. of the approved Settlement
2 Agreement provided as follows:

3 The Parties agree that, should the Commission approve this
4 Settlement, the Company will file an application for a change in
5 its tariffs to implement an environmental remediation surcharge,
6 equivalent to the mechanism that Chesapeake Utilities currently
7 has in effect. The Company will file this request separately,
8 including (actual incremental "out-of-pocket" expenses as
9 described in Staff Witness Henkes' testimony, Ex. 19 at 63)

10 Delmarva filed its application to establish the Gas Environmental
11 Surcharge mechanism on February 13, 2004 in Docket No. 04-53, and has been
12 filing annual applications since that time for the ESR Rate using the same
13 methodology. A complete summary of the recovery requests and results from
14 2003 through 2015 are contained in Schedule KMM-1.

15
16 **8. Q: Please explain the outcome of Delmarva's most recent annual Environmental**
17 **Surcharge Filing in Docket No. 14-0296.**

18 A: In its application, Delmarva filed the annual Gas ESR Rate to become
19 effective November 1, 2014, coincident with the effective date of Delmarva's
20 annual GCR filing. Delmarva recommended that the Gas ESR Rate level be
21 increased. The Commission Staff and Division of the Public Advocate (DPA)
22 reviewed Delmarva's testimony and supporting documentation, performed their
23 annual audit of related expenses and determined that the information provided
24 was accurate. The parties then proceeded to execute a Settlement Agreement
25 whereby the rates as proposed were accepted. On December 4, 2014, pursuant to
26 Order No. 8680, the Commission approved the Settlement Agreement resulting in
27 an increase to the Environmental Surcharge Rider Rate of \$0.00063/CCF, from

1 \$0.00059/CCF to \$0.00122/CCF effective November 1, 2014 through October 31,
2 2015, which caused a typical customer monthly heating bill to increase by \$0.08.

3 **9. Q: Please review the level of cost recovery Delmarva is requesting in this filing.**

4 A: Schedule KMM-2 contains a listing of the Environmental Expenses that
5 were incurred during the Environmental Cost Year (ECY). Per Delmarva's Tariff
6 Leaf No. 80, the ECY is defined as "the time period over which environmental
7 costs are incurred and any payments from other parties are netted against those
8 costs. The ECY will include actual data recorded for the year. Recovery of
9 environmental costs for an ECY will begin with the Recovery Year that starts
10 immediately following the end of the ECY." For the purposes of this Application,
11 the ECY runs from June 1, 2014 through May 31, 2015. Delmarva incurred costs
12 of \$953.46 during this period. Recovery of the environmental costs for an ECY
13 will begin with the Recovery Year that starts immediately following the end of
14 the prior ECY.

15 **10. Q: Were any payments netted against these costs during the ECY?**

16 A: No, Delmarva did not receive any payments from other parties directly
17 related to the ESR to be netted against these costs in the ECY.

18 **11. Q: What types of costs are to be recovered under this ESR?**

19 A: Per Delmarva's Gas Tariff Leaf No. 79, the costs to be recovered by this
20 Rider are defined as follows:

21 "Applicable environmental costs are those incurred as a result of, but are
22 not limited to investigating, testing, monitoring, remediation, land
23 acquisition, legal costs related directly to the site remediation, and disposal
24 sites. These costs must be actually incurred, incremental "out-of-pocket"
25 remediation related expenses and must exclude internal costs, such as
26 internal labor and overhead expenses."

1
2 The total costs incurred in the ECY of \$953.46 meet the requirements of
3 the above definition.

4 **12. Q: What type of internal review procedures does Delmarva employ with respect**
5 **to processing environmental invoices and tracking costs?**

6 **A:** All environmental cost invoices submitted to Delmarva are reviewed by
7 the individual who has responsibility for monitoring the environmental activities
8 at a particular Manufactured Gas Plant site. The reviewed invoices are then
9 submitted to an Environmental Manager for approval. Invoices for outside legal
10 services, when incurred, are reviewed and approved by the Legal Department.
11 Original invoice documents are retained by the approving department.

