

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

IN THE MATTER OF THE INVESTIGATION)
INTO DELMARVA POWER & LIGHT)
COMPANY'S PLANNED DISTRIBUTION) PSC DOCKET NO. 13-152
INFRASTRUCTURE INVESTMENT OVER)
THE NEXT FIVE YEARS)
(OPENED MAY 7, 2013))

ORDER NO. 8363

AND NOW, to-wit, this 7th day of May, A.D. 2013:

WHEREAS, in the settlement agreement in Docket No. 11-528 that we approved by Order No. 8265 dated December 18, 2012, the parties "agreed to meet and discuss several issues outside the confines of" Docket No. 11-528, including: (1) "the establishment of metric(s) for the reporting *and/or approval of* reliability projects going forward so that customers are aware of how investment in Delmarva's plant in service benefits them in a quantifiable manner;" and (2) "an agreement to discuss alternative regulatory methodologies which would include, but not be limited to, multi-year rate plans;"" (Docket No. 11-528 Settlement Agreement, para. 17); and

WHEREAS, representatives of Delmarva, the Division of the Public Advocate/Attorney General's Office¹ and the Commission Staff have been engaged in meetings and discussions concerning the issues addressed in the settlement agreement in Docket 11-528; and

¹ The Public Advocate resigned his position on March 13, 2013, and the Attorney General has appointed the Deputy State Solicitor to substitute for the Public Advocate until a new Public Advocate is appointed and confirmed.

WHEREAS, on March 22, 2013, Delmarva filed an application to increase electric distribution base rates by \$42.044 million, stating that it intends to invest approximately \$397 million in its distribution system over the next five years to replace infrastructure and enhance and maintain system reliability (Docket No. 13-115, Direct Testimony of Michael W. Maxwell at 3, 5); and

WHEREAS, on April 16, 2013, the Staff of the Delaware Public Service Commission (the "Commission") filed a motion (the Motion) requesting the Commission to open an investigation to examine Delmarva Power & Light Company's ("Delmarva" or the "Company") proposed expenditures for reliability improvements over the course of the next several years to maintain adequate and reliable service; and

WHEREAS, in the Motion, Staff expressed concern that Delmarva may be investing more on distribution infrastructure and system reliability than is appropriate for ratepayer recovery or to meet current Regulation Docket No. 50 reliability standards and sought to open a docket to investigate whether the level of Delmarva's planned distribution infrastructure and reliability investments going forward are appropriate; and

WHEREAS, on April 22, 2013, Delmarva filed a response to the Motion opposing the creation of a separate docket to investigate its future reliability expenditures and instead contended that its reliability investments could be investigated in its currently pending base rate case; and

WHEREAS, at its regularly-scheduled meeting on April 23, 2013, the Commission heard argument on the Motion from Staff, the Attorney General's Office and Delmarva; and

WHEREAS, the Commission deliberated in public and determined to table its consideration of the Motion until the May 7, 2013 meeting; and

WHEREAS, the Commission also directed Staff, the Public Advocate/Attorney General's Office and Delmarva to attempt to reach agreement on a docket and the form of an opening order for such docket to be considered at the Commission's May 7, 2013 meeting; and

WHEREAS, as directed by us on April 23, 2013, Staff, the Public Advocate/Attorney General's Office and Delmarva provided the Commission with agreed-upon language for a proposed order ("Order") opening a docket to review Delmarva's planned distribution infrastructure and reliability investments over a future period; and

WHEREAS, the Commission considered the proposed Order at its regularly-scheduled meeting on May 7, 2013 and deliberated in public concerning the proposed Order; and

WHEREAS, the Commission has determined that it has the authority to open a docket to investigate Delmarva's proposed distribution infrastructure and reliability investments going forward pursuant to its general regulatory jurisdiction over all public utilities, 26 Del. C. §§201 *et. seq.*; and

WHEREAS, the Commission has determined that the proposed Order as jointly submitted by Staff, the Public Advocate/Attorney General's Office and Delmarva is appropriate for opening a docket to investigate

Delmarva's planned distribution infrastructure and reliability investments over a future period;

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

1. That a docket shall be opened for the purpose of investigating Delmarva's proposed distribution infrastructure and reliability investments going forward for a period of up to five years.

2. That the docket shall also consider whether the previous reliability standards set for Delmarva in Regulation Docket No. 50 should be revised to (1) include new or adjusted metrics to help measure reliability performance as it relates to distribution infrastructure and reliability investment, and (2) indicate when and if such investment is consistent with Delmarva customers' reliability needs and the ability of those customers to pay for such investment.

3. That the Company is ordered to hold one public comment session in each county in the State for the purpose of (1) receiving comments from Delmarva customers on the issue of Delmarva's reliability, (2) receiving comments on Delmarva's proposed infrastructure and reliability investments going forward, (3) providing the opportunity for Delmarva's customers to discuss with Delmarva management why these levels of distribution infrastructure and reliability investment may be necessary, and (4) how those investments may impact the level of Delmarva's electric service reliability and ratepayer costs.

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

/s/ Joann T. Conaway
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Jaymes B. Lester
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary