

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

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COMPLIANCE FILING IN THE MATTER OF THE)
APPLICATION OF DELMARVA POWER & LIGHT)
COMPANY FOR APPROVAL OF QUALIFIED FUEL) PSC DOCKET NO. 12-173-05
CELL PROVIDER PROJECT TARIFF)
(FILED APRIL 26, 2012))

ORDER NO. 8146

AND NOW, this 15th day of May, 2012, the Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on July 7, 2011, the Governor of the State of Delaware signed into law certain amendments (78 Del. Laws Ch. 99) (July 7, 2001) (the "Amendments") to the Renewable Energy Portfolio Standards Act, 26 Del. C. §§351 - 364 (the "RPS") that added Delaware-manufactured fuel cells to the RPS and allowed energy output from such fuel cells to be considered a resource eligible to fulfill a portion of a Commission-regulated electric company's renewable energy credit requirements under RPS; and

WHEREAS, the Amendments were part of a comprehensive State economic development and renewable energy program in which a new form of base load generation was added in Delaware; and

WHEREAS, the Amendments created a regulatory framework whereby a Commission-regulated electric company and a Qualified Fuel Cell Provider ("QFCP")¹ will jointly submit tariffs² that enable and obligate a Commission-regulated electric company, as the agent for collection and disbursement, to collect from its customers non-

¹ A "Qualified Fuel Cell Provider" is defined within 26 Del. C. §352(16).

² The requirements for the tariffs are set forth in the Commission's prior order in this docket, PSC Order No. 8025, dated September 6, 2011. See also, 26 Del. C. §§364(b) and (d).

bypassable charges for costs incurred for incremental site preparation, filing, administrative, and other costs incurred by the QFCP, reduced by compensation for any revenues received from PJM³ or its successors at law from the output of the Qualified Fuel Cell Provider Project ("QFCPP");⁴ and

WHEREAS, in accordance with the Amendments, the Commission was directed to either approve or reject all tariff filings as proposed, without alteration or the imposition of any condition or conditions; and

WHEREAS, on August 19, 2011, Delmarva Power & Light Company ("Delmarva") filed an application in PSC Docket No. 11-362 for approval of a new electric tariff for Service Classification QFCP-RC and a new gas tariff for Service Classification LVG-QFCP-RC pursuant to the Amendments; and

WHEREAS, on October 18, 2011, the Commission issued PSC Order No. 8062, which approved Delmarva's tariff filing and ordered that the Commission would enter a formal Findings and Opinion in support of PSC Order 8062 at a later date; and

WHEREAS, on December 1, 2011 the Commission issued PSC Order No. 8079, which, among other things, adopted Order No. 8062, set forth the Commission's formal Findings and Opinion approving Delmarva's

³ "PJM" means the regional transmission organization that coordinates the movement of wholesale electricity in the PJM region, or its successors at law. See 26 Del. C. §352(14).

⁴ 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).

application for a new electric tariff and new gas tariff, and adopted the allowance adjustments made by the Secretary of the Delaware Department of Natural Resources and Environmental Control ("DNREC") to the Renewable Energy Credit ("REC")⁵ and Solar Renewable Energy Credit ("SREC");⁶ and

WHEREAS, pursuant to the Commission-approved Tariff for Service Classification QFCP-RC, Delmarva will file 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; and

WHEREAS, on April 26, 2012, Delmarva submitted its second monthly filing (the "Compliance Filing") to account for the varying QFCP-RC Charge for June 2012. Delmarva also included, as part of the calculation of the June QFCP-RC Charge, a four-month amortization plus interest of QFCP-RC development costs totaling \$572,821; and

WHEREAS, the June 2012 QFCP-RC Charge, which is set forth on the attached Exhibit "A," will be effective for bills issued between May 30, 2012, and June 29, 2012, absent a determination of manifest error by the Commission; and

⁵ Under 26 Del. C. §352(18), a "Renewable Energy Credit" or "REC" means a tradable instrument that is equal to 1 megawatt-hour of retail electricity sales in the State that is derived from eligible energy resources and that is used to track and verify compliance with the provisions of the RPS.

⁶ Under 26 Del. C. §352(25), a "Solar Renewable Energy Credit" or "SREC" means a tradable instrument that is equal to 1 megawatt-hour of retail electricity sales in the State that is derived from solar photovoltaic energy resources and that is used to track and verify compliance with the provisions of RPS.

WHEREAS, the Commission Staff ("Staff") reviewed the Compliance Filing, the calculations supporting the June 2012 QFCP-RC Charge, and the source documents supporting the calculation of the June 2012 QFCP-RC Charge, and found no manifest error in the Compliance Filing or the calculations contained therein. Staff therefore recommends that the June 2012 QFCP-RC Charge be permitted to take effect for Delmarva customer bills issued between May 30, 2012, and June 29, 2012, subject to the requirement that Delmarva shall provide to Staff, with each future Compliance Filing under the RPS, all documents which Staff requested from Delmarva as part of the review of this and any prior Compliance Filings, including, but not limited to, Delmarva's workpapers, and subject to the requirement that Staff reserves the right to perform more detailed audits of any and all months included in the Compliance Filing or any future tariff filings made to adjust the QFCP-RC Charge;

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

1. That the Commission approves the Compliance Filing made by Delmarva Power & Light Company on April 26, 2012, including the June 2012 QFCP-RC Charge attached as Exhibit "A."
2. That Delmarva Power & Light Company shall provide to the Commission Staff ("Staff"), with each future Compliance Filing under the Renewable Energy Portfolio Standards Act, 26 Del. C. §§351 - 364 (the "RPS"), all documents that Staff requested from Delmarva Power & Light Company as part of its review of this Compliance Filing, including, but not limited to, Delmarva's work papers.