12 Separate accounting orders have been established to track “out of pocket”
13 expenses eligible for inclusion in the Gas Environmental Surcharge Rider Rate.
14 Periodically, both during the ECY and in preparation for the annual filing, a PHI
15 Service Company Senior Business Analyst extracts computerized accounting
16 system data which documents charges to the appropriate orders. The charges are
17 reviewed by the Senior Business Analyst (or the Manager of Utility Operations
18 Finance in the Senior Business Analyst’s absence) and the Manager of Gas
19 Operations and Planning. If any of the charges, in their judgment, are not properly
20 includable as “out of pocket” expenditures then a correction process is initiated
21 through the involved department. The final ECY report is run by the Senior
22 Business Analyst, reviewed and compiled for approval by the Manager of Gas
23 Operations and Planning as source information for Schedule KMM-2. Printed
24 copies of the included invoices are held by the Senior Business Analyst and are

1 available for review. This year, all invoices and backup materials were
2 electronically submitted to Commission Staff and DPA for review on August 10,
3 2015. As of the date of this filing, Delmarva has not received the results of the
4 Commission Staff and DPA's annual audit.

5 **13. Q: Please explain in detail your calculations on Schedules KMM-2 and KMM-3.**

6 A: As stated earlier, Schedule KMM-2 includes costs incurred during the
7 ECY of June 1, 2014 through May 31, 2015 in the amount of \$953.46.

8 Schedule KMM-3 outlines the recovery schedule of the applicable environmental
9 costs, and demonstrates the amortization of the costs over five years while
10 subtracting out the deferred tax benefit on behalf of the customers. As illustrated
11 on Schedule KMM-3, amortizing the current costs over five years, offset by the
12 deferred tax benefit to customers, yields the recovery amount of \$871.43.

13 The surcharge, as approved by the Commission in Docket No. 04-53, was
14 established to share costs between customers and shareholders. This is
15 accomplished by amortizing the expenses in the ECY over a five year period with
16 customers being responsible for the net annual amortized costs and the
17 shareholders responsible for the carrying costs (interest) on the unamortized cost
18 balances. Customers also receive the benefits of the deferred taxes associated
19 with the unamortized remediation cost balances. Interest expense is not included
20 in the unamortized balances.

21 **14. Q: Please explain how the Environmental Surcharge Rider Rate is calculated.**

22 A: There are several time periods and factors used to calculate the
23 Environmental Surcharge Rider Rate. The definitions of those factors and time

1 periods are contained in Gas Tariff Leaf Nos. 79 and 80. The ECY was defined
2 earlier in this testimony. Other definitions include:

3 **Recovery Year**

4 The Recovery Year, as defined in Gas Tariff Leaf No. 80, is “each
5 November 1 through October 31 and is the time period in which the annually
6 calculated environmental rider rate will be billed to firm customers.” For
7 purposes of this filing, the Recovery Year will begin November 1, 2015 when
8 rates are proposed to go into effect, and will end on October 31, 2016.

9 **Reconciliation Factor**

10 The Reconciliation Factor, as defined in Gas Tariff Leaf No. 80, “shall be
11 equal to the over/under collection of the environmental cost rider. Over/under
12 collection is the accumulated experienced net over or under recovery of the
13 environmental costs during the twelve-month period ending with the month of
14 June immediately preceding the beginning of the next Recovery Year.” (Refer to
15 Schedule KMM-4 for the reconciliation of this year’s activity.)

16 **Amortization Factor**

17 The Amortization Factor, as defined in Gas Tariff Leaf No. 79, is
18 “recovery of net environmental costs incurred during an ECY will be
19 accomplished through a five-year amortization, offset by the tax benefit
20 associated with those environmental costs as defined below. A net annual
21 amortization amount will be calculated for each of the five years of amortization
22 scheduled for the ECY. The amortization factor for any year will be comprised of

1 the total net annual amount scheduled for that year.” (See Schedule KMM-5 for
2 these year-by-year details.)

3 The Environmental Surcharge Rider Rate, as defined in Gas Tariff Leaf
4 80, “shall be equal to the sum of the amortization and reconciliation factors
5 divided by projected firm sales over the next recovery period of November 1
6 through October 31.” The ‘projected firm sales’ are Delmarva’s estimated sales,
7 by customer classification, for the next recovery year. This estimate is included
8 in the annual Gas Cost Rate filing each year.

9 **15. Q: Please explain Schedule KMM-4.**

10 A: Schedule KMM-4 calculates the Reconciliation Factor, or the over/under
11 collection of the Environmental Surcharge Rider Rate, for the period that
12 preceded the recovery year in this filing. This Schedule compares the projected
13 collections to the amount actually collected from customers for that period. As
14 illustrated on Schedule KMM-4, the Reconciliation Factor is an over-collection of
15 \$8,762.20. This Reconciliation Factor accounts for approximately 3.29% of the
16 proposed net amount to be recovered (as displayed on Schedule KMM-5).

