



**STATE OF DELAWARE
PUBLIC SERVICE COMMISSION**

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April 23, 2013

MEMORANDUM

TO: Members of the Commission

FROM: Pamela Knotts, Regulatory Policy Administrator *pk*

SUBJECT: COMPLIANCE FILING IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR APPROVAL OF QUALIFIED FUEL CELL PROVIDER PROJECT TARIFFS (FILED MARCH 21, 2013) – PSC DOCKET NO. 13-76-03

On July 7, 2011, the Governor of the State of Delaware signed into law Amendments (the “Amendments”) to the Renewable Energy Portfolio Standards Act (the “REPSA”) that added Delaware-manufactured fuel cells to the REPSA and allowed energy output from such fuel cells to be considered a resource eligible to fulfill a portion of a Delaware Public Service Commission-regulated electric company’s renewable energy credit requirements under REPSA.

The Amendments created a regulatory framework whereby the Commission-regulated electric company, Delmarva Power & Light Company (“Delmarva”), and the Qualified Fuel Cell Provider (“QFCP”)¹ will jointly submit tariffs that enable and obligate Delmarva, as the agent for collection and disbursement, to collect from its customers a non-bypassable charge (“QFCP-RC Charge”) for costs incurred for incremental site preparation, filing, administrative and other costs incurred by the QFCP. The QFCP-RC Charge is reduced by compensation to the Qualified Fuel Cell Provider Project (“QFCPP”) for any revenues received from PJM or its successors at law from the output of the QFCPP.

On August 19, 2011, in PSC Docket No. 11-362, Delmarva filed an application for approval of a new electric tariff for Service Classification QFCP-RC (“Electric Tariff”) and a new gas tariff for Service Classification LVG-QFCP-RC pursuant to the Amendments. On October 18, 2011, the Commission issued Order No. 8062 which approved this tariff filing. On December 1, 2011, the Commission signed Order No. 8079, which, among other things, adopted Order No. 8062. Pursuant to the Electric Tariff, Delmarva is serving in its mandatory role as a collection agent for the QFCP. In compliance with the Electric Tariff, Delmarva will provide monthly filings to account for the varying QFCP-RC Charge.

¹ All references to capitalized terms are set forth in 26 Del. C. §352.

On April 2, 2012, Delmarva submitted its first monthly filing ("Compliance Filing") as required by its Commission-approved Electric Tariff filed in PSC Docket No. 11-362. By Order No. 8136, the Commission permitted the May 2012 QFCP-RC Charges to take effect and required Delmarva to provide to Staff, with each future Compliance Filing under the REPSA, all documents that Staff requested from Delmarva as part of its review of the prior Compliance Filing.

On March 21, 2013, Delmarva submitted its thirteenth Compliance Filing, including the typical charges and calculations. In addition, the reconciliation factors (true-ups) of the February billing revenues, February PJM energy revenues, and February operational costs were included in the QFCP-RC Charge. The rates for each customer classification are provided below:

May 2013 QFCP-RC Charge		
Service Classification	\$ per kWh	Change from Previous Month
Residential	\$ 0.001615	\$ (0.000126)
Residential – Space Heating	\$ 0.001615	\$ (0.000126)
Residential Time-of-Use "R-TOU"	\$ 0.001615	\$ (0.000126)
Residential Time-of-Use NON-Demand "R-TOU-ND"	\$ 0.001615	\$ (0.000126)
Small General Service - Secondary Non-Demand "SGS-ND"	\$ 0.001615	\$ (0.000126)
Space Heating Secondary Service "SGS-ND" and "MGS-S"	\$ 0.001615	\$ (0.000126)
Water Heating Secondary Service "SGS-ND" and "MGS-S"	\$ 0.001615	\$ (0.000126)
Outdoor Recreational Lighting Svc - Secondary "ORL"	\$ 0.001615	\$ (0.000126)
Medium General Service - Secondary "MGS-S"	\$ 0.001615	\$ (0.000126)
Large General Service - Secondary "LGS-S"	\$ 0.001615	\$ (0.000126)
General Service - Primary "GS-P"	\$ 0.001579	\$ (0.000124)
General Service - Transmission "GS-T"	\$ 0.001551	\$ (0.000122)
Outdoor Lighting PL	\$ 0.001615	\$ (0.000126)
Outdoor Lighting SL	\$ 0.001615	\$ (0.000126)

