



STATE OF DELAWARE

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October 15, 2015

**TO:** The Chair and Members of the Commission

**FROM:** Jason R. Smith   
Public Utilities Analyst III

**SUBJECT:** IN THE MATTER OF THE LEGISLATIVE PETITION FOR REVIEW AND  
RECOMMENDATIONS ON DELMARVA POWER & LIGHT COMPANY UTILITY BILL  
TRANSPARENCY (FILED JUNE 20, 2013) – PSC DOCKET NO. 13-250

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### **Background**

On June 20, 2013, Representative John Kowalko, State Senators Dave Lawson and Gary Simpson on behalf of nineteen other members of the Delaware Legislature filed a Petition (the “Petition”) requesting the Delaware Public Service Commission (the “Commission”) to open a docket to review the appropriate level of detail contained in monthly billing statements prepared by Delmarva Power & Light Company (“Delmarva” or the “Company”) for its customers. The Petition alleged that customers of Delmarva do not know how much they are being charged each month for various legislative mandated initiatives such as the Renewable Energy Portfolio Standards, the Qualified Fuel Cell Provider (“QFCP”) project<sup>1</sup>, Low Income Assistance and others.

The Commission considered the Petition at its regularly scheduled meeting of July 2, 2013 and found that the issues raised in the Petition concerning the level of detail was within the Commission’s general authority under Title 26 of the Delaware Code, and was an important issue that deserved further review and analysis.

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<sup>1</sup> For clarification purposes the Qualified Fuel Cell Provider charge was referred to in the original petition filed by the Delaware Legislature as “Bloom Energy” or “Bloom Charge”. This terminology was used interchangeably throughout the workshop process.

As a result, the Commission issued Order No. 8403 (the "Initial Order") directing the Commission Staff ("Staff") to open a docket and conduct the review to determine the appropriate level of detail that customers should expect in their electric bills. Additionally, the Order appointed Jason Smith as Case Manager with the ability to act as a Presiding Officer for this docket, set a schedule, and perform other administrative duties. The Commission specified, pursuant to Rule 21 of the Commission's Rules of Practice and Procedure, that the Acting Presiding Officer was specifically delegated the authority to grant or deny petitions seeking leave to intervene and for admission of counsel *pro hac vice*. Further, the Commission directed Staff to issue a public notice of the Petition in the legal classified section of The News Journal and The Delaware State News on July 9 and 10, 2013. As well as set a deadline of August 9, 2013 for interested parties to intervene. Lastly, the Initial Order directed Staff to report back to the Commission on the parties recommendations regarding utility bill transparency related to Delmarva and its customer billing system.

### **Interveners**

Four petitions to intervene were filed in this docket. The Division of the Public Advocate ("DPA") filed its statutory notice of intervention on July 2, 2013. The Caesar Rodney Institute ("CRI") filed its petition to intervene on July 11, 2013. Mr. John Nichols ("Mr. Nichols") filed his petition to intervene on July 17, 2013. The Department of Natural Resources and Environmental Control ("DNREC") filed its petition to intervene on July 30, 2013. These petitions to intervene were later granted by PSC Order Nos. 8423, 8428, and 8429 respectively.

### **Phase I – (June 2013 to April 2014)**

The Parties participated in three (3) workshops, held at the Commission's Dover office, at which the parties discussed the issues raised by the Petition. The first of these transcribed workshops occurred on October 22, 2013, followed by a second workshop held on November 19, 2013, concluding with a workshop held on April 10, 2014.

Many topics were discussed at the workshops, including how to coordinate the outcome of this docket with the development and implementation of Delmarva's new billing system known as SolutionOne ("SolutionOne"). Discussions also centered on how the QFCP charge could be better communicated and the feasibility of the creation of a website to supplement or aid in the clarification of Delmarva's billing statements. At the last workshop, it was confirmed that PSC Staff currently posts on the Commission website the monthly filing made by Delmarva and subsequent Staff Memorandum and Order regarding the QFCP.

The remaining discussions centered on determining what items could be easily quantifiable, accurately reflected, and relevant to the interests of the majority of Delmarva's ratepayers.

### **The Initial Proposal**

At the workshop on April 10, 2014, Delmarva presented a proposal (the "Initial Proposal") taking into consideration all of the requests at the previously held workshops while weighing its ability to deliver on such requests. Delmarva proposed implementing the requested changes in two phases.

Phase I included reprogramming changes to Delmarva's electric bill effective July 1, 2014 with an estimated programming expense of approximately \$23,630. The Initial Proposal removed three items that had been previously included in the Distribution Charge of the customers' bill and would then list these items separately. These additional line items would include the addition of the Low Income Charge, Green Energy Fund, and the Renewable Compliance Charges.

The Commission deliberated on this matter on April 29, 2014 and found that the Initial Proposal brought forth by Delmarva was reasonable and would provide immediate resolution to the effort to increase transparency in Delmarva's customers' bills. The Commission adopted Delmarva's Initial Proposal as submitted and the Commission determined that the docket would remain open to allow for the parties to reconvene at a later date to determine if any additional charges can be further broken out and removed from the Distribution Charge.<sup>2</sup>

### **Phase II – (June 2015 to Present)**

Phase II commenced with the Parties meeting at a workshop held on June 2, 2015, followed by a second workshop on August 25, 2015. The objective of these transcribed workshops was to facilitate a discussion among the Parties to determine which, if any, additional changes should be further broken out on Delmarva's bill, considering that any such changes must be accurately reflected and quantifiable.