17 **16. Q: Why does Schedule KMM-4 end with the period June 2015?**

18 A: Schedule KMM-4 is updated through the last month where actual
19 collection information is available, which at the time this Application was
20 prepared was June 2015. The period of July 2015 forward will be trued-up in
21 Delmarva’s next annual ESR to be filed in August 2016.

22
23

1 **17. Q: Please explain Schedule KMM-5.**

2 **A:** Schedule KMM-5 is a summary of all of the ECY schedule recoveries.
3 This schedule illustrates a proposed total net recovery of \$266,706.10 for the
4 Recovery Year beginning November 1, 2015. This net recovery amount includes
5 an accumulation of the amortizations approved to this date. This includes:
6 \$2,633.59 for the fifth year amortization factor for the recovery year ending May
7 2011, plus \$21,489.70 for the fourth year amortization factor for the recovery year
8 ending May 2012, plus \$81,896.34 for the third amortization year for the recovery
9 year ending May 2013, plus \$169,290.79 for the second year amortization factor
10 for the recovery year ending May 2014, plus \$157.88 for the latest ECY of June
11 2014 through May 2015 (calculated on Schedule KMM-3), and includes the
12 \$8,762.20 of over-collection through June 2015 as calculated on Schedule KMM-
13 4. A total of \$774,813.99 in remediation expenses remains uncollected at the
14 time of this filing. This calculation is reflected on the lower portion of Schedule
15 KMM-5.

16 **18. Q: Please explain the actual calculation of the rate on Schedule KMM-6.**

17 **A:** The total recovery amount of \$267,506.22, as calculated on Schedule
18 KMM-6, is grossed up by 0.3% in order to recover the Delaware Public Service
19 Commission assessment. This is the amount that Delmarva is permitted to collect
20 from customers. Schedule KMM-6 calculates the new ESR Rate level by
21 dividing the total recovery by the projected firm sales for the Recovery Year,
22 20,860,648 MCF, resulting in a rate of \$0.01282 per MCF, or \$0.00128 per CCF.
23 The current rate is \$0.00122 per CCF. An increase of \$0.00006 per CCF, results

1 in a rate of \$0.00128 per CCF. The net increase will be an increase of
2 approximately \$0.01 on a customer's typical winter heating bill.

3 **19. Q: How did you develop the firm sales forecast in this filing for the calculation**
4 **of the ESR?**

5 **A:** The sales forecast used in the calculation of this rate was developed for
6 Delmarva's annual Gas Cost Rate (GCR) filing for the period November 1, 2015
7 through October 31, 2016, proposed to become effective November 1, 2015. The
8 sales forecast is discussed in the testimony of Delmarva's witness Robert W.
9 Brielmaier, and is found in the Gas Cost Rate filing titled, "Schedule RWB-1
10 GCR + ESR Sales Forecast 15-16", also included herein with schedules. There
11 are no Large Volume Service customers except for the Qualified Fuel Cell
12 Provider (QFCP-RC) which is included on Schedule KMM-6

13 **20. Q: Please identify the customers who are subject to the Environmental**
14 **Surcharge Rider Rate.**

15 **A:** The Rider is applicable to all firm delivery service customers, including
16 classifications: Residential Gas Sales Service "RG", General Gas Sales Service
17 "GG", Medium Volume Gas Sales Service "MVG", Large Volume Gas Sales
18 Service "LVG", General Volume Firm Transportation "GVFT", Medium Volume
19 Firm Transportation "MVFT", and Large Volume Firm Transportation "LVFT",
20 and Large Volume Gas - Qualified fuel Cell Provider Renewable Capable "LVG-
21 QFCP-RC".
22
23

1 **21. Q: If approved, how would the proposed rates impact customers compared to**
2 **the ESR currently in effect?**

3 A: During the heating season, a typical residential customer who uses
4 approximately 120 CCF of natural gas during a winter month will see a \$0.01
5 increase or a 0.003% increase on their overall bill. The increase for commercial
6 and industrial customers will be minimal.

7 **22. Q: Please explain the Delmarva's expectation of timing of this filing.**

8 A: Delmarva's Gas Tariff Leaf No. 79 states: "The Company will file with
9 the Commission a copy of the environmental surcharge rider computation at least
10 30 days prior to the proposed effective date of November 1." These tariff leafs
11 were approved by the Commission in Docket No. 04-53. Therefore, with the
12 filing of this Application on or before August 31, 2015, the requirement to file the
13 ESR computation at least 30 days prior to the effective date is met. Delmarva
14 proposes that the new rate will go into effect on November 1, 2015, subject to
15 refund, after review and approval by the Commission.

