

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

IN THE MATTER OF THE PROVISION)
OF STANDARD OFFER SUPPLY TO)
RETAIL CONSUMERS IN THE SERVICE)
TERRITORY OF DELMARVA POWER &) PSC DOCKET NO. 04-391
LIGHT COMPANY AFTER MAY 1, 2006)
(OPENED OCTOBER 19, 2004))

ORDER NO. 8519

AND NOW, this 6th day of February, 2014, the Delaware Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on April 2, 2013, Delmarva Power & Light Company ("Delmarva") revised electric tariffs reflecting new Standard Offer Service ("SOS") rates, new Procurement Cost Adjustment (the "PCA"), Reasonable Allowance for Retail Margin ("RARM"), and new Renewable Energy Portfolio Standard Charge ("RPS Charge") with an effective date of June 1, 2013, with proration (the "2013 SOS-PCA-RARM-RPS Filing");¹ and

WHEREAS, pursuant to Order #8357 (April 23, 2013), the Commission approved the proposed tariff rates included in the 2013 SOS-PCA-RARM-RPS Filing on a temporary basis, subject to refund; and

WHEREAS, Delmarva published notice of the 2013 SOS-PCA-RARM-RPS Filing and the Commission-ordered deadline of July 18, 2013, to file comments or objections or to participate formally in this matter; and

¹ The Application includes information required pursuant to several Commission Orders including Order #6746 (October 30, 2009), Order #7162 (April 27, 2007), Order #8258 (April 13, 2012), Order #8144 (May 15, 2012) and Order #8093 (December 20, 2011).

WHEREAS, there were no objections or comments with respect to the 2013 SOS-PCA-RARM-RPS Filing; and

WHEREAS, on October 17, 2012, Delmarva filed a report documenting reconciliation of certain distribution credits totaling \$2,001,202.00 (and an additional over-refund of \$5,357.00) relating to a termination payment with respect to the Bluewater Wind Power Purchase Agreement between Delmarva and Bluewater Wind Delaware, LLC; and

WHEREAS, on April 2 and 3, 2013, Delmarva filed work papers supporting the proposed electric tariff changes and bill impact information which reflected a proposed monthly reduction of \$7.99² (or a decrease of 5.4%) for a "typical residential customer" using 1,000 kWh per month on an annual average basis; and

WHEREAS, on April 2 and 3, 2013, Delmarva filed work papers supporting the results of the RARM factor on an actual and estimated basis for the RARM reporting year ending May 31, 2013 which reflected that the total RARM rate for fixed price customers did not exceed a threshold of 5.25%. Therefore, the RARM rate currently in effect will continue;³ and

WHEREAS, on April 24, 2013, Delmarva filed work papers relating to the request to recover costs associated with the administration of the 2012 SREC Pilot Program paid to the SEU and their contract administrator SRECTrade, for the period March 2012-December 2012; and

²This does not include the RPS Charge or the Qualified Fuel Cell Provider Renewable Charge("QFCP-RC") or any changes in the distribution rates.

³See PSC Docket No. 09-9 (the "RARM Settlement")³ which provides that where the change in the total RARM rate exceeds +/-5.25%, Delmarva is required to submit a formal filing for the Commission's review.

WHEREAS, Staff conducted several workshops with Delmarva to review the 2013 SOS-PCA-RARM-RPS Filing and all related work papers; and

WHEREAS, in late 2012 and early 2013, Delmarva conducted its eighth annual SOS procurement for supply contracts commencing on June 1, 2013 using a Commission approved, revised reverse auction process⁴ and

WHEREAS, Staff has fully analyzed the 2013 SOS-PCA-RARM-RPS Filing and all related work papers and has determined that the proposed rates and tariff changes comply with previous Commission orders, comports with the bidding results reflected in "The Liberty Consulting Group, Inc's Final Report of the Technical Consultant on Delmarva's 2012-2013 Request for Proposals" dated March 5, 2013, and reflects the total supply costs for which Delmarva requested recovery; and

WHEREAS, Staff recommends final approval of Delmarva's proposed tariff revisions as set forth in the 2013 SOS-PCA-RARM-RPS Filing for the period June 1, 2013, through May 31, 2014.

⁴See Order #6746 (October 2005) for background on the original auction process. See Order #7461 (October 2008) for background on the revised, reverse auction process. Vantage Energy Consulting, along with Staff, observed and evaluated the auction.

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

1. The proposed rates and tariff changes included in the 2013 SOS-PCA-RARM-RPS Filing with an effective date of June 1, 2013 for the period ending May 31, 2014 are approved on a final basis.

2. The Commission reserves jurisdiction and authority to enter such further Orders in this matter as may be necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary