

Delmarva Power & Light Company

Application for an Increase in Gas Base Rates

Application and Filing Requirements
(Book 1 of 3)

Before the Delaware Public Service Commission

December 7, 2012

Application

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

**IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR A)
CHANGE IN NATURAL GAS BASE RATES) Docket No. 12- _____
(Filed December 7, 2012))**

**DELMARVA POWER & LIGHT COMPANY'S
APPLICATION FOR AN INCREASE IN NATURAL GAS BASE RATES
AND MISCELLANEOUS TARIFF CHANGES**

Delmarva Power & Light Company (Delmarva or Company) hereby files this application (Application) with the Public Service Commission of the State of Delaware (the Commission) seeking a change in natural gas base rates pursuant to 26 Del. C. §§ 201, 301, 304, 306, 315, 1500 and other applicable authorities. In support of this Application, Delmarva submits the following:

Applicant

1. Delmarva is a Delaware corporation with its principal offices located at 401 Eagle Run Road, Newark, Delaware 19702. Delmarva is a wholly owned subsidiary of Conectiv, a Delaware corporation, which is a wholly owned subsidiary of Pepco Holdings, Inc. (PHI), a Delaware corporation.

Need For Gas Base Rate Change

2. Delmarva continues to face rising costs to meet the needs of its customers and fulfill its public service obligations. These rising costs include higher expenses, such as higher capital expenditures to ensure the continued reliability and safety of its gas system and workforce-related costs.

3. The most significant factor supporting the need for the requested natural gas base rate increase is the increase in capital investments made by Delmarva to ensure a safe and reliable gas transmission and distribution system for its customers. During the years 2010 and 2011, Delmarva has incurred costs of \$38.6 million in reliability investments related to main, service and safety replacements, expenditures for equipment replacements and upgrades to the Liquefied Natural Gas Plant, and meter replacement costs. Another \$7.7 million has been incurred for the installation of mains and services for new load projects for residential and commercial customers. In addition, in 2012, Delmarva will spend \$22 million for reliability project expenditures, and \$5.7 million for growth project expenditures.

4. In order to continue to make these improvements, it is important for Delmarva to have the opportunity to earn a fair return on its capital to be able to attract the additional capital needed to move forward with these capital investments. The current level of rates need to be increased to reflect the current level of costs that Delmarva is incurring to provide safe and reliable service to its gas customers.

5. Delmarva's last request to increase its natural gas base rates was filed with the Commission on July 2, 2010, known as Docket No. 10-237. By Order No. 7990 in Docket No. 10-237, the Commission approved a Settlement Agreement whereby the parties agreed to a revenue requirement increase of \$5,800,000 based on an overall rate of return of 7.56% and a return on equity of 10.00%.

Summary of Application

6. By this Application, Delmarva seeks: (a) approval of an increase in gas delivery base rates of \$ 12,174,435 or 7.87% of total revenues; (b) approval of a return on equity of 10.25%; (c) approval to implement a Utility Facility Relocation Charge Rider (Rider UFRC); (d)

approval of a service extension tariff; and (e) approval of certain miscellaneous tariff changes as described herein. For a typical residential customer using an average of 120 CCF in a winter month, the average monthly bill impact is estimated to be \$ 8.67 or 6.1% of their total annual bill.

7. At current rates, and based on a test period for the twelve months ending December 31, 2012, adjusted for known and measurable changes, Delmarva's Return on Equity (ROE) for its gas business is only 4.84%, far short of the 10.00% ROE level approved by the Commission in Docket No. 10-237, and even further below the current 10.25% ROE being requested in this Application. Delmarva requests the Commission, pursuant to 26 Del. C. §306, to permit the proposed changes in natural gas base rates to become effective for service rendered on and after February 5, 2013, with proration.

Interim Rate Relief

8. In the event the Commission exercises its discretion to suspend the proposed increase in gas base rates for a period not greater than seven months, Delmarva intends to place in effect, subject to refund, natural gas base rates designed to produce an annual increase in test period revenue of approximately \$2.5 million effective February 5, 2013, pursuant to 26 Del. C. § 306(c). The Company proposes to recover the \$2.5 million interim increase as set forth in the tariff leafs included in Appendix B. The Company respectfully requests that the Commission waive the requirements of 26 Del. C. § 306(b) that a bond be filed with sureties. Delmarva's long-standing history within the State and its commitment herein to abide with a Commission refund order is sufficient to protect the rights of interested parties to any refunds that may be ordered with regard to the interim rates to be placed in effect on February 5, 2013.

Revenue Increase by Class

9 The following table shows the effect on various customer classes for the full requested \$ 12,174,435 increase and the \$2,500,000 interim increase as a % of total gas revenue:

Service Classification	Proposed Increase (\$000)			
	Full Proposed Increase		Interim Increase	
	\$	%	\$	%
RES/RGH	\$ 7,782	8.10%	\$1,633	1.70%
GG+GVFT	\$ 2,869	6.07%	\$ 632	1.34%
MVG+MVFT	\$ 329	5.71%	\$ 121	2.09%
LVG+LVFT	\$ 785	18.08%	\$ 111	2.56%
Gas Lighting	\$ 0.14	5.29%	\$ 0.03	1.11%
LVG-QFCP	\$ 409	NA	\$ 3	N/A
	\$ 12,174	7.87%	\$2,500	1.63%

Tariff Provisions

10. The following tariff provisions for proposed riders and modifications to the tariff are also included in the Appendix A tariff:

- a.) a proposed new Rider UFRC to provide a mechanism to implement the recovery of costs related to relocation of the Company's delivery facilities as required to accommodate projects sponsored by the Delaware Department of Transportation or other State agencies;
- b.) a proposed modification to the language in Section XVII-Extensions to make it easier and more affordable for residents and small business owners to consider natural gas for their energy needs; and
- c.) several minor changes for clarification or editorial purposes.

Minimum Filing Requirements

11. The Company's Application includes the Commission's Minimum Filing Requirements (Order No. 5410-PSC Reg. Docket No. 4). Delmarva requests that in the initial order opening this proceeding, the Commission waive:

a.) Part V – Net Operating Income, Paragraph C (14) – Operating Expenses requires information to be filed relating to certain affiliate transactions. The Company requests a waiver of this provision because the information has already been submitted to the Commission in compliance with Order No. 5469 in Docket No. 99-582. Pursuant to that Order, the year 2010 report has been previously filed with the Commission. Also pursuant to that Order, the year 2011 report will be filed during the time that this proceeding is under consideration.

Notice

12. Notice of the proposed changes will be given through bill inserts, as well as through notices published in The News Journal and the Delaware State News. A proposed form of public notice is attached to this Application.

Witnesses

13. The proposed increased revenue requirement and proposed rates described in this Application are supported by the direct testimony and schedules of the following witnesses for the Company, each of which is contained in Books 2 and 3 and made a part hereof:

i. Kevin M. McGowan – Overview of the Company's Application including an overview of the Company's capital structure, overall rate of return and current credit ratings, access to capital on reasonable terms and the importance of retaining investment grade credit ratings;

ii. Jay C. Ziminsky – Company’s revenue requirement including adjustments thereto, test year selection and proposed ratemaking;

iii. Robert M. Collacchi – Overview of the Company’s gas business including construction program investments, replacement of certain facilities for safety and reliability purposes and changes to the Company’s tariff relating to extensions.;

iv. Kathleen A. White – Company’s accounting books and records and the Company’s cost and accounting procedures;

v. Marlene C. Santacecilia – proposed rate design supporting the Company’s proposed increase in gas delivery revenue, pre-cost study adjustments, description of new tariff rider, Rider UFRC and proposed tariff changes pertaining to Tariff Section XVII – Extensions as well as miscellaneous tariff changes;

vi. Michael T. Normand – Company’s cost of service studies;

vii. Robert B. Hevert – Company’s proposed cost of equity and an assessment of the capital structure to be used for ratemaking purposes

Communications

14. All communications and notices with respect to this proceeding should be sent to:

Heather G. Hall Jay C. Ziminsky Pamela E. Long Delmarva Power Regulatory Affairs 401 Eagle Run Road Newark, DE 19702 (By Courier) Or P.O. Box 9239	Todd L. Goodman Pamela J. Scott Delmarva Power 500 N. Wakefield Drive Newark, DE 19702 (By Courier) Or PO Box 6066 Newark, DE 19714-6066 (U.S. Mail)
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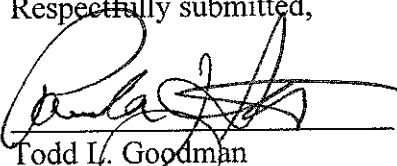
Newark, DE 19714-9239 (U.S. Mail) e-mail addresses: heather.hall@pepcoholdings.com jay.ziminsky@pepcoholdings.com pamela.long@pepcoholdings.com	Counsel for Delmarva Power e-mail address: todd.goodman@pepcoholdings.com pjscott@pepcoholdings.com
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WHEREFORE, Delmarva respectfully requests that the Commission:

- A. grant the proposed changes as filed by Delmarva effective February 5, 2013, with proration;
- B. should the Commission exercise its discretion to suspend the proposed increase in base rates, issue an order permitting the interim rates as requested herein to go into effect on February 5, 2013, subject to refund;
- C. waive notice, filing and bonding with sureties requirements; and,
- D. order that a notice of hearing be published.

Respectfully submitted,

By:



Todd I. Goodman

Pamela J. Scott

Delmarva Power & Light Company

500 N. Wakefield Drive

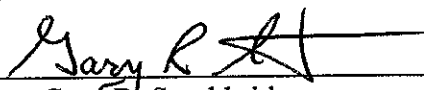
Newark, DE 19702

Counsel for Delmarva Power & Light Company

December 7, 2012


STATE OF DELAWARE)
) SS.
COUNTY OF NEW CASTLE)

On this day 3rd day of December, 2012, personally came before me, the subscriber, a Notary Public in and for the state and county aforesaid, Gary R. Stockbridge, Vice President, an officer of Delmarva Power & Light Company, a corporation existing under the laws of the State of Delaware, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of such corporation, that the signature of such Vice President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.



Gary R. Stockbridge
Vice President

SWORN TO AND SUBSCRIBED before me this 3rd day of December, 2012.



Notary Public

My Commission expires: FEBRUARY 1, 2015

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

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR A)
CHANGE IN GAS BASE RATES) **Docket No. 12- ____**
(Filed December 7, 2012))

PUBLIC NOTICE OF FILING

TO: ALL GAS CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY

On December 7, 2012, Delmarva Power & Light Company filed an Application with the Delaware Public Service Commission ("Commission"). The Application requested a change in gas base rates that has an aggregate effect of increasing annual revenues by \$12,174,435 or 7.87% as follows:

Service Classification	Proposed Increase (\$000)			
	Full Proposed Increase		Interim Increase	
	\$	%	\$	%
RES/RGH	\$ 7,782	8.10%	\$1,633	1.70%
GG+GVFT	\$ 2,869	6.07%	\$ 632	1.34%
MVG+MVFT	\$ 329	5.71%	\$ 121	2.09%
LVG+LVFT	\$ 785	18.08%	\$ 111	2.56%
Gas Lighting	\$ 0.14	5.29%	\$ 0.03	1.11%
LVG-QFCP	\$ 409	NA	\$ 3	N/A
	<u>\$ 12,174</u>	<u>7.87%</u>	<u>\$2,500</u>	<u>1.63%</u>

The Commission **[has suspended the proposed rates for seven months and]** will consider the request for proposed gas base rate changes and other modifications to become effective as of February 5, 2013, subject to refund after evidentiary hearings and further proceedings to be presided over by a Commission Hearing Examiner. **[Delmarva has provided notice that as a result of the Commission's suspension of the proposed rates for seven months, it will exercise its statutory right to put into effect an interim increase of \$2.5 million effective February 5, 2013, which will be subject to further review and potential refund.]**

For a residential customer with a usage pattern at or near that of the class average usage pattern, the average monthly bill impact is estimated to be \$8.67 or 6.1% of their total bill.

Any person or group wishing to participate formally as a party in this docket (PSC Docket No. 12-____), with the right to submit evidence and to be represented by counsel must, in accordance with Rule 11, petition the Commission for and be granted leave to intervene in the proceedings in this docket by the Hearing Examiner.

To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Suite 100, Cannon Building, Dover, Delaware 19904 on or before _____, 201__. Petitions received thereafter will not be considered except for good cause shown.

The Hearing Examiner will consider the Application, including any settlement that might be reached by the parties to the proceeding, in hearings to be held at the times and locations to be determined by the Hearing Examiner.

Copies of the Application, testimony and attachments will be available for public inspection at the Commission's Dover office at the above address, or, by appointment, in the Division of the Public Advocate located on the 4th Floor, Carvel State Office Building, 820 North French Street, Wilmington. Please call for an appointment at (302) 577-5077.

Individuals with disabilities who wish to participate in these proceedings or to review these 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, telephonically, by use of the Telecommunications Relay Service, or otherwise. The Commission Staff is available for questions concerning this Application and other documents. The Commission's toll-free telephone number within Delaware is 1-800-282-8574. The Commission can also be reached at (302) 739-4333 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 _____@state.de.us."

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

**IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR A)
CHANGE IN NATURAL GAS BASE RATES) Docket No. 12- ____
(Filed December 7, 2012))**

ORDER NO. _____

AND NOW, to-wit, this ____ day of _____, 2012, Delmarva Power & Light Company having, on December 7, 2012, filed the above-captioned Application with the Commission seeking approval of a change in natural gas base rates;

AND, the Commission having determined, pursuant to 26 Del. C. §§ 303, 304 and 306 that the proposed rates should be permitted to become effective for usage on and after February 5, 2013, with proration, and subject to refund pending evidentiary hearings and further review by the Commission; now therefore,

IT IS ORDERED:

1. That pursuant to 26 Del. C. §§ 301, 304 and 306, the application made by Delmarva on December 7, 2012, for modifications to its Natural Gas Rates be suspended and made effective as of February 5, 2013, with proration, subject to refund and evidentiary hearings to be held at a later date.

2. That _____ is designated as Hearing Examiner for this docket pursuant to the terms and provisions of 26 Del. C. § 502 and 29 Del. C. ch. 101 to schedule and conduct such public evidentiary hearings as may be necessary to develop a full and complete record concerning this matter, and to report to the Commission proposed findings and recommendations based on the evidence presented.

3. That Delmarva shall give public notice of the filing of this application and of the Commission action thereon by publishing notice in the form attached hereto as Addendum to Exhibit "B" in two-column format, outlined in black in the legal classified sections of The News Journal and the Delaware State News on _____, 20____, with proof of such publication to be provided to the Commission as soon as possible, but no later than the commencement of the evidentiary hearings concerning this matter.

4. That the waivers requested by Delmarva including that of a surety bonding requirement with respect to a rate increase are granted, subject to: a) the execution and delivery of a bond without sureties in substantially the form of such bond attached to the Application; and b) Delmarva's commitment to provide information upon request that would otherwise be included as part of the Minimum Filing Requirements.

5. That Delmarva 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).

6. 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

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SERVICE CLASSIFICATIONS

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"GL"	Gas Lighting Sales Service	42
"MVG"	Medium Volume Gas Sales Service	43
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"PM"	Peak Management Rider	49

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"GVFT"	General Volume Firm Transportation Service	60
"MVFT"	Medium Volume Firm Transportation Service	61
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"SBS"	Stand-By Gas Supply Service	63

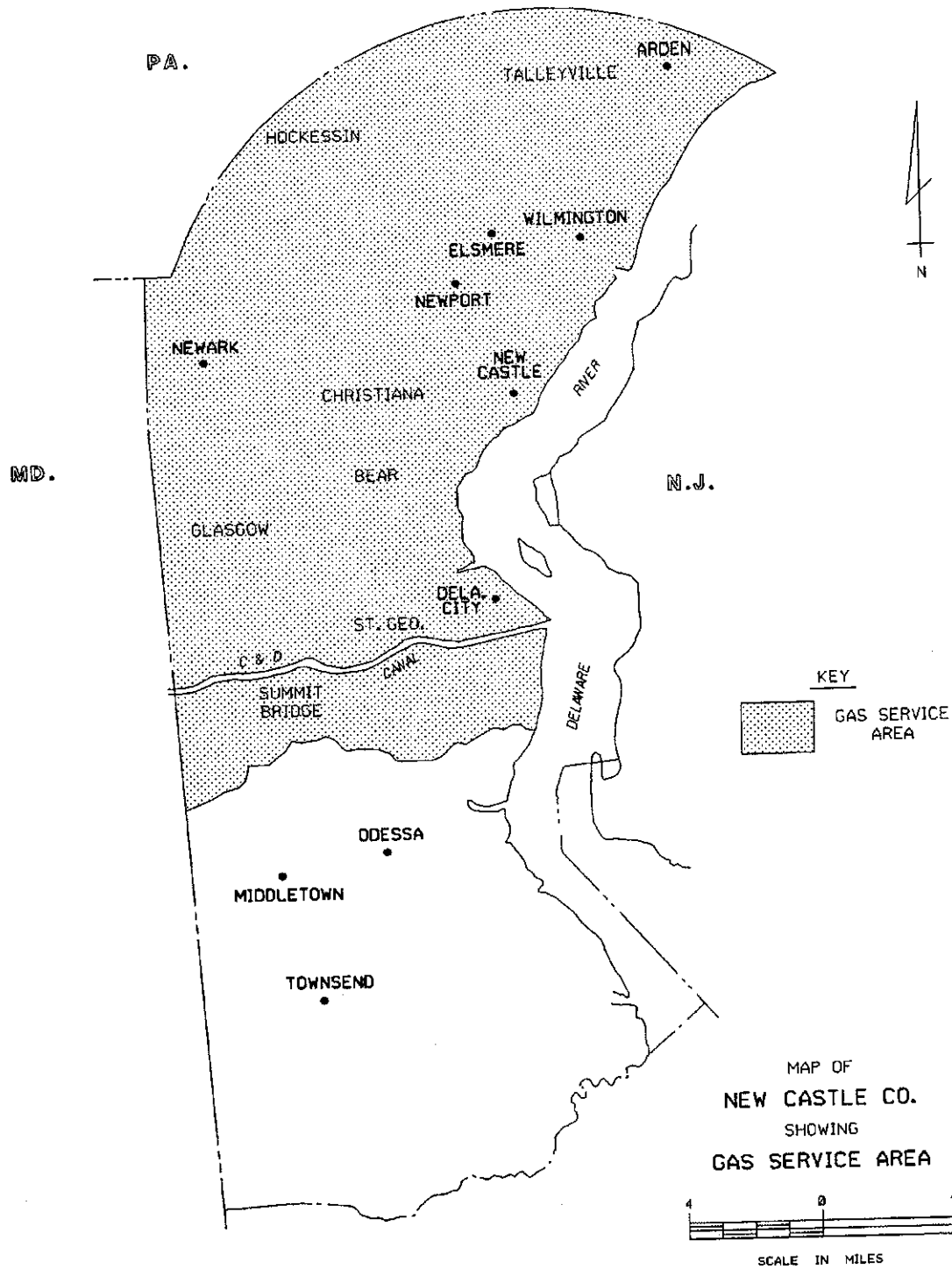
NON-CORE SERVICES

"QFT"	Quasi-Firm Transportation Service	65
"MVIT"	Medium Volume Interruptible Gas Transportation Service	66
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MAP OF SERVICE TERRITORY



PHAP/31

Order No.
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Proposed

Filed: December 7, 2012
Effective Date: February 5, 2013

RULES AND REGULATIONS

SECTION I - GENERAL

A. Filing and Posting

This Gas Service Tariff comprises the Rules and Regulations of service and the Service Classifications under which gas service will be supplied to its Customers in New Castle County by Delmarva Power & Light Company (the "Company"). A copy of this Tariff is on file with the Public Service Commission of Delaware ("Commission") and open to inspection at all public Company offices within the gas service territory.

