

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

IN THE MATTER OF THE APPLICATION OF)
 DELMARVA POWER & LIGHT COMPANY)
 FOR APPROVAL OF MODIFICATIONS) PSC DOCKET NO. 11-381F
 TO ITS GAS COST RATES)
 (FILED AUGUST 31, 2011))

ORDER NO. 8040

AND NOW, this 20th day of September, 2011:

WHEREAS, on August 31, 2011 Delmarva Power & Light Company ("DP&L" or "the Company") filed with the Delaware Public Service Commission (the "Commission") the above-captioned application seeking approval to modify its Gas Cost Rates ("GCR") effective on November 1, 2011, with proration, as follows: (1) revise the volumetrically applied GCR factors applicable to the RG, GG, GL, and non-electing MVG Service Classifications; (2) revise the demand charge for the non-electing MVG, electing MVG and LVG and Standby Service Classifications; and (3) reconcile and true-up actual versus estimated monthly Commodity Cost Rate assignments for sales under the LVG and so-called "electing" MVG Service Classifications; and

WHEREAS, the Company proposes the following revised GCR rates:

Rate Schedules	Current	Proposed	Change from Current
RG, GG, GL	94.042¢/ccf	88.804¢/ccf	(5.2380) ¢/ccf
LVG and MVG Demand	\$12.0266/Mcf of MDQ	\$11.0936/Mcf of MDQ	(\$0.9330)/Mcf
Non-Electing MVG Commodity	\$7.5811/Mcf	\$7.1740/Mcf	(\$0.4071)/Mcf
LVG and Electing MVG Commodity	Varies Monthly	Varies Monthly	N/A

and;

WHEREAS, in the Company's prior GCR case (Docket No. 10-295F), the Commission authorized the Company to amortize the projected \$24.9 million under-recovery over two years in order to mitigate the impact on its customers of a full recovery of that deficit in the 2010-2011 GCR year; and

WHEREAS, the Company's current under-recovered position as of the date of its filing is \$19,759,576, which includes the \$12,430,976 second-year amortization balance from the under-recovered balance in the 2010-11 GCR year; and

WHEREAS, the Company proposes to recover the full under-recovered balance in rates for the 2011-12 GCR year; and

WHEREAS, the Company represents that even allowing for this full recovery of the previously under-recovered balance, the typical residential customer using approximately 120 ccf of natural gas during a winter month will experience a decrease in his overall bill of 3.7%, or \$6.29; and

WHEREAS, the Commission has determined, pursuant to 26 *Del. C.* §§304 and 306, that the proposed GCR modifications and other requested revisions to the Company's tariffs should be permitted to become effective for usage on and after November 1, 2011, with proration and subject to refund, pending further review and final decision by the Commission;

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

1. That pursuant to 26 *Del. C.* §§ 304 and 306, the following proposed changes to the Company's Gas Cost Service rates, and the accompanying proposed tariff revision set forth in the application

filed by Delmarva Power & Light Company on August 31, 2011, are permitted to become effective for natural gas usage on or after November 1, 2011, with proration and subject to refund, pending a final decision of the Commission:

Rate Schedules	Current	Proposed	Change from Current
RG, GG, GL	94.042¢/ccf	88.804¢/ccf	(5.2380) ¢/ccf
LVG and MVG Demand	\$12.0266/Mcf of MDQ	\$11.0936/Mcf of MDQ	(\$0.9330)/Mcf
Non-Electing MVG Commodity	\$7.5811/Mcf	\$7.1740/Mcf	(\$0.4071)/Mcf
LVG and Electing MVG Commodity	Varies Monthly	Varies Monthly	N/A

2. That Ruth Ann Price is designated as the Hearing Examiner for this docket pursuant to 26 *Del. C.* § 502 and 29 *Del. C.* ch. 101. Hearing Examiner Price shall schedule and conduct such public evidentiary hearings as may be necessary or appropriate to develop a full and complete record concerning this matter. Hearing Examiner Price shall thereafter report to the Commission her proposed findings and recommendations based on the evidence presented. Pursuant to Rule 21 of the Rules of Practice and Procedure (26 *Del. Admin. Code* ch. 1001, §2.9), Hearing Examiner Price is delegated the authority to grant or deny petitions to intervene. In addition, Hearing Examiner Price is delegated the authority under 26 *Del. C.* §102A to determine the content, form, and manner of any further notice in this matter.