A list of the potential line items identified during the workshops included:

- Regional Greenhouse Gas Initiative ("RGGI") costs
  - The State of Delaware is a signatory state to the RGGI, which is a cooperative effort on the part of mid-Atlantic and northeastern states to

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<sup>2</sup> See PSC Order No. 8556 (dated April 29, 2014).

curtail CO<sub>2</sub> emissions from energy generating facilities utilizing fossil fuels. RGGI is established by a Memorandum of Understanding signed by Delaware and other states calling for the development of a program.<sup>3</sup>

- Qualified Fuel Cell Provider (“QFCP”) project charge
  - This is a non-by passable charge for costs incurred for incremental site preparation, filing, administrative, and other costs incurred by the QFCP, reduced by compensation for any revenues from PJM from the output of the QFCP project and further offset by avoided renewable portfolio standards costs related to otherwise required renewable and/or solar renewable energy credits.<sup>4</sup>
- Depreciation costs
  - The annual depreciation amount is included as an expense for ratemaking purposes. Depreciation is the allocation (or spreading) of the cost of an asset over its useful life.
- Capital costs
  - This term is the amount spent to acquire, build, install or improve long-term assets. This also includes infrastructure costs related to transmission and distribution plant.
- Infrastructure costs
  - Infrastructure costs are in part capital costs as it is assets Delmarva uses to provide utility service to its customers. (i.e. substations, transformers, poles, meters, etc.).
- Reliability investment
  - This is referring to capital expenditures made by Delmarva to improve the performance of its electric system. This can include replacement of aging infrastructure prior to its failure, or restoration efforts to the system after failure or a storm event.
- Resilience investment
  - This can be defined by capital expenditures made by Delmarva that are beyond the normal reliability investments. Typically this can refer for

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<sup>3</sup> See 7 *Del. C.* § 6043(a)(7) (b)(3).

<sup>4</sup> Under 26 *Del. C.* §352(17), a "qualified fuel cell provider project" means a fuel cell power generation project located in Delaware owned and/or operated by a qualified fuel cell provider under a tariff approved by the Commission pursuant to 26 *Del. C.* §364(d). Delmarva presently files on a monthly basis with the Commission a copy of the computation of the Service Classification QFCP-RC Charge (“QFCP-RC Charge”) with current factors and reconciliation factors at least thirty days prior to applying such QFCP-RC Charge on customers’ bills. See P.S.C. Del. No. 8 – Electric, Original Leaf No. 74d, Section F.

efforts made to reinforce the electric system to withstand major storm events such as hurricanes or derechos.<sup>5</sup>

- Regulatory costs
  - This refers to the Delmarva costs paid for regulatory coordination with the State of Delaware, PJM, and FERC. This could be viewed to include Commission costs, regulatory expenses, and the State of Delaware Public Utility Tax.<sup>6</sup>
- Net Metering
  - A broad definition of this refers to a service available to an electric consumer who has an eligible on-site generating facility capable of delivering electric to a local distribution facility. This may be used to offset a customer's electric energy provided by the utility during a billing cycle.
- Dynamic Pricing
  - This program is intended to be a mechanism to manage customer consumption of electricity in response to supply conditions. A primary example is when an electric customer reduces their consumption at a critical or peak time.

After the conclusion of the first workshop on June 2, 2015, the Commission Staff submitted data requests to Delmarva in an attempt to facilitate the next workshop discussion. The second workshop discussions centered on the ability of Delmarva to accurately calculate the items previously discussed.

The second workshop demonstrated that much of the requested cost information could not be substantiated due to the way most base rate cases, in the past, have been settled. In most rate case settlements, the amount of the agreed upon additional revenues is not applied to specific items of costs that make up the base rate request. Thus, a majority of these costs cannot be accurately identified as being specifically recovered. To identify the recovery of each cost in future rate cases would require changes in PSC regulatory policy that is outside the scope of this proceeding. Additionally, there would be significant overlap or duplication among capital and infrastructure costs since many of these costs can also improve reliability and resiliency investments.

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<sup>5</sup> A "derecho" is a widespread, long-lived, straight-line wind storm that is associated with a land-based, fast moving group of severe thunderstorms. Delaware experienced the effects of a derecho on June 29, 2012.

<sup>6</sup> The State of Delaware Public Utility Tax is presently identified as a line item on bills for customers who pay the tax.

With respect to RGGI costs embedded in supply charges, there is no current methodology to accurately determine the cost that ratepayers are actually incurring in the supply portion of their bills. Carbon fueled competitive supply generators in the RGGI states are obligated to purchase RGGI emission credits for the right to emit carbon dioxide. How much of that purchase cost is included in competitive supply bids is unknown. Further, competitive supply generators located outside the RGGI states are not obligated to purchase emissions credits and may well be supplying energy to Delaware customers through Delmarva's SOS rates or other 3<sup>rd</sup> party supplier rates, in which case there should be no RGGI costs. RGGI costs could only be an estimate and/or would require significant detailed tracking of all energy purchases into Delaware.<sup>7</sup>

The cost of net metering subsidies and how Delmarva customers pay the added costs was also discussed in the workshops. There was general agreement that the policies related to net metering could be more effectively handled in the legislative arena. Likewise, the issues around dynamic pricing, while mentioned as an issue in the workshops, was also acknowledged to be a topic better handled in another forum.<sup>8</sup>

Delmarva offered the Parties a proposal (the "Proposal") attempting to address the items discussed at the prior workshop. Delmarva proposed to include language on the bill to further clarify the QFCP project. Delmarva suggested adding the following language to its customers' bills:

"For information on the cost of different components of your Renewable Compliance Charge, go to [www.delmarva.com/uploadedFiles/www.delmarva.com/Pages/my-home/choices-and-rates/Delaware/QFCP.pdf](http://www.delmarva.com/uploadedFiles/www.delmarva.com/Pages/my-home/choices-and-rates/Delaware/QFCP.pdf)"

If a Delmarva customer were to access that file they would find the same instructions and chart used to calculate the monthly QFCP filing that Delmarva currently makes with the Commission. (See, **Attachment A** of this Memorandum).

Unfortunately, some in the working group felt that Delmarva's Proposal did not address the disclosure of the QFCP charge to their satisfaction and remain steadfast that it should be a line item on Delmarva's bills. The second workshop concluded with the Parties agreeing to take some time to digest the discussion that took place and that if there were going to be any objections to the identification of the QFCP as a line item, then that Party would inform the

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<sup>7</sup> Workshop Transcript, June 2, 2015, Mr. David Stevenson, CRI, Presentation, pages 375-390

<sup>8</sup> Workshop Transcript, June 2, 2015, Mr. John Nichols, discussion pages 446-460.

participants in writing. Correspondence was received from DNREC, the DPA, Delmarva, Representative Kowalko, Mr. Nichols, and Representative Kowalko and Senator Dave Lawson on their respective positions on this issue. (See, **Attachments B, C, D, E, F, and G**).

### **Recommendations**

In general, the majority of the topics raised in Phase II would require some type of regulatory policy decision that should take place in a separate forum given that there is no feasible way to accurately determine those costs and have them separately broken out on Delmarva's bills. However, there is still existed one issue that could not be agreed upon by the Parties; disclosure of the QFCP project as a line item on the Delmarva customer's bill.