B. Revisions

This Tariff may be revised, amended, supplemented or otherwise changed from time to time, in accordance with rules and procedures of the Commission.

C. Statement by Agents

No representative has authority to modify any rule or provision of this Tariff, or to bind the Company by any promise or statement contrary thereto, unless the same shall be incorporated in a contract.

D. Rules and Regulations

The Rules and Regulations are a part of every contract for service and govern all classes of service unless otherwise specifically stated by a Service Classification.

E. No Prejudice of Rights

The failure by the Company to enforce or the decision not to enforce any of the provisions of this Tariff shall not be deemed a waiver of the right to do so.

F. Gratuities to Employees

The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered.

RULES AND REGULATIONS

SECTION II - APPLICATION AND CONTRACT FOR SERVICE

A. Application for Service

An application for the supply of service may be required from each Customer. This application when executed by the Company constitutes the contract between the Company and the Customer, subject to the terms of the applicable Service Classification, and these Rules and Regulations. Charges for service shall begin at the time service is made available to the Customer.

The Company reserves the right to require reasonable evidence of the Applicant's identity and service address satisfactory to the Company and to make a reasonable investigation of such prior to rendering service. The Company reserves the right to require a written application from any Applicant executed in a form satisfactory to the Company.

B. Right to Reject Application

The Company may reject any application for service if the Applicant does not meet all the requirements of the Rules and Regulations of this tariff. The Applicant shall be given reason or reasons for rejection of the application for service, in writing if requested.

C. One Point of Delivery

The Service Classifications of this Tariff, unless otherwise stated, are based upon the supply of service to one entire premises through a single delivery and metering point. The Company shall supply only one metering installation for each class of service. The use of service at two or more separate properties shall not be combined for billing purposes.

The Company reserves the right to deliver service to more than one point where the Customer's load or service requirements necessitate such delivery or if such action would result in lower overall installed and continuing operating cost of this service. This procedure is applicable to other public utilities and large industrial or commercial customers having extensive operations in a contiguous area.

D. Service at New Locations

Service at new locations shall be rendered only when all bills for service to the Customer at any other locations have been paid, or credit arrangements satisfactory to the Company have been made.

E. Service Contracts

Standard contracts shall be for terms as specified in the applicable Service Classification. Where large or special investment is necessary for the supply of service or where service is to be used for temporary or unusual purposes, contracts for terms other than specified in the Service Classification, or with special guarantees of revenue, or both, may be required.

RULES AND REGULATIONS

SECTION II - APPLICATION AND CONTRACT FOR SERVICE - (Continued)

F. Temporary Service

Temporary service is service, ordinarily not recurrent in nature, required for temporary structures or locations. Temporary service shall be rendered only when and where the Company has the necessary facilities available to render the service applied for, without detriment to the service of other Customers.

The Customer must pay the entire net cost of installation and removal of required facilities installed for the sole purpose of the temporary service. A deposit may be required, in advance, sufficient to cover the installation and removal, materials not returnable, and the estimated cost of gas usage. Where facilities are endangered by construction or proposed usage, the Customer may be required to own and maintain the facilities.

Temporary gas service is available only under Service Classifications "GG" and "MVG" on a short-term basis. The minimum monthly bill for this service will be as specified under the minimum charge provision of the Service Classification.

G. Rights-of-Way/Permits

1. General

An Applicant requesting service shall furnish, without expense to the Company, suitable rights-of-way or permits on forms provided by the Company for the installation of facilities on, under and across the premises of the Applicant for the purpose of providing gas utility service to the Applicant and to premises and other users in the vicinity.

If it is necessary to acquire such rights or permits from others, such as abutting property owners, lessors, railroads, etc., in order for the Company to serve the Applicant, then the Applicant shall be responsible for obtaining such rights or permits as the Company deems necessary.

Where, due to the nature of the property to be served, the Company finds that the exact boundaries are of critical importance, the Applicant shall locate and mark such boundaries to the reasonable satisfaction of the Company.

RULES AND REGULATIONS

SECTION II - APPLICATION AND CONTRACT FOR SERVICE - (Continued)

G. Rights-of-Way - (Continued)

1. General - (Continued)

The Applicant shall be responsible for clearing all obstructions from the construction area as designated by the Company, said clearing to be completed in reasonable time to meet service requirements.

The construction area as designated by the Company shall be graded to within six (6) inches of final grade before the Company will commence construction.

The Company shall construct, own, operate, and maintain underground distribution lines only along public streets, roads and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained within a reasonable time and without cost or condemnation by the Company.

The Company may also purchase rights-of-way where necessary to avoid conflicts with the Delaware Department of Transportation.

If subsequent to construction start-up, the Company is required to relocate or adjust any of its installed facilities due to change in grade, adjustments of property lines or change in plans, the cost of such relocation shall be borne by Applicant, its successors or assigns.

2. Required Property Information

The Applicant shall furnish the Company as required, at no charge to the Company, property plans, other utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, codes, and rules and regulations. The customer shall physically mark the horizontal location of any non-utility line (i.e. lawn sprinklers, private water services, dog fences, etc) within 18 inches of the non-utility line on the ground by means of stakes, paint or other suitable means prior to any notice of construction or maintenance activities on the customer's property. The cost of repair or replacement of any non-utility lines not marked will be the customer's responsibility.

H. Hazardous Conditions

The Applicant shall notify the Company of any hazardous conditions which employees may encounter on the Customer's property while installing or maintaining service. Where hazardous conditions exist which may affect the welfare of Company employees, the Company reserves the right to withhold service or require the Applicant to provide a non-hazardous route for necessary service facilities. The Applicant shall be responsible for all costs required of the Company to meet applicable environmental, or other hazardous condition laws required of employees specifically for installation of the Applicant's service.

RULES AND REGULATIONS

SECTION III - CUSTOMER'S DEPOSIT

A. Customer's Deposit to Guarantee Payment of Final Bills

The Company shall require a cash deposit from an Applicant or an existing Customer for each account until satisfactory credit is established to guarantee payment of final bills for service rendered. Such deposit shall not be more in amount than two-twelfths (2/12) of the estimated annual revenue or as may be reasonably required by the Company in cases involving a service for short periods. Service may be denied or terminated for failure to pay a deposit when requested. Deposits shall not be applied against current delinquent bills.

Deposits shall be collected in whole dollar amounts. A deposit shall not be required if the amount is less than fifty dollars (\$50).

Required Deposits may be deferred at the Customer's request to the first month's bill or may be paid in installments over three (3) consecutive monthly billings.

Simple interest on deposits at an annual rate equal to the average of the percent yields of the 1-year Treasury constant maturities for September, October, and November of the preceding year, shall be applied annually as a credit to the Customer's account and so indicated on the January bill. No interest shall be paid unless the deposit is held longer than ninety (90) days. For deposits paid in installment payments, interest shall begin to accrue from the date of final deposit payment. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated or on the date notice is sent to the Customer's last known address that the deposit is no longer required.

Deposits shall be refunded after one (1) year for Residential deposits and after four (4) years for Non-Residential deposits if satisfactory credit has been established. Satisfactory credit is defined as payment of the last twelve (12) consecutive monthly bills without an unpaid previous balance and no detrimental credit information recorded against the Customer's account within the last twelve (12) months. Detrimental credit information is defined as adverse credit reports from recognized credit reporting services available to the general business community or from accounting records of the Company.

RULES AND REGULATIONS

SECTION IV - PAYMENT TERMS

A. Billing Period

Rates are stated on a monthly basis and bills are rendered monthly following the supply of service based on meter readings scheduled at approximate monthly intervals of from 27 to 33 days. Except as provided in the following sentence, the bill shall only be prorated if one of the following conditions are met: a) a final bill is being rendered for a termination of service; b) an initial bill is being rendered for a new customer; or c) a LVG customer requests a change in its meter reading route or billing cycle to which the Company has agreed. In addition to the foregoing, proration shall be permitted to the extent authorized or required by the Commission in conjunction with a change in rates that becomes effective for usage on and after a particular date or billing cycle.

B. When Bills are Payable

All bills are due and payable upon presentation.

C. Estimated Bills

When the Company's meter reader is unable, at any regular reading date, to read the Customer's meter, the Company may render an estimated bill in accordance with the Company's policy on file with the Commission.

D. Payment Posting Sequence

When a customer remits payment for services, the payment shall be applied as follows:

1. Arrears for the Company's combined Electric Supply & Delivery Service or Delivery Service, where applicable.
2. Arrears for the Company's Gas Utility Sales Service or Delivery Service.
3. Arrears by vintage priority for prior Electric Supplier or Gas Supplier charges, where applicable. For an Electric Supplier's arrearage and a Gas Supplier's arrearage with the same vintage, the Electric Supplier's arrearage has priority over the Gas Supplier's arrearage.
4. Current charges for the Company's combined Electric Supply & Delivery Service or Delivery Service, where applicable.
5. Current charges for the Company's Gas Utility Sales Service or Delivery Service.
6. Current charges for Electric Supplier charges, where applicable.
7. Current charges for Gas Supplier charges, where applicable.

E. Returned Checks

Checks given in payment for any bills or charges rendered which are returned unpaid by the Customer's bank, shall result in an additional charge of fifteen dollars (\$15) per check, per occurrence, which charge shall be levied against the Customer's account. Proper notice of the returned check and the charge shall be mailed to the Customer by first class mail. Where the returned check is for combined electric and gas service, this charge shall be assessed for only one of these services.

The Company shall automatically waive this charge provided the returned check was the first occurrence in the most recent twelve (12) months.

Order No.
Docket No.