3. That Delmarva Power & Light Company shall give public notice of the filing of this application with the proposed rate changes and this action by the Commission by publishing notice in the form attached hereto as Exhibit "A" in two-column format, outlined in black, in the legal classified section of The News Journal newspaper

on **September 27 and 28, 2011**. Delmarva Power & Light Company shall submit proof of such publication as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

4. That Delmarva Power & Light Company is hereby 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).

5. 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/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Dallas Winslow
Commissioner

/s/ Jeffrey J. Clark
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary

E X H I B I T "A"

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OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY)
FOR APPROVAL OF MODIFICATIONS) PSC DOCKET NO. 11-381F
TO ITS GAS COST RATES)
(FILED AUGUST 31, 2011))

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**

A Hearing Examiner of the Delaware Public Service Commission will conduct a public comment hearing concerning the above-captioned matter (as further explained below) at the following time and location:

Date & Time

Tuesday, October 25, 2011
7:00 p.m.

Location

Auditorium
Carvel State Office Bldg.
820 N. French Street
2nd floor
Wilmington, DE 19801

DP&L's Gas Cost Rate Case, PSC Docket No. 11-381F

Pursuant to 26 Del. C. §§304 and 306, Delmarva Power & Light Company ("DP&L" or "the Company") has filed an application with the Public Service Commission ("the Commission") seeking to change its Gas Cost Rates ("GCR") in the following manner:

<u>Rate Schedules</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	94.042¢/ccf	N/A	88.804¢/ccf
Non-electing MVG	\$12.0266/Mcf of Billing MDQ	\$7.5811/Mcf	\$11.0936/Mcf of Billing MDQ	\$7.1740/Mcf
Electing MVG and LVG	\$12.0266/Mcf of Billing MDQ	Varies	\$11.0936/Mcf of Billing MDQ	Varies
Standby Service	\$12.0266/Mcf of Standby MDQ	N/A	\$11.0936/Mcf of Standby MDQ	N/A

The effect on a residential space heating customer using 120 ccf in a winter month would be a decrease of \$6.29, or 3.7%, in the customer's total bill. Customers served on Service Classifications GG and non-electing MVG would experience decreases in their winter bills within the ranges of 2.1%-4.3% and 4.3%-4.9% respectively, depending on their load and usage characteristics.

In addition, the Application requests approval of the Company's proposal to reconcile and true-up actual versus estimated monthly Commodity Cost Rate assignments for sales under the LVG and so-called "electing" MVG Service Classifications.

The Commission has permitted the proposed Gas Cost Rates and other rate related modifications to become effective as of November 1, 2011, with proration and subject to refund after evidentiary hearings and any other further proceedings that may be deemed necessary.

The Commission will conduct an evidentiary hearing, to be scheduled at a later date, concerning this application. The Commission's final decision will be based on the evidence presented at such hearing.

Any person, group or entity desiring to participate formally as a party in this docket, with the right to submit evidence and to be represented by counsel, must petition the Commission for and be granted leave to intervene in the proceedings in accordance with Rule 21 of the Commission's Rules of Practice and Procedure (26 Del. Admin. Code ch. 1001, §2.9). To be timely, all such petitions must be filed with the Commission at 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware 19904 (Attn: PSC Dckt. No. 11-381F) on or before **October 20, 2011**. Petitions received thereafter will not be considered except for good cause shown.

Copies of the Company's application and its testimony and schedules are available for public inspection during normal business hours at the Commission's Dover office at the address set out above. The materials may also be reviewed by appointment at the offices of the Division of the Public Advocate, Fourth Floor, Carvel State Office Building, 820 North French Street, Wilmington, Delaware. Please call (302) 577-5077 to schedule an appointment.

Any individual with a disability desiring to participate in these proceedings or to review the filings should contact the Commission to discuss any aids or services that might be needed. The Commission Staff can also provide more information about this matter. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission may be reached at (302) 736-7500 (including text telephone communications). Inquiries may be sent to the Commission by Internet e-mail addressed to "malika.davis@state.de.us."