26 Del. C. §364 (d) (4) provides as follows: **“Notwithstanding § 306 of this title or any other provision of the Delaware Code to the contrary, any changes in rates or charges necessary to collect funds for disbursements or costs addressed in subsections (a)-(c) of this section through adjustable non-bypassable charges shall become effective 30 days after filing, absent a determination of manifest error by the Public Service Commission. The Commission may allow changes in rates or charges related to such adjustable non-bypassable charges to become effective less than 30 days after filing under such conditions as it may prescribe.”**

Delmarva has developed communications on renewable energy and alternative energy, including bill inserts and talking points for Delmarva call center employees. Detailed information on the Qualified Fuel Cell Provider Project can be found in Delmarva’s Electric Tariff (QFCP-RC Leaf No. 74 -74r).

Staff performed a review of the calculations and the QFCP-RC Charge provided in the Compliance Filing dated March 21, 2013, and could not find any manifest errors at this time. However, Staff requested, but did not receive, answers to discovery questions concerning forced outage and force majeure events that the QFCP claimed in the February 2013 true-up. Without adequate information and explanations as determined by Staff, Delmarva’s ability to recover these costs in the future will be questionable. In addition, Staff believes that there may be a violation of the prior Bloom compliance

orders and a possible violation of the existing electric tariff.² Thus, Staff recommends that if these issues cannot be resolved before the Commission's next meeting, it will, to the extent necessary, recommend that the Commission open an investigation into these matters via a separate proceeding. These conclusions do not affect, however, the proposed May QFCP-RC Charge. Staff therefore recommends that the May QFCP-RC Charge be permitted to take effect for bills issued by Delmarva to its customers between April 30 and May 29, 2013.

See Attachment A: QFCP-RC Charge - All Months

² See Tariff for Delmarva Power & Light Company – P.S.C. Del. No. 8 – Electric, Original Leaf No. 74d, Section E: “The Company shall furnish Commission Staff sufficient workpapers for the review and audit of the Service Classification QFCP-RC Charge as needed.”

Attachment A

QFCP-RC Charge-All Months

Service Classification	May-12*	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12**	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
	\$ per kWh												
Residential	\$ 0.00143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Residential- Space Heating	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Residential Time-of-Use "R-TOU"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Residential Time-of-Use NON-Demand "R-TOU-ND"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Small General Service - Secondary Non-Demand "SGS-	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Space Heating Secondary Service "SGS-ND" and "MGS-	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Water Heating Secondary Service "SGS-ND" and "MGS-	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Outdoor Recreational Lighting Svc - Secondary "ORL"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Medium General Service - Secondary "MGS-S"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Large General Service - Secondary "LGS-S"	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
General Service - Primary "GS-P"	\$ 0.000139	\$ 0.000656	\$ 0.000601	\$ 0.000591	\$ 0.000805	\$ 0.000657	\$ 0.001058	\$ 0.001287	\$ 0.001096	\$ 0.001197	\$ 0.001434	\$ 0.001703	\$ 0.001579
General Service - Transmission "GS-T"	\$ 0.000137	\$ 0.000644	\$ 0.000590	\$ 0.000580	\$ 0.000791	\$ 0.000645	\$ 0.001039	\$ 0.001264	\$ 0.001077	\$ 0.001176	\$ 0.001409	\$ 0.001673	\$ 0.001551
Outdoor Lighting PL	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615
Outdoor Lighting SL	\$ 0.000143	\$ 0.000671	\$ 0.000614	\$ 0.000604	\$ 0.000823	\$ 0.000671	\$ 0.001082	\$ 0.001316	\$ 0.001121	\$ 0.001224	\$ 0.001466	\$ 0.001741	\$ 0.001615

* May QFCP-RC charges were based on 6 days of operation.

** 5.8 MW at Red Lion came on line in mid-December.