Proposed

Filed: December 7, 2012
Effective Date: February 5, 2013

RULES AND REGULATIONS

SECTION IV - PAYMENT TERMS - (Continued)

F. Late Payment Charge

Bills are due and payable upon presentation. If payment for bills rendered is not received by the Company prior to the next meter reading date, a late payment charge of one and one-half percent (1-1/2%) of the unpaid balance, less applicable taxes, shall be added to the next billing. Payments shall be credited against the most delinquent charges.

The Company shall automatically waive the first late payment charge within the last twelve (12) consecutive billing months for Residential Customers. After an automatic waiver, the Residential Customer shall not be eligible for the next automatic waiver until the twelfth billing month following the billing month of the previous waiver.

G. Installment Payments

Any Customer may request an installment payment as an optional means for payment of charges and to avoid service termination resulting from delinquent charges. An installment payment agreement constitutes a contract between the Customer and the Company, which guarantees payment by the Customer for the amount of the agreement over the specified period. All requests for installment payment agreements are subject to Company approval and must be signed by the Customer and by a Company-authorized employee. A service charge of one-half percent (1/2%) per month shall be applied on the unpaid balance due under this agreement. The balance amount of the agreement is not subject to the provisions of the late payment charge.

Failure of the Customer to meet the conditions of this installment payment agreement including prompt payment of the current bill shall constitute a breach of this agreement and entitle the Company to pursue collection and termination procedures pursuant to the applicable rules and regulations of the Commission.

H. Budget Billing

Budget billing provides a payment plan which allows Customers to levelize their monthly bills. The Budget Billing Plan is available to all Residential Customers and to any Non-Residential, Firm Sales Customers whose maximum monthly use is less than 2,000 MCF. Non-Residential Customers may be initially placed on the Plan only in the billing months of April, May, October or November. Any such qualifying Customer who does not have a delinquent balance outstanding may elect to be placed on budget billing. Under this plan, the Customer shall be billed for eleven months on an estimated budget amount basis with the twelfth month as the settlement month. The billing for the settlement month shall consist of the difference between the actual amount due to date and the budget amount paid to date.

RULES AND REGULATIONS

SECTION V - ADMINISTRATION OF SERVICE CLASSIFICATION

A. Choice of Service Classification

When two or more Service Classifications are available for the same class of service, the Customer shall select the Service Classification to be applied to the Customer's service.

B. Company Assistance

The Company, upon request, shall assist the Customer in the selection of the most advantageous Service Classification, but the duty and responsibility of making the selection shall at all times rest with the Customer.

C. Changing Service Classifications

When a Customer has selected the Service Classification for the Customer's service, its application shall remain in effect for the contract term which the Service Classification specifies.

RULES AND REGULATIONS

SECTION VI - CUSTOMER'S INSTALLATION

A. Description of Installation

The Customer shall, before installing any equipment, notify the Company as to the devices which are to be attached to the Company's lines, giving location of the proposed installation so that the Company may advise the Customer of the character of the service the Company shall furnish and the point at which the service shall be connected and metered.

In those cases where the Company deems it necessary, the Customer shall present in writing complete specifications of equipment, loads, location plans, piping, regulators and other data required, so that the Company may advise the Customer of the character of the service it will furnish, the point at which it will be connected and metered and any other requirements associated with the special conditions of the service.

B. Customer's Equipment

Gas piping, fixtures, and appliances on the Customer's premises must be installed at the expense of the Customer or owner of the property unless a contribution to the cost of piping or fixtures would result in lower overall installed and continuing operating costs of the service to the Company. Such a contribution may not be made towards the cost of appliances.

The Company may delay the construction of an extension and/or service until the Applicant has completed the piping and installation of equipment necessary to receive and use service.

C. Inspection

All new piping and equipment, or changes in piping and equipment, shall conform to the standards of the National Fuel Gas Code and those of local public authorities in force at the time.

The Company shall render service only after receipt by the Company of a notice of approval issued by the duly recognized inspection agency.

RULES AND REGULATIONS

SECTION VII - SERVICE INSTALLATIONS

A. General

Services as used in this section refers to service piping and associated materials between the Company's gas main system and the point of connection with the Requester's gas line. The Company's system facility from which the service is installed may be on public or private right-of-way. Services shall be designed and constructed consistent with good engineering practice.

The Company shall install, own and maintain services, under the terms and conditions herein enumerated, to the point of connection with the Requester's gas line. Such point shall generally be near the corner of the building nearest the point at which the gas service enters the property to be served. Any modifications requested by the Requester must be approved by the Company and any additional costs resulting therefrom shall be borne by the Requester. Services shall not be installed or connected unless specifically requested by the Requester and until satisfactory payments or credit arrangements are made if required by the Company.

B. Service Installations

1. Residential Services

The Company shall install, own, maintain and replace residential services. If the portion of gas service on the Requester's property exceeds 100 feet, the Company's initial investment shall be limited to five (5) times the related estimated annual net base revenue excluding all fuel costs ("Estimated Revenue") from the Requester. All investment that exceeds both the 100 foot limit and the Estimated Revenue test shall be paid by the Requester based on the average installed cost per foot for residential services installed during the preceding calendar year. Such Contribution In Aid of Construction shall include all applicable taxes. Any such payments may be waived if the amount is less than \$50.

2. Non-Residential Services

The Company shall install, own and maintain non-residential services. The Company's initial investment in service installations shall be limited to three (3) times the Estimated Revenue from the Requester. Where such Estimated Revenue does not justify the estimated cost of installation, the Applicant shall pay for all additional installed costs not justified by the estimated revenue. Any such payments may be waived if the amount is less than \$50.

3. Non-Residential Dual Fuel Services

The Company shall install, own and maintain non-residential services. All Non-Residential Customers who desire service and who have the ability to continuously use an alternate fuel must sign an Application that holds the Customer liable for all estimated costs not covered by actual non-fuel revenues received and retained by the Company.

RULES AND REGULATIONS

SECTION VII - SERVICE INSTALLATIONS - (Continued)

C. Relocation of Services

Company-owned residential service facilities shall be relocated to a point of Company convenience at Company expense in order to correct or prevent a violation of applicable codes where such action requires no increase in the overall length of service piping.

In the Company's opinion, when such relocation or portion of such relocation is deemed to benefit the Company, the resulting cost will be prorated between the Company and the Customer accordingly.

In all other cases where the Customer requests relocation, or takes action which requires relocation of gas service piping and/or meters and pressure regulators, the entire cost of such relocation shall be paid by the Customer.

In the event the Company shall be required by any public authority to relocate any portion of the Company's gas system, the Customer, at the Customer's expense, shall make the necessary changes in the location of the Customer's facilities to accommodate such changes.

RULES AND REGULATIONS

SECTION VIII - METER INSTALLATIONS

A. Meters Supplied by the Company

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement of the service supplied under each contract.

B. Meter Location

The Customer shall provide, without charge, a suitable place for the meters, pressure regulators or other equipment of the Company. Such place shall be of convenient access to the Company's personnel. The location of the meter shall be as near as possible to the point where the supply piping enters the Customer's building, and otherwise acceptable to the Company. Meter connections shall not be concealed by plaster, sheathing or any other means. All meter locations are subject to inspection and require periodic access to satisfy meter reading and equipment maintenance requirements.

Where multiple meters are required, each meter position shall be clearly and visibly marked so that each meter position is identified as to the location to which service is being supplied. Meters shall not be installed by the Company until this has been accomplished.

C. Right to Remove Company's Equipment

All meters, pressure regulators and other equipment supplied by the Company shall remain its property. The Company shall have the right to remove all its property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

D. Periodic Test Schedule

The Company shall test meters in accordance with a periodic test schedule acceptable to the Commission. Meter tests performed at the request of a Customer shall be made in accordance with Section IX-C.

E. Metering

The quantity of gas billed shall be the volume measured by the Company's meter, calibrated at or compensated to standard temperature (60°F) and barometric pressure (14.73 psia) conditions.

F. Volumes Defined

As used in this Tariff,
"CCF" = 100 Cubic Feet of Gas
"MCF" = 1,000 Cubic Feet of Gas

RULES AND REGULATIONS

SECTION VIII - METER INSTALLATIONS - (Continued)

G. Remote Reading Devices

The Company, at its discretion or upon request from a Customer, may install remote reading devices, subject to availability. Remote reading devices shall be owned, installed and maintained by the Company. When requested by the Customer and approved by the Company, such installation shall be made at cost payable by the Customer. The location of the remote reading device shall be subject to Company approval.

A periodic verification reading must be taken on the meter and the remote reading device. The Company shall notify the Customer when the periodic verification is required. The Company shall determine the frequency of verification required based on the technical characteristics of the installed equipment and its in-service performance. Service shall be subject to disconnection if the Customer fails to make arrangements with the Company for a verification reading within 60 days after written notice is provided.

In cases of dispute, the Company's meter shall be used as the final determinant in measuring consumption and in all cases shall take precedence over any reading or remote reading devices.

RULES AND REGULATIONS

SECTION IX - ADJUSTMENT OF CHARGES

A. Fast Meter

Whenever a meter in service is found to have a positive average error, upon test made by the Company or the Commission by over-registering in excess of two percent (2%), the Company shall credit or refund to the Customer an amount equal to the excess paid for the gas incorrectly metered. The refund shall be for the period that the Customer received service through the meter, but for not more than the periods established below:

1. Known Date of Error - If the date on which the error first developed or occurred can be established, the bills for service shall be recalculated from that time.
2. Unknown Date of Error - If the time at which the error first developed or occurred cannot be established, it shall be assumed that the over-registration existed for a period of three (3) years or a period equal to one-half of the time since the meter was last tested, whichever is less.

B. Slow or Stopped Meter

When a meter is found, upon test made by the Company or the Commission, to have a negative average error by under-registering in excess of two percent (2%) or to be stopped, and the error in registration or failure to operate is not attributable to the negligence of the Company, but is due to some unpredictable cause, such as tampering or unauthorized overload, the Company shall estimate the proper charge for the unregistered service by reference to the Customer's consumption during similar normal periods or by such methods as the Commission may authorize or direct. Except in cases of tampering, theft, inaccessibility to the meter, or unauthorized overload, such an estimate for a slow or stopped meter shall cover a period of not more than three (3) months.