As the Acting Presiding Officer of this proceeding, I feel it is appropriate to provide the Commission with several different scenarios that could resolve this docket, along with my recommendation. The possible scenarios are:

*Scenario "A"* – Accept that the Commission remains satisfied with the appropriate level of detail contained in the monthly billing statements resulting from changes in Phase I and ordering no further changes to Delmarva's bill at this time.

*Scenario "B"* – Request that Delmarva list the Qualified Fuel Cell Provider project as an estimated line item that would be further broken out from the Renewable Compliance Charges line of the bill, exclusive of avoided cost savings.

*Scenario "C"* – Accept and request that Delmarva's make changes to its bill as indicated in its August 25, 2015 Proposal as outlined in Attachment A. This would add language on the bill indicating where the customer can on Delmarva's website review the different components of the Renewable Compliance Charge.

*Scenario "D"* – An alternative course of action as may be decided upon by the Commission.

After considering the discussions that took place at the workshop, and the comments offered by the Parties, I cannot recommend to the Commission that the QFCP project be identified as a separate line item at this time.

The Commission issued PSC Order No. 8556 (April 29, 2014), which states in pertinent part:

That this docket shall be kept open, with the present service list, for the purposes of reconvening the parties at a later date to determine which, if any, additional changes can be further broken out and removed from the Distribution Charge from which they may be presently embedded. (Paragraph 5 of the Order).

I interpret this as the Commission's primary direction to focus on the removal of items from the Distribution Charge. The QFCP project is an item that is presently embedded in the Renewable Compliance Charge, which was already been removed from the Distribution Charge in Phase I to provide better clarity for the cost of compliance with Delaware's Renewable Energy Portfolio Standards Act ("REPSA"). At issue here is that the QFCP project is just one of many projects that encompass the Renewable Compliance Charge. Other projects include major wind projects, the Dover SunPark, the Delaware Solar Program and many more. Since the Renewable Compliance Charge involves a variety of energy sources, with projects on both a large and small scale, it is not feasible to list out every single project for disclosure on the bill. Singling out one particular project when there are many other projects that comprise the Renewable Compliance Charge does not appear to be in the Delmarva customers' best interests.

Furthermore, the actual QFCP is comprised of four separate factors that make up the actual charge: (1) a fixed disbursement rate; (2) the fuel cost of the natural gas; (3) the revenues derived from PJM energy and capacity sales; and (4) the avoided costs for RECS and SRECS that Delmarva no longer requires for compliance. In addition, true-ups from previous month are often included in the calculations. Thus, even if Delmarva were to provide a separate line item on its bills for the QFCP, it may not necessarily accurately reflect that month's actual charges or credits. The Commission has previously made clear that it does not wish to consider having information on the bill that is potentially inaccurate and is only looking for quantifiable numbers that can be identified as specific and accurate costs so that customers get an improved, not a more complicated, price signal for their energy consumption. Also it should be noted that the Commission presently reviews and approves a monthly tariff filing detailing the calculations of the QFCP charge -- all of which is made publicly available on the Commission's electronic docket system, DelaFile.

Finally, to my knowledge, the Commission Staff does not receive a substantial amount of inquiries from ratepayers relate to the QFCP charges. For those that do contact the Commission regarding QFCP charges, they can easily be connected to a Staff member who is able to assist them regarding their inquiry.

**Acting Presiding Officer Recommendation**

In summary, based on my review of the issues, and the need to maintain accuracy in Delmarva's bills, I respectfully recommend that the Commission adopt *Scenario "C"* which is the Proposal offered by Delmarva at the August 27, 2015 workshop, attached to this Memorandum as **Attachment A**. I believe that the Proposal provided by Delmarva presents an optimal and well-balanced approach. At this time, this appears to be the most efficient way to provide those few ratepayers who may be interested in seeing their portion of the QFCP charge with a method of how to determine it.

Further, it is my understanding that Delmarva is willing to work with any party to add further clarification on its website regarding its bills. Delmarva has made it clear that it plans to put additional billing information on its website to enable customers who want to learn more about the charges to do so. However, this docket was opened with the intention of clarifying line items on Delmarva's billing statements, not updates to Delmarva's website. Much of the discussion that took place at the workshops centered around who would manage and determine the content of such a website, which caused the working group to lose a little bit of its focus. I would recommend that if a Party has a specific request for something it would like to see on Delmarva's website, then perhaps that Party should reach out to Delmarva and have that discussion outside of this proceeding.

While recommending *Scenario "C"* as the best course of action to maintain the integrity of Delmarva's bills, the addition of the QFCP as a line item on the bill, separated out from other REPSA costs, merely identifies a specific cost that is part of the total REPSA costs. The separate QFCP charge is readily available to customers seeking this information, but as previously noted it is an incomplete picture as an estimate with unknown follow on true-ups and missed avoided cost savings. Provided the Commission is comfortable with the limitations contained in the QFCP charge, it could certainly be separated out as an individual line item as requested by some parties.

Lastly, I would recommend that once the Commission has had the opportunity to hear from all of the Parties and deliberate on this matter, that any final Order close this docket.



Account number: [REDACTED]

Your electric and gas bill for the period  
March 21, 2015 to April 21, 2015

### Details of your Electric Charges

Residential Service - service number 0550 0632 3400 7000 1840 04  
Electricity you used this period

Meter Number	Energy Type Use (kWh)	End Date	Start Date	Number Of Days	Total Use
[REDACTED]		Apr 21	Mar 21	32	344
		Reading 034832	Reading 034488	Multiplier 1	

Your meter records electric energy use in hourly intervals. Your bill is the total of all hourly intervals recorded during your billing period. End and start date kWh meter readings are provided for informational purposes only. Please visit My Account at delmarva.com to view your energy use data.

Electric Summary	
Balance from your last bill	\$64.62
Payment Apr 09	\$64.62-
<b>Total Payments</b>	<b>\$64.62-</b>
Electric Charges (Residential Service)	\$61.39
<b>New electric charges</b>	<b>\$61.39</b>
<b>Total amount due by</b>	<b>\$61.39</b>
<b>May 13, 2015</b>	

Your next bill period is scheduled to end on May 19, 2015

**Delivery Charges:** These charges reflect the cost of bringing electricity to you. Current charges for 32 days, winter rates in effect.

