

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

IN THE MATTER OF THE APPLICATION                    )  
OF DELMARVA POWER & LIGHT COMPANY,            )  
D/B/A CONECTIV POWER DELIVERY, FOR            )       PSC DOCKET NO. 04-301F  
APPROVAL OF MODIFICATIONS TO ITS            )  
GAS COST RATES                                    )  
(FILED AUGUST 31, 2004)                        )

**ORDER NO. 6541**

This 21<sup>st</sup> day of December, 2004, the Commission finds, determines, and Orders the following:

1. On October 1, 2004, Delmarva Power & Light Company, d/b/a Conectiv Power Delivery ("DP&L" or "the Company"), filed an application seeking approval for changes to its Gas Cost Rate ("GCR") factors to be in effect during the application period November 1, 2004 until October 31, 2005. In PSC Order No. 6492 (Oct. 19, 2004), the Commission allowed such proposed new GCR factors to go into effect, on a temporary basis and subject to true-up, for gas usage on and after November 1, 2004, with proration, and subject to pending evidentiary hearings and further review by the Commission.

2. Under Section XX of DP&L's P.S.C. Del. No. 5-Gas Tariff, if it appears at any time during the one-year GCR period that the continued use of a GCR factor rate for the remainder of the year will result in an under-collection of gas costs by more than 6% of the then projected annual costs, then the Company must file - and the Commission must then fix - new GCR factors to govern during the balance of the applicable period. The new GCR factors must seek to correct for the under-recovery over a succeeding 12-month period.

3. On November 29, 2004, the Company filed for adjustments to the GCR factors under the above Tariff provision. According to the Company, if the GCR rates allowed by PSC Order No. 6492 were continued in effect, the Company would, over the application period, under-recover its now anticipated gas costs by 6.4%. DP&L seeks approval of the adjustments to the GCR factors to mitigate the under-recovery.

4. Consistent with the directive in Section XX of DP&L's Gas Tariff, the Commission will allow the proposed GCR adjustments to go into effect, on a temporary basis and subject to a true-up and refund (if necessary). The Commission will, in light of the amount of the increase brought about by these adjustments, also provide public notice of these adjustments and re-open the period for interested persons to intervene. The justness and reasonableness of the adjusted GCR factors as proposed in the November 29, 2004 application shall be considered as part of the ongoing proceedings in this docket. Those proceedings are now pending before the Hearing Examiner.

Now, therefore, **IT IS ORDERED:**

1. That, pursuant to 26 Del. C. §§ 303(b), 304, and 306(a)(2), and Section XX of Delmarva Power & Light Company's P.S.C. Del. No. 5 - Gas Tariff, the modifications to GCR factors contained in an application filed by Delmarva Power & Light Company, on November 29, 2004, are hereby approved, on a temporary basis and subject to a true-up reconciliation, pending the completion of full evidentiary hearings and a final decision by the Commission. Such adjusted GCR factors shall be effective on and after December 29, 2004, with proration. The sixty (60) day requirement set forth in 26 Del. C. § 304 is hereby waived. The rates allowed to go into effect are as follows:

TEMPORARY GAS COST RATE FACTORS

<u>Service Classification</u>	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>
RG, GG, and GL	N/A	85.917¢/Ccf
Non-electing MVG	\$8.36/Mcf of Billing MDQ	\$7.5278Mcf
Electing MVG and LVG	\$8.36/Mcf of Billing MDQ	Varies
Standby Service	\$8.36/Mcf of Standby MDQ	N/A

2. That the adjusted GCR factors, as proposed in the application filed November 29, 2004, and allowed to go into effect on a temporary basis in Ordering paragraph one above, shall be examined for justness, reasonableness, and compliance with Section XX of the Gas Tariff, in the ongoing proceedings in this matter now pending before Hearing Examiner William F. O'Brien. Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, is again put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 Del. C. § 114(b)(1).

3. That Delmarva Power & Light Company, d/b/a Conectiv Power Delivery, shall give public notice of the filing of this Application and of the Commission action thereon by publishing notice in the form attached as Exhibit "A" in the legal classified section of The News Journal newspaper in two column format outlined in black on the following dates:

Wednesday, December 29, 2004

Thursday, December 30, 2004

with proof of such publication to be provided to the Commission as soon as practical but not later than the commencement of the evidentiary hearings concerning this matter.