16 **23. Q: Does this conclude your testimony?**

17 A: Yes.

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

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR AN ANNUAL UPDATE IN THE GAS) PSC Docket No. 15-1333
ENVIRONMENTAL SURCHARGE RIDER)
RATE (ESR) (FILED AUGUST 26, 2015))

PROPOSED SETTLEMENT

On this 24th day of November 2015, Delmarva Power & Light Company (“Delmarva” or the “Company”), the Delaware Public Service Commission Staff (“Staff”), and the Division of the Public Advocate (“DPA”) (individually a “Party” and together, the “Parties” or “Settling Parties”) hereby enter into this Proposed Settlement Agreement to settle all issues raised in this proceeding as follows.

I. INTRODUCTION AND PROCEDURAL BACKGROUND

1. On August 26, 2015, Delmarva filed an application (the “Application”) with the Delaware Public Service Commission (the “Commission”) for the annual update in its Gas Environmental Surcharge Rider Rate (“ESR”), effective on and after November 1, 2015, with proration, and with such revised factors to continue in effect until October 31, 2016. In its Application, Delmarva proposed to increase its current ESR rate as set forth in the Table in Schedule KMM-1 based on \$953.46 in invoices paid during the applicable Environmental Cost Year (“ECY”) in remediation costs for the Wilmington Coal Gas South Site.

2. Amortizing the current costs over five years, offset by the deferred tax benefit to customers, yields a recovery amount of \$871.43. The proposed increase in the ESR rate reflects the proper amortizable portion of the remediation expense balance for the current period, the proper amortizable portion of the remediation expenses from prior

periods, and the Public Service Commission Assessment, for a total of \$267,506.22. The table below sets forth the proposed rate increase for each customer class.

Service Classification	Current 2013-14 ESR Rate	Proposed 2015-16 ESR Rate
Residential Gas Service General Gas Sales Service General Gas Firm Transportation Service	\$0.00122/ccf	\$0.00128/ccf
Medium Volume Gas Sales Service Large Volume Gas Sales Service Medium Volume Firm Transportation Service Large Volume Firm Transportation Service	\$0.01215/Mcf	\$0.01282/Mcf

3. The proposed increase would result in an increase of approximately \$0.01 per month, or 0.003%, on the winter gas bill of the typical residential space heating customer using 120 ccf of natural gas during a winter month.

4. On October 6, 2015, in Order No. 8798, the Commission opened this docket and allowed the proposed ESR rates, reconciliation and true-ups to become effective on a temporary basis, with proration and subject to refund, effective with usage on and after November 1, 2015.

5. Pursuant to Order No. 8798, notice of the Application was published in *The News Journal* on September 29 and October 6, 2015, advising that an evidentiary hearing and public comment session would be held on Tuesday, November 24, 2015, at 1:00 p.m. at the Commission's office located at 861 Silver Lake Boulevard, Suite 100, Dover, Delaware 19904, and setting a deadline of October 22, 2015 for public comment. No public comments were received.

6. The DPA filed its statutory notice of intervention on August 28, 2015. There were no other intervenors.

7. On August 10, 2015, prior to the filing of the Application, Delmarva provided Staff and the DPA with electronic copies of all invoices and backup information

pertaining to the Wilmington Coal Gas South Site clean-up totaling \$953.46 for the current ECY. Upon receipt of the Application, Staff conducted an audit of the claimed ESR expenses and exchanged informal data requests with the Company. The DPA had the opportunity to review and identified no issues.

8. Thus, the Parties agree that the Commission should approve Delmarva's Application as follows.

II. SETTLEMENT PROVISIONS

9. The Parties agree that the proposed ESR complies with Delmarva's natural gas tariff, results in just and reasonable rates and is in the public interest. Delmarva's revised tariff sheets, which set forth the proposed ESR rate for each customer class, are attached hereto and fully incorporated herein as "**Attachment 1.**"

10. This Proposed Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to any ratemaking or any other principle in any future case. No Party to this Proposed Settlement necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Proposed Settlement other than as specified herein, except that the Parties agree that the resolution of the issues herein taken as a whole results in just and reasonable rates.

11. To the extent opinions or views were expressed or issues were raised in the pre-filed testimony that are not specifically addressed in this Proposed Settlement, no findings, recommendations, or positions with respect to such opinions, views or issues should be implied or inferred.