RULES AND REGULATIONS

SECTION IX - ADJUSTMENT OF CHARGES - (Continued)

C. Requests for Meter Tests

Upon request by a Customer, the Company shall test the Customer's meter provided that such tests need not be made more frequently than once in thirty-six (36) months. If tests of meters at the Customer's request are performed more frequently than once in thirty-six (36) months, the Company shall charge the Customer twenty dollars (\$20) for testing the meter. No charge shall be made for testing meters which upon test are found to exceed the allowable accuracy limits as defined in this Section. The Customer, or the Customer's representative, may be present when the Customer's meter is tested. A written report of the results of the test shall be mailed to the Customer within ten (10) days after the completion of the test.

D. Adjustments for Incorrect Billings

Incorrect billings resulting from clerical error, incorrect meter installation or reading, incorrect application of the rate schedule, or other similar reasons, shall be corrected immediately upon discovery, and corrected bills rendered to the Customer; however, in no case may additional charges due from the Customer under the application of this paragraph be collected for more than three (3) years prior to the month of discovery. If the Customer has been overcharged, the Company shall refund the amount due or credit the Customer's account, at the Customer's election, to the date the error was made, not to exceed three (3) years prior to discovery. In the absence of an election by the Customer for a refund by check, the Company shall credit the Customer's account. In the event additional charges are due the Company, installment payments shall be offered for not less than the number of months the account was billed in error. An installment payment charge shall not be applied to such installment payments.

RULES AND REGULATIONS

SECTION X - CONTINUITY OF SERVICE BY COMPANY

A. Company Liability

The Company does not guarantee continuous uninterrupted gas service and shall not be liable for any loss, cost, damage, or expense to any person occasioned by any change in, interruption and/or resumption of the Company's gas service due to any cause beyond the reasonable control of the Company.

B. Notice of Trouble

The Customer shall notify the Company promptly of any defect in service or of any trouble or irregularity in the gas supply.

C. Prearranged Interruption of Service

Whenever it is necessary to interrupt service for work on mains or other equipment, such work shall be done, to the extent practical, at a time that will cause the least inconvenience to the Customer. The Customer(s) to be affected shall, if practical, be notified in advance of such interruptions.

RULES AND REGULATIONS

SECTION XI - CUSTOMER'S USE OF SERVICE

A. Resale Forbidden

The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of natural gas provided by the Company or any part thereof except as authorized by Chapter 51, Title 25 of the Delaware Code.

B. Multiple Occupancy Buildings

Multiple occupancy buildings for which building permits are issued after June 2, 1980 shall not be master metered but shall be individually metered for each occupancy unit that is individually leased or owned and whose occupants have control over a portion of the natural gas used, unless the owners can provide evidence that the cost of installing separate meters exceeds the long-term benefits to the gas consumers derived from individual meters. For the purposes of this paragraph, individual meters include only meters installed and owned by the Company.

C. Fluctuations

Gas service must not be used by the Customer in such a manner as to cause unusual pressure fluctuations or disturbances in the Company's supply system. Should such fluctuation or disturbance be caused by the Customer, the Company may discontinue service or require the Customer to modify his installation and/or install approved controlling devices.

D. Use Other Than Stated In Contract

The Company's service shall not be used for any purpose or in any place other than that stipulated in the Customer's contract for service except by written consent of the Company.

E. Change of Installation

The Customer shall give immediate written notice to the Company of any proposed substantial increase or decrease in, or change of purpose, design characteristics (including but not limited to pressure, flow rate and gas quality) or location of the Customer's installation. The service connection, meters and equipment supplied by the Company for each Customer have definite design characteristics and no modifications or additions to the equipment or load connected thereto shall be permitted except by written consent of the Company. Failure to give notice of such modifications shall render the Customer liable for any damage to the meters or their auxiliary apparatus caused by the additional or changed installation. Regardless of whether the customer's modifications are consistent or inconsistent with the service provided, the Company shall be under no obligation to modify its equipment.

RULES AND REGULATIONS

SECTION XII - DEFECTS IN CUSTOMER'S INSTALLATION

A. Company's Right to Inspect

The Company shall have the right, but shall not be obliged, to inspect any installation before gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage resulting from defects in the installation, piping or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the Customer.

B. Defective Installations

If at any time the piping and appliances of the Customer are found to be defective or dangerous by the Company's representative or by the local public authorities, service may be refused or discontinued until the Customer has the condition corrected.

C. Customer's Responsibility

The Company assumes no responsibility for any damages done by or resulting from any defect in the piping or appliances of the Customer. In the event of any loss or damage to the property of the Company, or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the Customer, his agents, or employees, the cost of the necessary repairs or replacement shall be paid by the Customer to the Company and any liability otherwise resulting shall be assumed by the Customer.

D. Company Liability

The Company shall not be liable for damage resulting from the presence of gas or the Company's equipment on the Customer's premises, or from the use of the service of the Company by the Customer.

RULES AND REGULATIONS

SECTION XIII - ACCESS TO PREMISES

A. Access to Premises

The authorized agents or representatives of the Company, having the proper Company identification, shall have access at all reasonable times to the premises of the Customer for the purpose of reading the Company's meters, connecting and disconnecting service, operating, testing, inspecting, repairing, removing and replacing any or all of the Company's apparatus used in connection with the supply of gas. If the Company's meters or other equipment are located on the premises of someone other than the Customer, the Customer shall be responsible to arrange for access thereto by Company agents or representatives.

RULES AND REGULATIONS

SECTION XIV - TAMPERING WITH COMPANY'S PROPERTY

A. Tampering Expressly Forbidden

No person, except a duly authorized representative of the Company, shall make any connection (piping, electrical or otherwise) or disconnection, either temporary or permanent, at any point on the Company's distribution system up to the point of the connection with the Customer's gas line, or set, change, remove or interfere with the Company's meter, pressure regulator, tracer wire, cathodic protection system or other equipment.

B. Liability for Tampering

In the event of the Company's meters or other equipment being tampered or interfered with, the Customer being supplied through such equipment shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter, and for the cost of any repairs, replacements required, and any other changes in Customer's installations as may be required by the Company.

RULES AND REGULATIONS

SECTION XV - COMPANY'S RIGHT TO DISCONTINUE SERVICE

A. Right to Discontinue Service

The Company reserves the right to discontinue the supply of service for any of the following reasons:

1. Without Prior Notice

- a. Unavoidable shortage or interruptions in Company's source of supply or other cases of emergency.
- b. Whenever a hazardous gas or gas related condition is found to exist on the Customer's premises.
- c. Interference or tampering with meters or Company equipment or diversion of service.
- d. Whenever environmental or other hazardous conditions would expose Company employees to undue risk in the maintenance of customer service.
- e. For providing a false name or social security number or for failing to disclose, upon request, that past services have been received and not paid for under a different name or social security number, if the Company has reported a theft of services to responsible authorities.

2. With Prior Notice

- a. Failure to remedy conditions in violation of applicable codes or having detrimental effect on the service of others.
- b. Nonpayment of any bill for gas service.
- c. Violation of or non-compliance with these Rules and Regulations or the effective Service Classification or contract. The Company may refuse to supply any service until the Customer has corrected the conditions constituting such violation or non-compliance.
- d. Failure to pay a deposit as requested.
- e. Misrepresentation of or failure to disclose a material fact in an apparent attempt to defraud the Company or to avoid payment of any outstanding bill for service rendered.
- f. Repeated refusal to grant access during reasonable working hours for maintenance, meter reading or removal of equipment, inspection or replacement of equipment.
- g. Failure to pay service installation costs.

3. The notice provided for in Section XV-A-2 shall consist of not less than fourteen (14) days' notice sent by first class prepaid mail and addressed to the Customer at the Customer's last known mailing address appearing on the records of the Company.

RULES AND REGULATIONS

SECTION XVI - DISCONTINUANCE OF SERVICE BY CUSTOMER

A. Notice to Discontinue

The Customer must give the Company at least ten (10) days' notice to discontinue service unless otherwise agreed upon. The Customer must grant access to the meter during reasonable working hours and shall be liable for service taken until the meter has been disconnected or read. Such notice prior to the expiration of a contract term shall not relieve the Customer from any minimum or guaranteed payment under any contract or Service Classification.

B. Completion of Term

If, by reason of any act, neglect or default of a Customer or his agent, the Company's service is suspended, or the Company is prevented from supplying service in accordance with the terms of any contract it may have entered into, the minimum charge for the unexpired portion of the contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract.

C. Final Bill

The final bill for service shall be based on an actual meter reading and is due and payable when rendered.

RULES AND REGULATIONSSECTION XVII - EXTENSIONS

A. General

Extensions to the Company's gas system shall be provided, owned and maintained under the terms and conditions herein enumerated.

Extensions, as used in this section, refer to gas mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing gas system to the service.

Extensions shall be designed according to accepted industry practices to provide adequate service and shall be installed in accordance with the rules and regulations of the Commission. Modifications to the Company's design, requested by the Requester, shall be made when such modifications are acceptable to the Company in its sole judgment.

Where a Requester requests the Company to install facilities which are more costly than those proposed to be furnished by the Company, the Requester shall pay the Company the difference in cost between the requested installation and that deemed necessary by the Company.

B. Residential Extensions - New Developments

1. If the estimated investment in the extension exceeds five (5) times the related estimated annual net base revenue, excluding all fuel costs ("Estimated Revenue") from Customers to be initially served from the extension, the Applicant shall provide a financial guarantee in accordance with Section XVII-H. This financial guarantee may be waived if the amount is less than \$50.

2. For the purpose of definition, those Customers to be initially served shall include houses or multiple occupancy buildings under construction at the time the contract for the extension is signed. As additional facilities are needed to serve additional Customers, the Applicant may be required to make additional financial guarantees or may receive a refund accordingly.