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:

/s/ Arnetta McRae  
Chair

/s/ Joshua M. Twilley  
Vice Chair

/s/ Joann T. Conaway  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

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Commissioner

ATTEST:

/s/ Norma J. Sherwood  
Acting Secretary

E X H I B I T "A"

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(FILED AUGUST 31, 2004) )

P U B L I C N O T I C E

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

In October 2004, Delmarva Power & Light Company, d/b/a Conectiv Power Delivery ("DP&L" or the "Company"), filed an application with the Delaware Public Service Commission (the "Commission") seeking to establish Gas Cost Rate ("GCR") factors for the application period November 1, 2004 through October 31, 2005. The GCR is the component of a customer's bill that reflects the price DP&L has paid, or expects to pay, for a supply of natural gas to then be delivered to its subscribers. In PSC Order No. 6492 (Oct. 19, 2004), the Commission allowed those proposed GCR factors to go into effect on a temporary basis pending full evidentiary hearings and a final decision of the Commission. Such new temporary GCR factors apply to gas usage on and after November 1, 2004, with proration.

On November 29, 2004, DP&L filed an application with the Commission seeking approval to make upward adjustments to the earlier GCR factors in order to prevent an anticipated 6.4% under-recovery of gas costs if the

temporary GCR factors approved in PSC Order No. 6492 would continue in effect. Under Section XX of DP&L's Gas Tariff, the Company must make a filing for adjustments if its projected under-recovery exceeds 6% of presently anticipated annual gas costs.

At its meeting on December 21, 2004, the Commission allowed the proposed upward adjustments to go into effect on a temporary basis pending the completion of the previously scheduled evidentiary hearings and a final decision of the Commission in this docket. The Commission took such action in light of the requirements of Section XX of DP&L's Gas Tariff.

The adjusted GCR factors, as compared to the GCR charges approved in PSC Order No. 6492, are shown below:

**GAS COST RATE (GCR) FACTORS**

<u>Service Classification</u>	<u>Present</u>		<u>Proposed</u>	
	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>	<u>GCR Demand Charge</u>	<u>GCR Commodity Charge</u>
RG, GG and GL	N/A	80.696¢/ccf	N/A	85.917¢/ccf
Non-electing MVG	\$8.44/Mcf of Billing MDQ	\$6.9909/Mcf	\$8.36/Mcf of Billing MDQ	\$7.5278/Mcf
Electing MVG & LVG	\$8.44/Mcf of Billing MDQ	Varies	\$8.36/Mcf of Billing MDQ	Varies
Standby Service	\$8.44/Mcf of Standby MDQ	N/A	\$8.36/Mcf of Standby MDQ	N/A

Under the adjusted rates, residential space heating customers using 120 ccf of gas in the winter months will experience an increase of \$6.26 or 4.3%, in monthly gas billings. Commercial and industrial customers served under Service Classifications "GG" and "MVG" will see increases in the range of 2.8% to 7.3%, depending on applicable Service Classification and the customer's load/consumption characteristics. **These new GCR**

**factors will be applied to gas usage on and after December 29, 2004, with proration.**

Due to this change in rates, the Commission has re-opened the period for interested persons to seek intervention in this matter. Any person or group wishing to participate formally as a party in this docket (PSC Docket No. 04-301F), with the right to submit evidence and to be represented by counsel must, in accordance with Rule 21 of the Commission's "Rules of Practice and Procedure," petition the Commission for, and be granted, leave to intervene. To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 on or before January 14, 2005. Petitions received thereafter will not be considered except for good cause shown. Persons already granted leave to intervene need not file any additional petition.

Copies of the November 29, 2004 letter application and the testimony and schedules DP&L has already filed in this docket are available for public inspection at the Commission's Dover office at the address set out above. Persons may also review copies of the application and testimony by contacting the Division of the Public Advocate, Fourth Floor, Carvel State Office Building, 820 North French Street, Wilmington, Delaware at (302) 577-5077. Please call for an appointment to review such documents.

Individuals with disabilities who wish to participate in these proceedings or to review the filings may contact the Commission to discuss any auxiliary aids or services needed to facilitate such review or participation. Such contact may be in person, by writing, by use of voice, text, or relay telephone, or otherwise. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 739-4247 and that number should also be used

for Text Telephone ("TT") calls. Inquiries can also be sent to the Commission by Internet e-mail to "funmi.jegade@state.de.us."