Type of charge	How we calculate this charge	Amount(\$)
Customer Charge		11.71
Distribution Charge	344 kWh X \$0.0299550 per kWh	10.30
Low Income Charge	344 kWh X \$0.0000950 per kWh	0.03
Green Energy Fund	344 kWh X \$0.0003560 per kWh	0.12
Renewable Compliance Charge	344 kWh X \$0.0079030 per kWh	2.72
<b>Total Electric Delivery Charges</b>		<b>24.88</b>

For clarification purposes, this language was added to the bill as a result of Phase I.

The Renewable Compliance Charge does not reflect any direct or indirect economic or health benefits of renewable energy. Delaware Renewable Energy law requires that 11.5% of your electricity must come from renewable electric generation sources in 2014. For more on renewable energy, go to [www.delmarva.com/my-home/choices-and-rates/delaware/renewable-portfolio-standard](http://www.delmarva.com/my-home/choices-and-rates/delaware/renewable-portfolio-standard).

See Attachment 1

For information on the cost of different components of your Renewable Compliance Charge, go to [www.delmarva.com/uploadedFiles/www.delmarva.com/Pages/my-home/choices-and-rates/Delaware/QFCP.pdf](http://www.delmarva.com/uploadedFiles/www.delmarva.com/Pages/my-home/choices-and-rates/Delaware/QFCP.pdf)

See Attachment 2

For clarification purposes, this is proposed language.

Page 2 of 4

Check here to enroll in the Direct Debit plan Sign and date here \_\_\_\_\_

By signing here, you authorize Delmarva Power to electronically deduct the amount of your monthly bill from your checking account each month. The check you send with this signed authorization will be used to set up Direct Debit. You understand that we will notify you each month of the date and amount of the debit, which will be on or after the due date stated on your monthly bill. You understand that to withdraw this authorization you must call Delmarva Power. You understand that Delmarva Power does not charge for this service, but that your bank may have charges for this service.

#### Electronic Check Conversion

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

Account number: [REDACTED]

Your electric and gas bill for the period  
**March 21, 2015 to April 21, 2015**

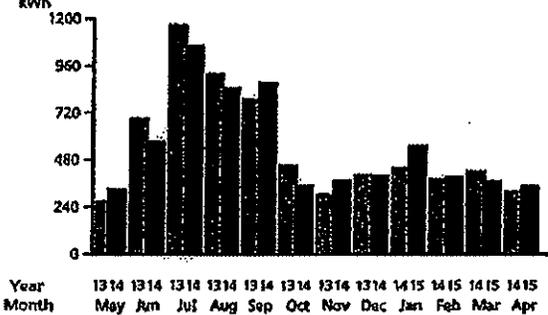


**Supply Charges:** These charges reflect the cost of producing electricity for you. You can compare this part of your bill to offers from competitive suppliers. The class average annual price to compare is 10.75 cents per kWh.

Type of charge	How we calculate this charge	Amount(\$)
Transmission Capacity Charge	2.49 kW X \$2.5452530 per kW	6.34
Standard Offer Service Charge	344 kWh X \$0.0877060 per kWh	30.17
<b>Total Electric Supply Charges</b>		<b>36.51</b>
<b>Total Electric Charges - Residential Service</b>		<b>61.39</b>

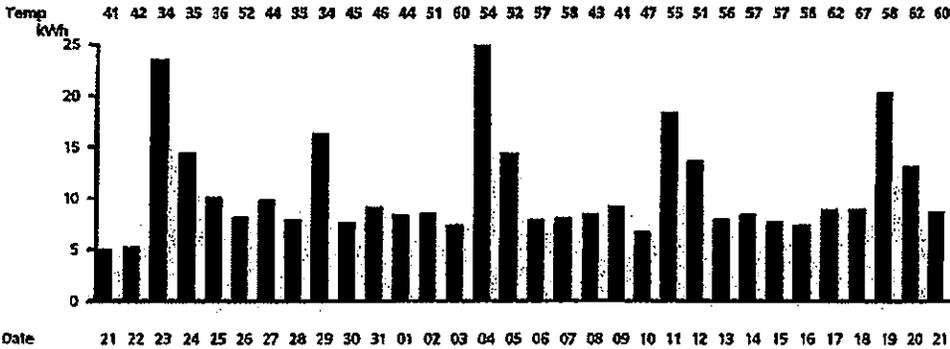
**Your monthly Electricity use in kWh**

Daily temperature averages: Apr 2014: 53° F Apr 2015: 50° F



Your daily electricity use for this bill period. Visit My Account at delmarva.com to see your hourly electricity use.

Meter Number IN0340789346



**Details of your Gas Charges**

Residential Gas Heating - service number [REDACTED]  
 Gas you used this period

Meter Number	Current Reading	Previous Reading	Difference	Multiplier	Total Use
[REDACTED]	Apr 21 004314	Mar 21 004247	67	1	67
<b>Use (CCF)</b>	(actual)	(actual)			

<b>Gas Summary</b>	
Balance from your last bill	\$131.97
Payment Apr 09	\$131.97-
<b>Total Payments</b>	<b>\$131.97-</b>
Gas Charges (Residential Gas Heating)	\$79.34
<b>New gas charges</b>	<b>\$79.34</b>
<b>Total amount due by May 13, 2015</b>	<b>\$79.34</b>

Your next meter reading is scheduled for May 19, 2015

**Delivery Charges:** These charges reflect the cost of bringing gas service to you. Current charges for 32 days, winter rates in effect.

Type of charge	How we calculate this charge	Amount(\$)
Customer Charge		11.41

Account number: [REDACTED]

Your electric and gas bill for the period  
March 21, 2015 to April 21, 2015

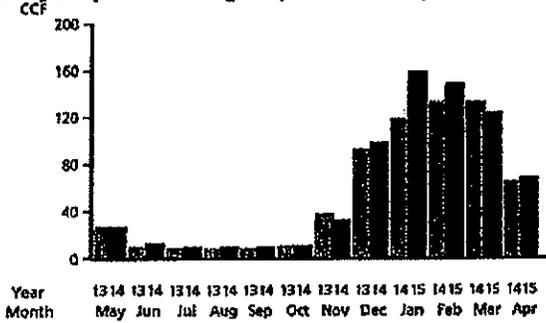
Distribution Charge	First 50 CCF X \$0.5022900 per CCF	25.11
Distribution Charge	Last 17 CCF X \$0.4030600 per CCF	6.85
Environmental Surcharge	67 CCF X \$0.0012200 per CCF	0.08
<b>Total Gas Delivery Charges</b>		<b>43.45</b>

Supply Charges: These charges reflect the cost of producing gas service for you.