C. Residential Extensions - Existing Subdivisions - 100 feet installed at no charge per applicant

The Company will make extensions to existing mains of one hundred (100) feet per Customer without charge. If multiple Applicants, then the extension without a charge will be multiplied by 100 feet times the number of applicants if there are no system improvements required to serve the subdivision.

D. Residential Extensions - Existing Subdivisions - more than 100 foot per applicant or a system improvement required to serve the subdivision

All investment that exceeds the 100 foot limit or is part of a required system improvement to serve the subdivision shall be paid before construction starts on a prorated basis by the number of applicant(s) or the number of petitioners if they represent the majority of the property owners of any community or village in New Castle County. The investment will be based on the average installed cost per foot for Residential Extensions in Existing Subdivisions installed during the preceding three calendar years plus the required system improvement (if applicable) minus any system improvement that benefits existing customers (if applicable) plus the current tax gross-up as a CIAC.

RULES AND REGULATIONS

SECTION XVII - EXTENSIONS

E. Non Residential Extensions

The Company will make extensions to existing mains of one hundred (100) feet per Customer without charge. Beyond the first 100 feet, if the estimated investment in the extension exceeds three (3) times the Estimated Revenue, the Applicant will be required to provide a CIAC including all applicable taxes for the excess amount. This CIAC may be waived if the amount is less than \$50.

When a line extension and service are both required, the Estimated Revenue shall be compared to the total estimated investment in both the line extension and the service excluding the first 100 foot of main.

F. Non Residential Dual Fuel Extensions

All Non-Residential Customers who desire service and who have the ability to continuously use an alternate fuel must sign an Application that holds the Customer liable for all estimated costs not covered by actual non-fuel revenues received and retained by the Company.

When a line extension and service are both required, the Estimated Revenue shall be compared to the total estimated investment in both the line extension and the service.

G. Infrastructure Improvements

The Company may make investments in infrastructure for reasons of timing, convenience, reliability, safety or other reasons as may be appropriate, independent of extension or service requests from Customers. Investments in infrastructure will be undertaken consistent with engineering planning studies and financial analysis. Infrastructure is defined as gas transmission and distribution systems necessary to increase pipeline flow capacity and/or pressures, system reliability or service availability.

The intent of the preceding paragraph is not to avoid the extension rules contained in this Section, nor the service installation rules contained in Section VII.

H. Financial Guarantees

Financial Guarantees may be made by payment, deposit, Letter of Credit or other financial instruments at the Company's discretion.

Should the Applicant provide a deposit it will be returned to the Applicant (without interest) in an amount equal to five (5) times the estimated revenue, excluding all fuel cost, from new Customers as each new Customer completes its permanent service connection directly from the extension for which the deposit was required. In no case shall the total refund be greater than the Applicant's deposit. Any portion of the deposit remaining unrefunded after five (5) years from the date the Company is first ready to render service from the extension shall be retained by the Company and credited as a CIAC.

Should the Applicant provide a Letter of Credit or other Financial Instrument, the estimated revenue attributable to the extension shall be examined prior to the Letter's or other Instrument's expiration. The Company may either draw on the Letter of Credit or Instrument or require that it be renewed, where a continued financial guarantee is still required. Such draw shall then be considered a deposit under the above section. The Company shall also have the right to require a Financial Guarantee where it determines that the recovery of the investment is questionable.

RULES AND REGULATIONS

SECTION XVIII - CURTAILMENT POLICY

A. Curtailment Priority

In the event the Company determines that it will be unable to satisfy the demands of all existing Customers because, in its sole judgment, it deems its gas supply to be insufficient, the Company shall curtail service to its Customers. Curtailments will be made to ensure adequate supply for priority Customers and to maintain the integrity of the Company's gas distribution system. The extent of curtailment, including complete curtailment, shall be determined by the Company. If operationally feasible, the curtailment shall be instituted in the following order:

1. Flexibly Priced Gas Volumes
2. Interruptible Transportation Gas Volumes
3. Firm Sales, Firm Transportation or Standby Service volumes in the following order:
 - a. Industrial Customers with gas usage over 1,000 MCF per day.
 - b. Industrial Customers with gas usage over 100 MCF per day.
 - c. Industrial or Commercial Customers with gas usage over 50 MCF per day.
 - d. All other Commercial Customers other than those listed below.
4. Apartments, hotels, motels, dormitories and residences.
5. Hospitals, nursing homes, institutions for the aged and infirm and institutions essential to the public welfare.

B. Curtailment Procedure

Curtailments within curtailment priorities 1, 2, and 3 will be implemented first on the basis of operational benefit to the system, and second on the basis of the level of Customers sales margins, storage or transportation charges. In this curtailment priority, the Company has the discretion to determine the order and extent of curtailment. Those Customers paying the lowest rates (i.e., contributing the smallest margins or net revenues) will be curtailed first and those paying the highest rates will be curtailed last. Curtailments within curtailment priorities 4 and 5 will be implemented on a pro-rata basis where operationally feasible. For Customers within a curtailment priority that are paying the same charge, curtailment will be on a non-discriminatory, pro-rata basis. In the event of complete curtailment, the Company will endeavor to provide the gas required for protection of physical plant.

RULES AND REGULATIONS

SECTION XVIII - CURTAILMENT POLICY - (Continued)

C. Curtailment of Customer-Owned Gas

Customers with confirmed Customer-owned supplies, delivered to the Company's city-gate, will not be curtailed unless the Company experiences: (1) a transmission or distribution system constraint at or downstream from the city-gate, or (2) a gas supply emergency that would result in a curtailment of high priority Customers (e.g. curtailment priority 4 or 5 Customers). Interruptible Transportation Service is subordinate to both Quasi-Firm and Firm Transportation Service. Quasi-Firm Transportation Service is subordinate to Firm Transportation Service. In the event that Customer-owned gas is diverted for higher priority Customers, the Company will reimburse the Customer for volumes used, paying a value-based price, tied to the Customer's alternative fuel. For Customers lacking an alternate fuel, reimbursement will be made at a price equivalent to No. 2 fuel oil.

D. Curtailment Enforcement

A Customer failing to comply with a curtailment notice may result in the services to that Customer being discontinued permanently. In addition, Customers will be subject to all applicable unauthorized overrun provisions that apply to the service classification(s). The Company reserves all rights to physically limit gas service should a Customer fail to comply with the Company's curtailment order.

E. Liability

The Company shall not be liable for any damages, loss of product, or other business losses suffered by Customers as a result of curtailed gas service, other than the compensation provided in Paragraph C above. The Company shall not be liable for curtailment as a result of any action by any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service, and regardless of any defect in such law, regulation, or order.

F. Conflicts with other Service Classifications and/or Service Agreements

Each of the gas rate classifications or Customer service agreements shall be deemed amended to the extent that they are or may be inconsistent or in conflict with the Company's Curtailment Priority. Transportation Customers are also subject to any provisions regarding operating limitations, special provisions or other transportation provisions contained in the Transportation Service Terms and Conditions or the applicable transportation service classification. Nothing contained in this policy shall prohibit the Company from managing and scheduling interruptions of service as the Company may deem necessary or appropriate.

G. Special Provision

Nothing herein shall prevent the Company from entering into an agreement with a Customer that provides for a non-pro rata curtailment priority lower than the Customer would otherwise receive.

RULES AND REGULATIONS

SECTION XIX - GENERAL COST ADJUSTMENT

A. General Cost Adjustment

This General Cost Adjustment is applicable to all Service Classifications of the Tariff under the conditions enumerated below.

1. Bills rendered under all Service Classifications of the Tariff shall be increased to offset any new or increased special taxes, licenses, franchise fees, rentals or assessments imposed by any governmental authority against the Company's property used in the production, transmission, distribution or sale of gas or its operations or production or sale of gas or the receipts or earnings therefrom.
2. Such special taxes as outlined above shall, on the basis of Customer's consumption, or billing, be apportioned pro-rata among Customers within the limits of any political entity which imposes any such special taxes, licenses, franchise fees, rentals or assessments, to offset such special levies and to relieve Customers outside of such political entity of the burden of payment for such special levies.
3. Any such cost adjustment shall continue in effect only for the duration of the specified levies, and shall not be instituted prior to approval by the Commission.
4. When Customers are required under the Rules and Regulations, Service Classifications, and Riders of this Tariff to provide a contribution in aid of construction, the amount of the contribution shall include an allowance for any taxes to which said contribution may be subjected.

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE

A. Gas Cost Rate Clause

The monthly rates contained in Service Classifications RG, GG, GL, MVG, and LVG shall include a gas cost rate each month to reflect total purchased gas costs. Total purchased gas costs will be separated into purchased gas commodity costs and upstream demand-related gas costs. Total gas cost recovery will occur as the result of the application of a purchased gas commodity cost recovery component and a demand-related cost recovery component to Customer billing determinants.

Total gas cost shall consist of:

- (1) The amounts charged to FERC Accounts 803, 804, and 804.1, which includes commodity purchases, transportation, demand, storage and capacity charges; plus
- (2) The amounts charged to FERC Account 808.1, which includes the cost of gas withdrawn from storage; less
- (3) The amounts credited to FERC Accounts 804.1 and 808.2, which includes the cost of gas delivered to storage; plus
- (4) The amounts charged to FERC Account 728, which includes liquid petroleum gas and unmixed propane gas; plus
- (5) All additional charges paid to the Company's suppliers for prior periods; plus
- (6) The costs paid to third parties as part of a gas price hedging program approved by the Commission, including payments to obtain an option, whether or not exercised, payments to obtain a price band or cap, swap transaction costs, and other similar costs, less revenues or payments received for the sale of an option, swap transaction revenues, or similar revenues or payments received; less
- (7) Revenues received for the Company's Balancing, Firm Storage, and Standby Services; less
- (8) All refunds received from the Company's suppliers for prior periods.

Gas Costs specifically exclude expenses associated with operation and maintenance of Company Owned Liquefied Natural Gas facilities.