3. That Staff hereby reserves the right to perform a more detailed audit of any months included in Delmarva Power & Light Company's Compliance Filing made on April 26, 2012, and any and all months included in the Compliance Filing or any future tariff filings made to adjust the QFCP-RC Charge.

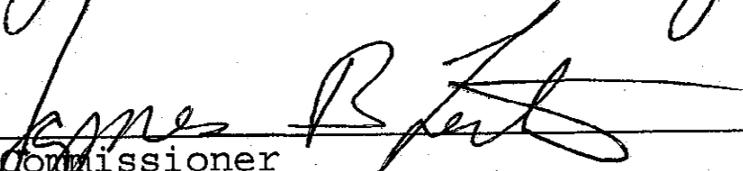
4. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

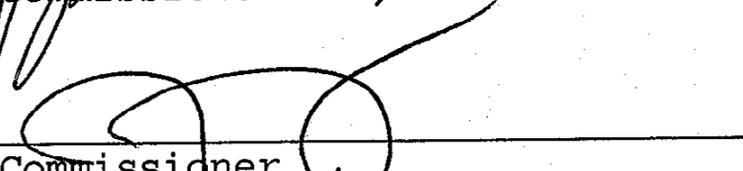
Chair



Commissioner



Commissioner

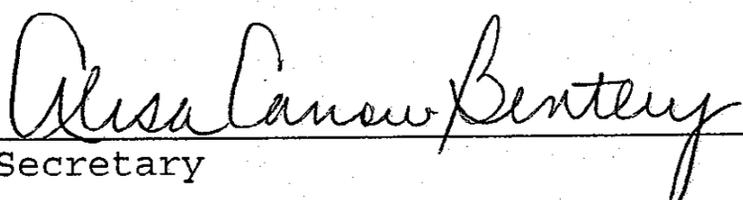


Commissioner



Commissioner

ATTEST:



Secretary

EXHIBIT A

QFCP-RC CHARGE

BILLING MONTH OF:

JUNE 2012

| Service Classification | \$/kWh |
|--|---------------|
| Residential | .000671 |
| Residential-Space Heating | .000671 |
| Residential Time-of-Use "R-TOU" | .000671 |
| Residential Time-of-Use NON-Demand "R-TOU-ND" | .000671 |
| Small General Service-Secondary Non-Demand "SGS-ND" | .000671 |
| Space Heating Secondary Service "SGS-ND" and "MGS-S" | .000671 |
| Water Heating Secondary Service "SGS-ND" and "MGS-S" | .000671 |
| Outdoor Recreational Lighting Svc- Secondary "ORL" | .000671 |
| Medium General Service-Secondary "MGS-S" | .000671 |
| Large General Service-Secondary "LGS-S" | .000671 |
| General Service-Primary "GS-P" | .000656 |
| General Service-Transmission "GS-T" | .000644 |
| Outdoor Lighting PL | .000671 |
| Outdoor Lighting SL | .000671 |



**STATE OF DELAWARE
PUBLIC SERVICE COMMISSION**

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May 15, 2012

MEMORANDUM

TO: Members of the Commission
FROM: Guang Wei, Public Utilities Analyst *GW*
Subject: COMPLIANCE FILING IN THE MATTER OF THE APPLICATION OF DELMARVA
POWER & LIGHT COMPANY FOR APPROVAL OF QUALIFIED FUEL CELL
PROVIDER PROJECT TARIFFS (FILED APRIL 26, 2012) – PSC DOCKET NO. 12-
173-05

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.

On April 2, 2012, Delmarva submitted its first monthly filing (“Compliance Filing”) as required by its Commission-approved Electric Tariff. By Order No. 8136, the Commission permitted the May

¹ A “Qualified Fuel Cell Provider” is defined within 26 *Del. C.* §352(16).

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 April 26, 2012, Delmarva submitted its second Compliance Filing, including the typical charges and calculations. In addition, QFCP-RC development costs totaling \$572,821 have been added to the worksheet and calculations. The rates for each customer classification are provided below:

| June 2012 QFCP Charge | | |
|---|-------------|---|
| Service Classification | \$ per kWh | Change from Previous Partial Month ² |
| Residential | \$ 0.000671 | \$0.000528 |
| Residential – Space Heating | \$ 0.000671 | \$0.000528 |
| Residential Time-of-Use "R-TOU" | \$ 0.000671 | \$0.000528 |
| Residential Time-of-Use NON-Demand "R-TOU-ND" | \$ 0.000671 | \$0.000528 |
| Small General Service - Secondary Non-Demand "SGS-ND" | \$ 0.000671 | \$0.000528 |
| Space Heating Secondary Service "SGS-ND" and "MGS-S" | \$ 0.000671 | \$0.000528 |
| Water Heating Secondary Service "SGS-ND" and "MGS-S" | \$ 0.000671 | \$0.000528 |
| Outdoor Recreational Lighting Svc - Secondary "ORL" | \$ 0.000671 | \$0.000528 |
| Medium General Service - Secondary "MGS-S" | \$ 0.000671 | \$0.000528 |
| Large General Service - Secondary "LGS-S" | \$ 0.000671 | \$0.000528 |
| General Service - Primary "GS-P" | \$ 0.000656 | \$0.000517 |
| General Service - Transmission "GS-T" | \$ 0.000644 | \$0.000507 |
| Outdoor Lighting PL | \$ 0.000671 | \$0.000528 |
| Outdoor Lighting SL | \$ 0.000671 | \$0.000528 |

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 Charges provided in the Compliance Filing dated April 26, 2012, and does not find any manifest error. Staff therefore recommends that the June QFCP-RC Charges be permitted to take effect for bills issued by Delmarva to its customers between May 30 and June 29, 2012.

² May QFCP-RC charges were based on 6 days of operation.