<u>Type of charge</u>	<u>How we calculate this charge</u>	<u>Amount(\$)</u>
Gas Cost Charge	67 CCF X \$0.5356300 per CCF	35.89
<b>Total Gas Supply Charges</b>		<b>35.89</b>
<b>Total Gas Charges - Residential Gas Heating</b>		<b>79.34</b>

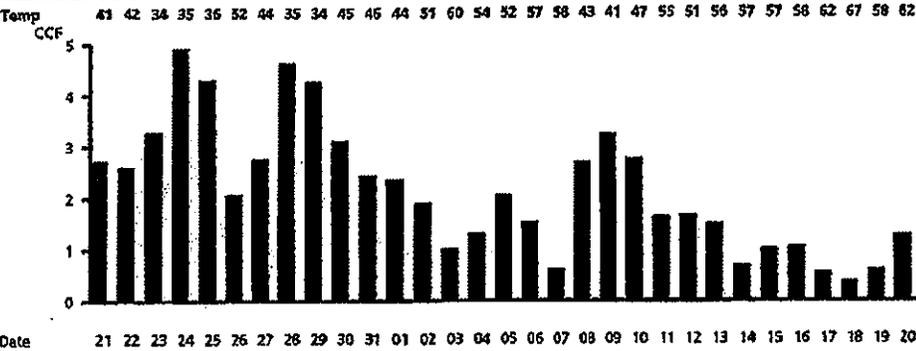
**Your monthly Gas use in CCF**

Daily temperature averages: Apr 2014: 53° F Apr 2015: 50° F



Your daily gas use for this bill period. Visit My Account at delmarva.com to see your hourly gas use.

Meter Number 2422933AGM



**Attachment 1**

**Page on Delmarva.com**

# • THE RENEWABLE ENERGY PORTFOLIO STANDARDS ACT AND THE RENEWABLE COMPLIANCE CHARGE

## THE RENEWABLE ENERGY PORTFOLIO STANDARDS ACT

Under a Delaware law known as the "Renewable Energy Portfolio Standards Act" (or "REPSA"), Delmarva Power must increase the percentage of its electric supply generated from renewable energy sources each year until the year 2025, when a minimum of 25% renewable energy must be achieved.

In adopting REPSA as Delaware Law, the Delaware General Assembly stated as follows:

*"The General Assembly finds and declares that the benefits of electricity from renewable energy resources accrue to the public at large, and that electric suppliers and consumers share an obligation to develop a minimum level of these resources in the electricity supply portfolio of the state. These benefits include improved regional and local air quality, improved public health, increased electric supply diversity, increased protection against price volatility and supply disruption, improved transmission and distribution performance, and new economic development opportunities."*

Delmarva Power has long supported the efforts of both Delaware and the region to reduce emissions caused by the generation of electricity, motor vehicles, and other activities. Delmarva Power has met or exceeded Delaware's RESPA requirements each year and has been recognized as a national leader on environmental issues.

RESPA compliance is achieved through three general categories of clean energy generation: (1) solar, (2) general renewable energy resources, and (3) Delaware Qualified Fuel Cells.

1. Solar: Solar energy (also known as "photovoltaic energy") is electrical energy created by converting the sun's energy to electricity. RESPA provides that a certain minimum percentage of total RESPA compliance must come from solar energy sources.

2. General Renewable Energy: In addition to solar, RESPA defines renewable energy as coming from various sources, including: wind energy, tidal and wave energy, geothermal energy, hydroelectric energy, methane capture and other resources.

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3. Delaware Qualified Fuel Cells: In 2011, REPSA was amended to permit the use of generation from certain fuel cells to achieve REPSA compliance. REPSA refers to these fuel cells as “Qualified Fuel Cells.” Qualified Fuel Cells must (1) be manufactured in Delaware and (2) be capable of being powered by renewable fuels. A company known as Bloom Energy met the requirements to be a Qualified Fuel Cell provider in Delaware by building a new fuel cell assembly plant in Newark, Delaware and building two fuel cell generation sites in Delaware. The Qualified Fuel Cells in Delaware manufactured by Bloom Energy are currently used to meet approximately 50% of the Delaware REPSA compliance requirements.

## THE RENEWABLE COMPLIANCE CHARGE

The Renewable Compliance Charge, which appears within the Delivery Charge section of Delmarva Power’s bills, represents the cost Delmarva Power incurs in meeting the requirements of the Renewable Energy Portfolio Standards Act (or “REPSA”). This charge includes costs of clean energy generation discussed above: (1) solar and general renewable energy, and (2) Delaware Qualified Fuel Cells.

1. Solar and General Renewable Energy: The monthly costs of purchases from solar and general renewable energy sources are established annually after review and approval by the Delaware Public Service Commission.

2. Delaware Qualified Fuel Cells: The monthly cost of purchases from Delaware Qualified Fuel Cells is established on a monthly basis after review and approval by the Delaware Public Service Commission. The monthly charges per kilowatt hour for the purchase of solar, general renewable energy resources and Delaware Qualified Fuel Cells for 2014 are set forth in the table at the link below:

<http://www.delmarva.com/my-home/choices-and-rates/delaware/tariffs/>

## THE BENEFITS OF RENEWABLE AND CLEAN ENERGY

The Renewable Energy Portfolio Standards Act (“REPSA”) recognizes that Renewable Energy brings many benefits to Delaware and its citizens. For example, the Delaware General assembly has specifically declared: *“These benefits include improved regional and local air quality, improved public health, increased electric supply diversity, increased protection against price volatility and supply disruption, improved transmission and*

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*distribution performance, and new economic development opportunities.”* Currently, however, these benefits are not reflected in the form of a dollar amount on your Delmarva Power bill.

The Division of Energy & Climate of the Delaware Department of Natural Resources and Environmental Control (or “DNREC”), is in the process of adopting rules through which the value of Renewable and clean energy resources will be calculated and reflected on Delmarva Power’s bills. Once that process has been completed, Delmarva Power will work with the Energy Office to provide our customers with more helpful information on the benefits they are receiving as a result of RESPA and the increasing utilization of Renewable Energy and other clean energy resources.