The Determination Period concerning the Gas Cost Rate shall be the twelve (12) month period ended October 31 of each year. The Application Period shall be the twelve (12) month period beginning with the November billing month following the close of the Determination Period and continuing through the following October billing month.

In August of each year, the Company shall file with the Commission a statement of its annual estimated gas costs for the next Application Period calculated in accordance with this Clause, and the Commission shall set a new Commodity Cost Rate and a Demand Cost Rate for that year as provided in this Section

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

B. Commodity Component

1. Monthly Commodity Cost Rate ("Monthly CCR")

The Monthly CCR shall apply to Customers served under Service Classification LVG and is an option for Customers served under Service Classification MVG. On or before August 1 of each year all MVG Customers must elect whether to be charged the annual or monthly commodity cost rate for each 12 month planning period beginning with November billing. No MVG Customer will be permitted to change its election once the application period has begun.

The Monthly CCR shall be determined each month as an estimate of the weighted average commodity cost of gas ("WACCOG"), adjusted for unaccounted-for gas. The estimate shall be based on expected volume requirements and supplier prices. The Monthly CCR shall be applied to all gas quantities used by Customers served under the Monthly CCR provision. There will be no true-up of the monthly WACCOG commodity pricing under this Monthly CCR mechanism unless the annual (July 1-June 30) net difference between the actual monthly WACCOG incurred and the monthly WACCOG price charged (both of which are multiplied by the applicable monthly volumes delivered to Monthly CCR Customers) exceeds the lesser of \$250,000 or 5% of the aggregated gas commodity costs assigned to Monthly GCR Customers. This determination will be filed annually in the GCR.

If this threshold is exceeded, a volumetric factor (either positive or negative) will be calculated by dividing the annual net differences attributed to Monthly GCR Customers by the projected sales for Monthly GCR Customers over the next GCR period. This factor would be applied to all Monthly CCR Customers for the upcoming GCR period in addition to the commodity price that would otherwise apply (the monthly WACCOG) until the amount to be trued up has been reached. At that point, the true-up factor will be eliminated. If the \$250,000 or 5% threshold described above is exceeded, the difference trued-up with respect to Monthly GCR Customers shall be excluded from the Annual Commodity Cost Rate calculation as described below.

2. Annual Commodity Cost Rate ("Annual CCR")

All Customers in Service Classifications RG, GG and GL, and all MVG customers not electing the Monthly CCR will be subject to the "Annual Commodity Cost Rate", to be billed on a volumetric basis. The development of the Annual CCR is based on the cost components defined below, divided by sales to the appropriate Customer classes.

The Annual commodity gas cost shall consist of all costs not recovered by the Demand Gas Cost component, including but not limited to:

- (1) The total commodity portion of the gas costs listed in Paragraph A; less
- (2) The commodity cost of gas, adjusted for losses and unaccounted - for gas, for LVG and MVG Customers served under the Monthly CCR and any such amount resulting from a reconciliation of actual commodity expenses to estimates; less
- (3) Streamed gas supplies; less

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

- (4) The commodity cost of gas, adjusted for unaccounted - for gas, for Delmarva's electric generation and any such amount resulting from a reconciliation of actual commodity expenses to estimates; less
- (5) The commodity cost of gas, valued at the system WACCOG and adjusted for unaccounted-for gas, provided to the non-firm Customers served under the Flexibly Priced Gas Sales Service; less
- (6) A credit for company use gas, valued at the system WACCOG adjusted for unaccounted-for gas; plus
- (7) An adjustment for under-collections or over-collections of commodity gas costs as provided for in this Section; plus
- (8) Interest on under-collections or over-collections of commodity gas costs as provided for in this Section.

The Annual CCR shall be calculated by dividing the above commodity cost by the projected sales to all Customers served under the Annual CCR.

C. Demand Cost Rate ("DCR")

The demand gas cost recovery component will be recovered from all firm gas sales customers and is derived as follows:

$$\text{Total Demand Component} = \text{FC} - \text{ADR} - \text{FPS} - \text{ISS} - \text{CROS} - \text{IT} - \text{ONF} + \text{PP} - \text{SA}$$

Where: FC = Total fixed gas supply costs

ADR = 100% of contributions from electric generation toward fixed costs

FPS = 80% of the margins from "Flexibly Priced Service" gas sales

ISS = 80% of the margins from interruptible storage services

CROS = 100% of the first \$3.0 Million in margins attributable to combined capacity release transactions and off system sales, with margins in excess of \$3.0 Million credited 80% to the GCR

IT = 80% of the margins from interruptible transportation services

ONF = 80% of the margins of other non-firm services not otherwise classified and provided under contracts executed on or after April 1, 1996

PP = Prior period over or under-recovery of the demand component, including Interest

SA = 100% of an amount equal to \$0.15 per MCF multiplied by the annual average throughput for a customer who is a firm sales service customer of Delmarva and who switches to delivery service and begins receiving gas supply from a Third Party

Other Definitions:

Design Day Load is as projected by the Company, subject to modification by the Commission. Total Contract MDQ will be used for the MVG and LVG classes.

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

Annual upstream demand-related costs ("Upstream Demand Cost") = 365 or 366 day upstream pipeline capacity and supply related charges divided by the related daily capacity entitlement.

Average Day Load = Forecasted annual sales divided by 365 or 366.

Excess Day Load = Design Day Load minus Average Day Load.

The demand cost rate consists of two components: the annual demand-related costs and the excess demand-related costs. The annual portion of the demand rate is derived by the allocation of the Annual Upstream Demand-related cost on the basis of the Average Daily Load of the respective class. This total is then subtracted from the Total Demand Component. The remaining demand costs are allocated to each firm customer class based upon the relationship of the respective class excess load to total excess load.

A single demand cost rate for the MVG and LVG classes is calculated by dividing the sum of the total demand costs allocated to these two classes using the above methods by the sum of the Contract MDQ for these two classes. This is then divided by 12 to arrive at a single monthly demand cost rate.

The demand component to be recovered from firm sales customers other than MVG and LVG is the difference between the Total Demand Component and the amount projected to be collected through application of the monthly demand cost rate to the MVG and LVG classes. The DCR is this difference divided by the projected annual firm sales to the RG, GG and GL classes as well as the inter-departmental sales. The DCR is added to the Annual CCR to arrive at a single, volumetric rate which is applied to all gas quantities used by Customers in the RG, GG and GL service classifications.

The DCR shall be in effect and apply to billings during each month of the Application Period. Any over or under-recovery of the upstream demand-related costs shall be incorporated into the development of the demand component of the Annual Gas Cost Rate in the subsequent period, including interest on those over or under-collections as provided for in paragraph D below.

D. Interim Gas Cost Rate Changes

The GCR as so determined shall be in effect and apply to billings during each month of the Application Period unless the GCR is changed as hereinafter provided:

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

If it appears at any time during the Application Period that the use of the GCR then in effect for the remainder of that period will result in a net under-collection of the Company's gas cost by more than 6% of the latest estimate of the Application Period's gas cost calculated using the actual gas costs incurred to date and the Company's latest estimate of the gas costs and firm sales for the remainder of the Application Period, or a net over-collection of such gas costs by more than 4-1/2% of such estimate, the Company shall apply to the Commission for a change in the GCR and the Commission shall fix a new GCR for the balance of the Application Period which will correct for over- or under-recoveries by amortizing them over a twelve-month period instead of zeroing them out by the end of the current Application Period.

In the case of a projected over-collection of firm gas costs by more than 4-1/2% of the latest estimate of firm gas costs, the Company may apply to the Commission for approval of alternative treatments of such over-collections, including bill credits, in conjunction with or as an alternative to reducing the GCR and amortizing the projected over-collection over a future period.

An adjustment for over or under-collection of purchased gas costs under the CCR and the DCR, and the calculation of interest thereon, will be included in the GCR factors. This adjustment shall be determined as follows:

- (1) By calculating for the Determination Period the commodity cost component as recorded on the Company's books and as estimated by the Company for the remainder of the period, and subtracting therefrom an amount equal to the gas commodity revenues received from all customers gas sales;
- (2) By calculating for the Determination Period the total demand cost component as recorded on the Company's books of purchased gas costs allocable to the DCR and as estimated by the Company for the remainder of the period and subtracting therefrom an amount equal to the gas demand revenues received from all customers.
- (3) Interest will be calculated on the total average deferred gas cost balance. Over-recoveries up to 4 1/2% of the applicable GCR costs shall accrue monthly interest at the applicable refund rate issued by the Federal Energy Regulatory Commission. Over-recoveries in excess of 4 1/2% of the applicable costs shall accrue monthly interest at the applicable refund rate issued by the Federal Energy Regulatory Commission plus 200 basis points. Under-recoveries shall accrue monthly interest at the applicable refund rate issued by the Federal Energy Regulatory Commission.

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Residential Gas Sales Service ("RG")</u>		
Customer Charge	\$13.40	per month
Delivery Charge	\$0.51149	per CCF
Space Heating Delivery Charge 1/ Over 50 CCF	\$0.41045	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>General Gas Sales Service ("GG")</u>		
Customer Charge	\$39.29	per month
Delivery Charge		
First 750 CCF	\$0.43378	per CCF
Over 750 CCF	\$0.32400	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>Gas Lighting Sales Service ("GL")</u>		
(Estimated Usage - 15 CCF per month)		
Monthly Charge	\$ 7.54	per gas light
Gas Cost Rate (GCR)	\$10.35	per gas light
<u>Medium Volume Gas Sales Service ("MVG")</u>		
Customer Charge	\$656.82	per month
Demand Charge	\$ 16.255	per MCF of Billing MDQ
Delivery Charge 2/	\$0.49234	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	\$5.1051	per MCF
<u>Large Volume Gas Sales Service ("LVG")</u>		
Customer Charge	\$1,163.58	per month
Demand Charge	\$11.228	per MCF of Billing MDQ
Delivery Charge 2/	\$0.140789	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	Varies	per MCF

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating delivery rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order Nos.

Docket Nos.