12. The Parties agree that this Proposed Settlement may be submitted to the Commission for a determination that it is in the public interest and that no Party will

oppose such a determination. Except as expressly set forth herein, none of the Parties waives any rights it may have to take any position in future proceedings regarding the issues in this proceeding, including positions contrary to positions taken herein or in previous cases.

13. This Proposed Settlement will become effective upon the Commission's issuance of a final order approving it and all of its terms and conditions without modification. After the issuance of such final order, the terms of this Proposed Settlement shall be implemented and enforceable notwithstanding the pendency of a legal challenge to the Commission's approval of this Proposed Settlement or to actions taken by another regulatory agency or Court, unless such implementation and enforcement is stayed or enjoined by the Commission, another regulatory agency, or a Court having jurisdiction over the matter.

14. The Parties may enforce this Proposed Settlement through any appropriate action before the Commission or through any other available remedy. Any final Commission order related to the enforcement or interpretation of this Proposed Settlement shall be appealable to the Superior Court of the State of Delaware, in addition to any other available remedy at law or in equity.

15. If a Court grants a legal challenge to the Commission's approval of this Proposed Settlement and issues a final non-appealable order that prevents or precludes implementation of any material term of this Proposed Settlement, or if some other legal bar has the same effect, then this Proposed Settlement is voidable upon written notice by any Party to the other Parties.

16. This Proposed Settlement resolves all of the issues specifically addressed herein and precludes the Parties from asserting contrary positions during subsequent

litigation in this proceeding or related appeals; provided, however, that this Proposed Settlement is made without admission against or prejudice to any factual or legal positions which any of the Parties may assert (a) if the Commission does not issue a final order approving this Proposed Settlement without modifications; or (b) in other proceedings before the Commission or another governmental body so long as such positions do not attempt to abrogate this Proposed Settlement. This Proposed Settlement is determinative and conclusive of all of the issues addressed herein and, upon approval by the Commission, shall constitute a final adjudication as to the Parties of all of the issues in this proceeding.

17. The provisions of this Proposed Settlement are not severable. This Proposed Settlement is expressly conditioned upon the Commission's approval of all of the specific terms and conditions contained herein without modification. If the Commission fails to grant such approval, or modifies any of the terms and conditions herein, this Proposed Settlement will terminate and be of no force and effect, unless the Parties agree in writing to waive the application of this provision. The Parties will make their best efforts to support this Proposed Settlement and to secure its approval by the Commission.

18. It is expressly understood and agreed that this Proposed Settlement constitutes a negotiated resolution of the issues in this proceeding.

19. This Proposed Settlement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. If any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the Party executing it (or on whose behalf such

signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned Parties have caused this Proposed Settlement to be signed by their duly-authorized representatives.

DELAWARE PUBLIC SERVICE COMMISSION STAFF

By: _____ Date: _____

DELMARVA POWER & LIGHT COMPANY

By: _____ Date: _____

**THE DIVISION OF THE PUBLIC ADVOCATE
OF THE STATE OF DELAWARE**

By: _____ Date: _____

ATTACHMENT 1
REVISED TARIFF SHEETS

**RATES AND CHARGES
CORE SALES RATE LEAF**

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Residential Gas Sales Service ("RG")</u>		
Customer Charge	\$11.41	per month
Delivery Charge	\$0.50229	per CCF
Space Heating Delivery Charge 1/ Over 50 CCF	\$0.40306	per CCF
Environmental Surcharge Rider	\$0.00128	per CCF
Gas Cost Rate (GCR)	\$0.53563	per CCF
<u>General Gas Sales Service ("GG")</u>		
Customer Charge	\$34.37	per month
Delivery Charge		
First 750 CCF	\$0.41726	per CCF
Over 750 CCF	\$0.31167	per CCF
Environmental Surcharge Rider	\$0.00128	per CCF
Gas Cost Rate (GCR)	\$0.53563	per CCF
<u>Gas Lighting Sales Service ("GL")</u>		
(Estimated Usage - 15 CCF per month)		
Monthly Charge	\$ 7.06	per gas light
Gas Cost Rate (GCR)	\$ 8.03	per gas light
<u>Medium Volume Gas Sales Service ("MVG")</u>		
Customer Charge	\$674.36	per month
Demand Charge	\$ 15.98	per MCF of Billing MDQ
Delivery Charge 2/	\$0.51276	per MCF
Environmental Surcharge Rider	\$0.01282	per MCF
Gas Cost Rate (GCR) Demand Charge	\$9.8132	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	\$3.5695	per MCF
<u>Large Volume Gas Sales Service ("LVG")</u>		
Customer Charge	\$1,010.59	per month
Demand Charge	\$ 9.84	per MCF of Billing MDQ
Delivery Charge 2/	\$0.12335	per MCF
Environmental Surcharge Rider	\$0.01282	per MCF
Gas Cost Rate (GCR) Demand Charge	\$9.8132	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	Varies	per MCF

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating delivery rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.
2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order Nos.
Docket Nos.