**Attachment 2**  
**Page on Delmarva.com**

### How To Calculate Your Monthly QFCP and RPS Charges

The Renewable Portfolio Compliance Rate (or "RPCR") is separately listed each month on your Delmarva Power bill. The RPCR varies monthly and is comprised of two charges: (1) the Qualified Fuel Cell Provider (or "QFCP") charge and (2) the Renewable Portfolio Standard (or "RPS") Charge. You can calculate the specific amount of your QFCP Charge and your RPS Charge each month by doing the following:

1. Identify the number of kilowatt hours of electricity you consumed during the monthly billing period, which is indicated on your Delmarva Power bill.
2. To calculate your monthly QFCP Charge: Multiply the number of kilowatt hours of electricity you consumed for the month by the QFCP rate for the same month. The monthly QFCP rate is set forth in the table below. The resulting number will equal your QFCP Charge for that month.
3. To calculate your monthly RPS Charge: Multiply the number of kilowatt hours of electricity you consumed for the month by the RPS rate for the same month. The monthly RPS rate is set forth in the table below. The resulting number will equal your RPS Charge for that month.

#### Example QFCP Charge Calculation

$$\begin{array}{r}
 \text{Kilowatt hours consumed in June 2015 billing month } 975 \text{ kWh} \\
 \times \\
 \text{QFCP charge per kWh for June 2015 billing month } \underline{\$0.004045} \\
 \hline
 \text{QFCP Charge for June 2015 billing month} = \underline{\$3.94}
 \end{array}$$

#### Example RPS Charge Calculation

$$\begin{array}{r}
 \text{Kilowatt hours consumed in June 2015 billing month } 975 \text{ kWh} \\
 \times \\
 \text{RPS charge per kWh for June 2015 billing month } \underline{\$0.003948} \\
 \hline
 \text{RPS Charge for June 2015 billing month} = \underline{\$3.84}
 \end{array}$$

INTERNET ACCESSIBLE TABLE LINKED TO RPS & QFCP-RC TARIFF

#### Delmarva Power & Light Company

Customer Class	April 2015 Billing			May 2015 Billing			June 2015 Billing		
	QFCP <sup>1</sup>	RPS <sup>2</sup>	TOTAL RPCR <sup>3</sup>	QFCP <sup>1</sup>	RPS <sup>2</sup>	TOTAL RPCR <sup>3</sup>	QFCP <sup>1</sup>	RPS <sup>2</sup>	TOTAL RPCR <sup>3</sup>
Residential <sup>4</sup>	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Residential- Space Heating	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Residential Time-of-Use NON-Demand "R-TOU-ND"	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Small General Service - Secondary Non-Demand "SGS-ND"	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Space Heating Secondary Service "SGS-ND" and "MGS-S"	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Water Heating Secondary Service "SGS-ND" and "MGS-S"	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Outdoor Recreational Lighting Svc - Secondary "ORL"	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Medium General Service - Secondary "MGS-S"	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Large General Service - Secondary "LGS-S"	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
General Service - Primary "GS-P"	\$ 0.004335	\$ 0.003448	\$ 0.007783	\$ 0.005363	\$ 0.003448	\$ 0.008811	\$ 0.003936	\$ 0.003948	\$ 0.007884
General Service - Transmission "GS-T"	\$ 0.004265	\$ 0.003448	\$ 0.007713	\$ 0.005277	\$ 0.003448	\$ 0.008725	\$ 0.003873	\$ 0.003948	\$ 0.007821
Outdoor Lighting PL	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993
Outdoor Lighting SL	\$ 0.004455	\$ 0.003448	\$ 0.007903	\$ 0.005512	\$ 0.003448	\$ 0.008960	\$ 0.004045	\$ 0.003948	\$ 0.007993

**Notes**

<sup>1</sup> The QFCP (Qualified Fuel Cell Provider) charge is forecast and trued up on a monthly basis.

<sup>2</sup> The RPS (Renewable Portfolio Standard) charge is computed annually and is in effect June 1st of each year.

<sup>3</sup> The RPCR (Renewable Portfolio Compliance Rate) varies monthly and is the sum of QFCP & RPS charges.

<sup>4</sup> For June 2015 the QFCP Cost to the average Residential Customer(975 KWH) is \$3.94; the Estimated Avoided Cost is (\$2.12); resulting in an Estimated Net Cost of \$1.82.

# Attachment B



STATE OF DELAWARE  
DIVISION OF ENERGY & CLIMATE  
1203 COLLEGE PARK DRIVE, SUITE 101  
DOVER, DELAWARE 19904

Office of Environmental Protection

Phone: (302) 735-3480  
Fax: (302) 739-1840

September 8, 2015

Mr. Jason R. Smith  
Case Manager  
Delaware Public Service Commission  
861 Silver Lake Boulevard, Suite 100  
Dover, DE 19904

Subject: PSC Docket No. 13-250, Delmarva Power & Light Billing Transparency

Dear Mr. Smith:

DNREC favors the approach proposed by DPL at the last workshop as an appropriate way to provide meaningful information to customers, and respectfully disagrees with the proposal that Qualified Fuel Cell Provider ("QFCP") costs should be further broken out on customer bills as a separate line from the Renewable Compliance Charge.

DNREC has statutory responsibilities relating to two of the line items that were broken out in Phase I of this docket: the Green Energy Fund and the Renewable Compliance Charge. As such, DNREC has a direct interest in seeing that the costs and benefits of these programs are clearly communicated to customers. DNREC believes that it is in the public interest that citizens and ratepayers be well informed about the measurable economic benefits of clean energy, and believes that DPL's proposal is a reasonable approach to providing an appropriate level of detail.

While DNREC initially took exception to the Phase I proposal, in the end DNREC did not object to the consensus, being partially satisfied that the language on the bill and the accompanying website were helpful in providing meaningful information for customers.

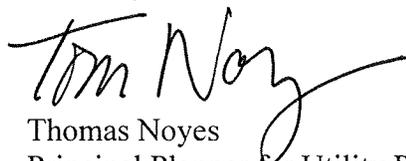
As for breaking out QFCP charges, DNREC notes that (1) there is no hard and fast standard guiding the parties, (2) the QFCP is an integral part of the Renewable Compliance Charge, (3) the parties have agreed that we should avoid information clutter at the expense of clarity, and (4) there is a likelihood that a new energy efficiency charge will be added to bills in the near future.

*Delaware's Good Nature depends on you!*

- (1) No statutory or regulatory standard has been established here. The closest thing to a standard in this docket would be “the appropriate level of detail contained in Delmarva’s monthly billing statements” (as expressed in the original petition), which suggests that this is a judgment call for the parties to work out rather than an exercise in applying an established standard in which we could unintentionally set a precedent where none now exists.
- (2) We should be mindful of the relationship between QFCP costs and REPSA compliance costs. QFCP costs are incurred to meet a portion of DPL’s RPS requirement, which reduces the number of RECs and SRECs DPL needs to buy to meet the requirement. Rather than break all of the resources used for RPS compliance, DNREC sees it as appropriate to report REPSA compliance as one cost, while providing customers with detailed information on the costs/kWh on the website as DPL proposes.
- (3) Discussions among the parties have often touched on the need to balance the public interest in informing customers with the diminishing returns of providing so much information that it bills become more difficult to understand. The Renewable Compliance Charge encompasses several types of energy sources and a variety of large and small projects. Workshop participants cited phone and cable bills as being so complicated as to become almost incomprehensible.
- (4) DNREC sees a significant possibility that another line for energy efficiency programs proposed through the Energy Efficiency Advisory Council and approved by the Commission could be added to customer bills. This would bring the number of separate lines for public benefit programs to four. DNREC expects to support this new line item, should the program portfolio be approved, as it would reflect a new legislatively mandated program. In doing so, DNREC sees the need to highlight the benefit/cost ratios of the programs and give customers clear information on how to take advantage of the new programs.

For these reasons, DNREC supports DPL’s proposal as providing the appropriate level of detail for customers.

Sincerely,



Thomas Noyes  
Principal Planner for Utility Policy  
DNREC Division of Energy & Climate

# Attachment C

**Smith, Jason (DOS)**

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**From:** Bonar, David L (DOS)  
**Sent:** Tuesday, September 08, 2015 2:45 PM  
**To:** Smith, Jason (DOS)  
**Subject:** Transparency position

Jason,

After consideration and careful review, my office will be taking no position and offering no formal comments in this docket.

David L. Bonar  
Public Advocate  
29 S State Street  
Dover, DE 19901  
302-241-2550  
302-388-1100 (Cell)

“forget all the reasons it won’t work  
and believe the one reason that it will”

# Attachment D



500 North Wakefield Drive  
P.O. Box 6066  
Newark, 19714-6066

302.353.7979 – Business Cell  
302.429.3786 – Telephone  
302.429.3801 – Facsimile

todd.goodman@pepcoholdings.com

**Todd L. Goodman**  
Associate General Counsel

September 9, 2015

## VIA EMAIL

Jason R. Smith  
Case Manager  
Delaware Public Service Commission  
861 Silver Lake Boulevard, Suite 100  
Dover, Delaware 19904

Re: Docket 13-250 – Bill Transparency Working Group

Dear Mr. Smith:

I received a copy of yesterday's letter from DNREC, which informed the working group that DNREC will object to separately identifying the QFCP cost as a line item on Delmarva Power monthly bills. This letter serves to confirm Delmarva's recommendation on the issue as discussed with Staff and the Public Advocate on September 8, 2015. Delmarva believes this letter is necessary due to the fact that other members of the working group did not attend the September 8<sup>th</sup> meeting.

Delmarva Power does not serve as an advocate for any side in this dispute. By Delaware law, Delmarva must serve "solely as the agent for the collection and disbursement of funds for the [Qualified Fuel Cell] project." During the working group process, however, Delmarva Power did express its opinion about what would be best for the majority of its customers and explained why it recommended against singling out the QFCP on monthly bills. Nevertheless, if each of the other members of the Phase II working group had agreed that identifying the QFCP on monthly bills was appropriate, Delmarva would have agreed to identify the QFCP as a separate line item charge.

During the second Phase II working group meeting, the Public Advocate discussed some thoughtful concerns about singling out the QFCP as a line item on customer bills. At the same meeting, DNREC expressed its opinion that singling out the QFCP on bills would not be appropriate. DNREC further explained that it supported the compromise recommendation

offered by Delmarva Power during the working group process, which involved new language on the bills and information updates to Delmarva's website that would allow every customer to easily identify the exact amount they are paying for the QFCP each month. At the conclusion of the last workshop meeting, it was agreed that any participant who objected to identifying the QFCP as a line item cost on bills would inform the participants after the regularly scheduled Commission meeting on September 8, 2015.

DNREC has now placed its position in writing. While Delmarva Power does not serve as an advocate for any side in this dispute, Delmarva's recommendation on what it believes to be the best course of action for our customers remains the same - Delmarva Power agrees with the opinion expressed in DNREC's letter.

We anticipate that the matter will need to be decided by the Commission sometime this Fall. It seems as though each party who wishes to should be given the opportunity to provide its position in a brief writing to the Commission. A deadline for written submissions to the Commission on the matter would certainly make matters more organized.

Thank you for conducting such a well-organized and civil series of workshops in this docket.

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd L. Goodman', with a long horizontal flourish extending to the right.

Todd L. Goodman

cc: Workshop Participants (via email)

# Attachment E

**Smith, Jason (DOS)**

---

**From:** John Kowalko <kowalkoforthe25th@gmail.com>  
**Sent:** Wednesday, September 09, 2015 9:33 PM  
**To:** Todd Goodman  
**Cc:** Maucher, Andrea (DOS); McDowell, Connie (DOS); Lawson, Dave (LegHall); David Stevenson; Bonar, David L (DOS); Deborah Passwater; Scott, Devera (DOJ); Sarah Buttner; Simpson, Gary (LegHall); Heather Hall; James Geddes; Smith, Jason (DOS); Farber, John (DOS); Kowalko, John (LegHall); John Nichols; Driggins, Lisa (DOS); Lisa Oberdorf; Lynn M. Kernohan; Hartigan, Matthew (DOS); Knotts, Pamela (DOS); Pamela Long; Cherry, Philip J. (DNREC); Pamela Scott; Durstein III, Ralph (DOJ); Iorii, Regina (DOJ); Howatt, Robert (DOS); Underwood, Robert (DNREC); Price, Ruth A (DOS); Kassab, William (DOJ); Noyes, Thomas G. (DNREC); jmontgomery@delawareonline.com  
**Subject:** Re: Delmarva Bill Transparency - PSC Docket No. 13-250