Filed: August 26, 2015
Effective with Usage On and After November 1, 2015

Proposed

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Production ("LVG-QFCP-RC")</u>		
Customer Charge	\$1,086.02	per month
Demand Charge	\$6.897670	per MCF of Billing MDQ
Capital Recovery Charge	Varies	per Customer's Executed Service Agreement
Environmental Surcharge Rider	\$0.01282	per MCF
Gas Cost Rate (GCR) Commodity Charge 1/	Varies	per MCF

Public Utilities Tax: 4.25% applies to all non-residential services, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% charged on all non-exempt services, in the City of Wilmington.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

- 1/ All LVG-QFCP-RC customers pay a Commodity Charge Rate based upon the Gas Daily Average (GDA) for Transco Zone 6 Non-New York price plus any premiums incurred by Delmarva to provide this service.

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>General Volume Firm Transportation Service ("GVFI")</u>		
Customer Charge	\$119.76	per month
Delivery Charge		
First 750 CCF	\$0.41726	per CCF Redelivered
Over 750 CCF	\$0.31167	per CCF Redelivered
Balancing Fee Non-Base Rate	\$0.03388	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00128	per CCF
<u>Medium Volume Firm Transportation Service ("MVFI")</u>		
Customer Charge	\$749.79	per month
Demand Charge	\$ 15.98	per MCF of Billing MDQ
Delivery Charge	\$ 0.51276	per MCF Redelivered
Balancing Fee Non-Base Rate	\$0.3388	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.01282	per MCF
<u>Large Volume Firm Transportation Service ("LVFI")</u>		
Customer Charge	\$1,086.02	per month
Demand Charge	\$ 9.84	per MCF of Billing MDQ
Delivery Charge	\$ 0.12335	per MCF Redelivered
Balancing Fee Non-Base Rate	\$0.3388	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.01282	per MCF
<u>Standby Service ("SBS")</u>		
Demand Charge Non-Base Rate	\$9.8132	per MCF of Standby MDQ
Commodity Charge		Monthly System WACCOG per MCF (adjusted for losses and unaccounted for)

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

Order No.
Docket No.

Filed: August 26, 2015
Effective with Usage On and After November 1, 2015
Proposed

RIDER "ESR" (continued)

ENVIRONMENTAL SURCHARGE RIDER

E. Determination of the Rate continued

(2) Reconciliation Factor: The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve-month period ending with the month of July immediately preceding the beginning of the next recovery year.

(3) Rider Rate: The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of November 1 through October 31.

F. Definitions

Environmental Cost Year (ECY) - is the time period over which environmental costs are incurred and any payments from other parties are netted against those costs. For purposes of this rider, the ECY is from June 1 through May 31. The ECY will include actual data recorded for the year. Recovery of environmental costs for an ECY will begin with the Recovery year that starts immediately following the end of the ECY.

Recovery Year - is each November 1 through October 31 and is the time period which the annually calculated environmental rider will be billed to firm customers.

Tax benefit (TB) - associated with environmental expenditures shall be calculated as follows:

$$Tb_n = AEC_n * [(5-x)/5] * 0.1118 * 0.40655$$

Where:

AEC_n = Actual Environmental Costs incurred in ECY "n"

X = The number of years that the Actual Environmental Costs (AEC) incurred in Year "n" have been subject to amortization (x= 1, 2, 3, and 4)

0.1118 = Before Tax Cost Rate

0.40655 = Effective Combined Federal and State Income Tax Rate.

The Before Tax Cost Rate of 0.1118 and the Effective Combined Federal and State Income Tax Rate of 0.40655 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting with the next Rider Rate is calculated for the next Recovery year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for the next ECY that ends after the rate changes.

Order No.
Docket No.

Filed: August 26, 2015
Effective with Meter Reading On and After November 1, 2015

Proposed