My position is and remains that I brought this petition on behalf of the ratepayers and my constituents for a display on their monthly bill of additional items so that they may have a better understanding, appreciation and consideration of their monthly payments. Quite frankly, I find the arguments in DNREC's statement and the obviously willingness of Delmarva Power to give some kind of imprimatur of approval to DNREC's contention while trying to portray itself as a by-standing party disingenuous and insulting to the ratepayers needs. To consistently state and imply that these bills should only be constructed with a clear and identifiable benefit to the ratepayers rather than as a vehicle for informing and allowing the ratepayer to be aware of the costs they are forced to bear is a straw-man argument without merit to deny the placing of the "Bloom" charges in the bill. In what I believe was a magnanimous gesture to allow this docket to be closed without further costs to the ratepayers (please note Public Advocate) I am willing to forego continuing efforts to display other charges but I will not be satisfied with acquiescing the ratepayers rights to see the actual monthly charge borne by them to subsidize fuel cells by regurgitating disingenuous excuses which have no legitimacy. So if we must go before the full commission for resolution so be it but do not expect the public (paying for this process) to not be informed of the obstructionism of some of the parties.

Representative John Kowalko

# Attachment F

John A. Nichols  
406 Meadow Lane  
Middletown, DE 19709

September 30, 2015

Via E-Mail

Jason R. Smith, Case Manager  
Delaware Public Service Commission  
861 Silver Lake Boulevard, Suite 100  
Dover, DE 19904

Re. Docket 13-250, Delmarva Power & Light Billing Transparency

Dear Mr. Smith:

Let me begin by apologizing for missing the PSC meeting on September 8, and therefore being unable to offer my comments on this matter in person. The absence was due to circumstances beyond my control.

The letters from DNREC (Sept. 8) and Delmarva Power (Sept. 9) don't seem to cite any compelling reason for not breaking out the Qualified Fuel Cell Provider (QFCP) surcharge as a separate line item, and I believe from conversations with friends around the state that many Delmarva Power customers are interested in this component of their bills. Accordingly, in the interests of billing transparency, I would recommend that this specific information be provided to all Delmarva customers. Several supporting observations follow:

- A. In my view, one more line item will not result in "information clutter at the expense of clarity."
- B. The QFCP surcharge differs from other elements of the Renewable Compliance Charge in several important respects. First, it represents a European style feed-in tariff. Second, producing electric power by oxidizing natural gas in the Bloom Energy fuel cells results in somewhat higher-level carbon dioxide emissions than a combined cycle natural gas plant, for which reason some people do not agree that the fuel cells represent a "clean power" source. Third, the QFCP surcharges were justified by jobs to be created in Delaware, a rather unique and somewhat controversial arrangement that merits continuing disclosure to customers of how much they are being required to pay for this purpose. Fourth, the QFCP surcharges have run several times higher than initial estimates at the time the surcharge was approved by the PSC.

C. DNREC's preference for reporting Renewable Energy Portfolio Standard Act compliance as one cost "while providing customers with detailed information on the costs/KWH on the website as DPL proposes" does not merit a different conclusion. The many customers who are interested in this matter should not have to go on the Internet and access a website in order to obtain the information that they want, the information should be conveniently provided to them in the monthly bills.

Having said all this, it must be conceded that the decision involved is a subjective one. But in the two years that this matter has been under study, I've yet to hear anyone offer proof of what information Delmarva Power customers want to see. If my recommendation is seen as inconvenient for some reason, perhaps a polling of Delmarva Power customers would be helpful to resolve that point.

Hope these comments will prove helpful to you and the other members of the working group.

Sincerely,

John A. Nichols

# Attachment G



**JOHN A. KOWALKO, JR.**  
STATE REPRESENTATIVE  
25<sup>th</sup> District

HOUSE OF REPRESENTATIVES  
STATE OF DELAWARE  
411 LEGISLATIVE AVENUE  
DOVER, DELAWARE 19901

COMMITTEES  
Energy  
Health & Human  
Development  
Labor  
Manufactured Housing  
Natural Resources

10/13/15

Jason R. Smith, Case Manager  
Delaware Public Service Commission  
861 Silver Lake Boulevard, Suite 100  
Dover, DE 19904

Re. Docket 13-250, Delmarva Power & Light Billing Transparency

Dear Mr. Smith:

As the petitioners in Docket 13-250 we would like the following correspondence entered into the record for consideration by the Commission.

This docket was convened to address our request for more billing transparency and a reasonable expansion of monthly billing information listings. The intention of our request is to enable ratepayers an understanding of why their bills have grown and what they are paying for besides actual energy units consumed. It is not an unreasonable request and falls well within the purview and authority of the Commission to rule for the consumer. Our goal, on behalf of our constituents and all Delmarva Electric users, is to have some specific information provided to all Delmarva customers in their monthly bills.

The letters from DNREC (Sept. 8) and Delmarva Power (Sept. 9) do not cite any compelling reason for not breaking out the Qualified Fuel Cell Provider (QFCP) surcharge as a separate line item. We've been contacted by numerous constituents and ratepayers throughout the state who are interested and insistent that this charge should be a specific component of their bills. One more line item such as listing the readily available Bloom charge in the monthly itemized bill will not result in "information clutter at the expense of clarity."

DNREC's expressed preference for reporting Renewable Energy Portfolio Standard Act compliance as a singular cost "while providing customers with detailed information on the website as DP&L proposes" does not accurately address our request. The many ratepayers and constituents who are interested in this matter should not have to go on the Internet and access a website in order to obtain the information that they want, the information should be conveniently provided to them in the monthly bills.

**JOHN A. KOWALKO, JR.**  
STATE REPRESENTATIVE  
25<sup>th</sup> District



**HOUSE OF REPRESENTATIVES**  
**STATE OF DELAWARE**  
411 LEGISLATIVE AVENUE  
DOVER, DELAWARE 19901

**COMMITTEES**  
Energy  
Health & Human  
Development  
Labor  
Manufactured Housing  
Natural Resources

Having had an affirmative response from many constituents, ratepayers and other interested parties with a vested interest in openness and billing transparency that they wish to see this itemization appear on their monthly bills and having been presented with absolutely no proof that Delmarva Power customers do not want to have this information we presume that the Commission will rule that this change to the monthly billing structure is appropriate and in the best interests of the consumer.

Respectfully,

Representative John Kowalko

Senator Dave Lawson