Filed: December 7, 2012

Effective with Usage On and After February 5, 2013

Proposed

RATES AND CHARGES
CORE SALES RATE LEAF

SERVICE CLASSIFICATION

BASE RATE

BASIS

Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Production ("LVG-QFCP-RC")

Customer Charge	\$1,238.58	per month
Demand Charge	\$ 6.97591	per MCF of Billing MDQ
Capital Recovery Charge	Varies	per Customer's Executed Service Agreement
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Commodity Charge 1/	Varies	per MCF

Public Utilities Tax: 4.25% applies to all non-residential services, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% charged on all non-exempt services, in the City of Wilmington.

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

- 1/ All LVG-QFCP-RC customers pay a Commodity Charge Rate based upon the Gas Daily Average (GDA) for Transco Zone 6 Non-New York price plus any premiums incurred by Delmarva to provide this service.

RATES AND CHARGESNON-CORE RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>MIN RATE</u>	<u>MAX RATE</u>	<u>NON-BASE RATE</u>	<u>BASIS</u>
<u>Flexibly Priced Gas Service ("FPS")</u>					
Commodity Charge 1/ No Notice Swing Charge	\$ 0.15000	Varies	N/A		per MCF per MCF Redelivered
<u>Medium Volume Interruptible Transportation Service ("MVIT")</u>					
Customer Charge	\$731.82				per month
Delivery Charge (2)					
Option 1	\$ 1.30000				per MCF Redelivered
Option 2		\$0.01	\$3.27		per MCF Redelivered
Option 3	Negotiable				per MCF Redelivered
Balancing Fee				\$0.3348	per MCF of Imbalance Volumes
<u>Large Volume Interruptible Transportation Service ("LVIT")</u>					
Customer Charge	\$1,238.58				per month
Delivery Charge (2)					
Option 1					
First 5,000 MCF	\$ 1.30000				per MCF Redelivered
Over 5,000 MCF	\$ 0.36000				per MCF Redelivered
Option 2		\$0.01	\$1.00		per MCF Redelivered
Option 3	Negotiable				per MCF Redelivered
Balancing Fee				\$0.3348	per MCF of Imbalance Volumes
<u>Quasi-Firm Transportation Service ("QFT")</u>					
Customer Charge	Negotiable				per Month
Demand Charge	Negotiable				per MCF of MDQ
Delivery Charge (2)	Negotiable				per MCF Redelivered
Balancing Fee				\$0.3348	per MCF of Imbalance Volumes
<u>Public Utilities Tax</u>					
	4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.				
<u>City of Wilmington</u>					
<u>Local Franchise Tax</u>				2.00%	Charged on all non-exempt services, in the City of Wilmington, including the GCR

Utility Facility Relocation Charge

For applicability refer to Rider UFRC on Leaf No. 81

1/ Minimum Rate is the monthly system WACCOG plus losses and unaccounted-for, unless gas is acquired specifically for, plus \$0.01 per MCF.

2/ Minimum and maximum rates do not include the applicable \$0.00000/MCF charge on QFT, MVIT and LVIT.

Order No.
Docket No.

Filed: December 7, 2012
Effective with Usage On and After February 5, 2013

Proposed

SERVICE CLASSIFICATION "RG"
RESIDENTIAL GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer for household and other related uses in a single private dwelling or dwelling unit or estate and pertinent detached buildings.

B. Rates and Charges:

The rates and charges under this classification are shown on Tariff Leaf No. 37.

C. Space Heating Service

Gas used by Customers with permanently installed gas-fired space heating equipment which is the primary heating source for the space in which it is installed shall qualify for the space heating commodity charge for all gas used in excess of 50 CCF for the billing months of October through May, inclusive.

D. Gas Cost Rate Clause

All gas billed under this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

E. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge.

F. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

G. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "GG"

GENERAL GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer for non-residential gas use with a Monthly Use of less than 20,000 CCF and a Maximum Daily Quantity of less than 5,000 CCF. Any Customer whose monthly use equals or exceeds 20,000 CCF and/or whose Maximum Daily Quantity equals or exceeds 5,000 CCF in any three consecutive billing months may be transferred to Service Classification "MVG" or "LVG", as applicable.

B. Transition Charge

A transition charge shall be assessed upon any Customer that switches to any transportation service on less than twelve (12) months advance written notice. This charge is intended to provide compensation for any and all costs deemed to have been incurred to supply firm sales services to the Customer in accordance with procedures approved by the Commission.

In addition, concerning any Customer subject to the Annual GCR Commodity Charge that switches to any transportation or non-firm service at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

C. Rates and Charges:

The rates and charges under this classification are shown on Tariff Leaf No. 37.

D. Gas Cost Rate Clause

All gas billed under this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

E. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge.

SERVICE CLASSIFICATION "GG"

GENERAL GAS SALES SERVICE

F. Maximum Daily Quantity (MDQ)

The MDQ shall be the greatest amount of gas delivered to the Customer during any day (10:00 a.m. to 10:00 a.m., E.S.T. and E.D.S.T.) of the current billing month.

If the Customer's present metering equipment does not include recording device metering, the Customer's MDQ may be determined, at the Company's option, by measurement, by assessment after test, or by estimation. When a Customer's MDQ is estimated, it shall be the MDQ resulting from dividing the total MCF of gas used during the billing month by the number of days in that billing month and then multiplying that result by 1.5.

G. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of Service under this Service Classification.

I. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "GL"

GAS LIGHTING SALES SERVICE

A. Availability

This firm sales service is applicable to unmetered residential outdoor gas lights that were installed and receiving service prior to November 9, 1978.

This rate is not available for service to new gas lights. Disconnected lights may not be reconnected.

B. Rates and Charges

The rates and charges under this classification are shown on Tariff Leaf No. 37.

C. Gas Cost Rate Clause

All gas billed under this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations. The Gas Cost Rate shall be the GCR multiplied by 15 CCF, which represents the estimated monthly usage of one gas light.

D. Minimum Monthly Bill

The minimum monthly bill shall be the number of gas lights multiplied by the sum of the base rate and the GCR.

E. Lighting Devices

The Customer shall install, own and maintain the lighting devices.

F. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all service, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

G. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

H. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer with a Monthly Use of at least 2,000 MCF and a Contract Maximum Daily Quantity of less than 500 MCF. Any Customer whose Billing Maximum Daily Quantity is equal to or exceeds 500 MCF in any three consecutive billing months may be transferred to Service Classification "LVG". Any Customer served under this Service Classification shall remain on this classification for at least 12 billing months, unless the Customer chooses to switch to a transportation service. After such 12 billing months as an "MVG" Customer, at the Company's option, the Customer may be transferred to the appropriate core sales Service Classification. Availability of this rate to Customers taking service under a non-core or transportation Service Classification shall be subject to availability of the Company's gas supply and adequate gas transmission and distribution system capabilities. This rate is not available for gas used in electric generation facilities exceeding 1 megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Contract Term

The minimum initial contract term is one (1) year. The contract shall be automatically extended for one year on each anniversary date of the executed contract unless the Company or the Customer gives one year's advance written notice of termination. This notice provision may be reduced or eliminated if the Customer agrees to pay the Company a Transition Charge as described below.

If the Customer fails or refuses to execute a contract, the Company may, at its option, refuse to continue providing service or elect to continue service with the Customer deemed to be taking service under a one (1) year contract.

C. Transition Charge

A transition charge shall be assessed upon any Customer that switches to any transportation service on less than twelve (12) months advance written notice, or that switches to a monthly Commodity Gas Cost Rate. This charge is intended to provide compensation for any and all costs deemed to have been incurred to supply firm sales services to the Customer in accordance with procedures approved by the Commission.

In addition, concerning any Customer subject to the Annual GCR Commodity Charge that switches to any transportation or non-firm service, or to a monthly Commodity Gas Cost Rate at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

D. Rate and Charges

The rates and charges under this classification are shown on Tariff Leaf No. 37.

E. Gas Cost Rate Clause

All gas billed under the Commodity Charge of this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

F. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge plus the Billing MDQ multiplied by the sum of the MVG Base Rate Demand Charge and the Gas Demand Rate.

G. Maximum Daily Quantity

The Maximum Daily Quantity ("MDQ") shall be the greatest amount of gas delivered to the Customer during any day (10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.) of the current billing month.

H. Contract Maximum Daily Quantity

The Customer's Contract Maximum Daily Quantity ("Contract MDQ") shall be specified in Customer's Contract. Contract MDQ's shall be subsequently adjusted according to the following criteria, unless specified otherwise in the Customer's contract with the Company: 1. Written requests for an increase in Contract MDQ to serve additions to firm load will be evaluated by the Company against available delivery system firm capacity. 2. If Customer billing demand exceeds the existing Contract MDQ and sufficient firm capacity is available, the Company may increase Contract MDQ to the highest recorded MDQ since the most recent date that the Customer's MDQ was reset, effective with the billing month in which the change is made by the Company. No prior written notice is required. If insufficient capacity is available, the Company will determine if any increase in Contract MDQ is appropriate. 3. The Company will consider written requests to reduce Contract MDQ based upon evidence of a permanent change in the Customer's process or facility loads which, in the sole judgement of the Company, indicate a material reduction in demand likely to continue for three years after considering an extrapolation of the Customer's recorded load and growth history to the Company's design weather conditions.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

Any reduction made in Contract MDQ will be determined by the Company and agreed to in writing. Reductions, if any, will be effective in November of the heating season following satisfaction of the above conditions. Once Contract MDQ is reduced, any subsequent instances in which the Customer exceeds Contract MDQ or any request for an increase in Contract MDQ will not automatically result in an allocation of additional capacity. No firm capacity will be offered unless it is available, and if Contract MDQ is not increased the Customer will be liable for all penalties that may be associated with exceeding Contract MDQ.

The Company will have no obligation to provide an increase to Contract MDQ if, in the Company's sole judgment, the system-wide firm capacity projected to be available to the Company during the following three heating seasons is inadequate to support both such higher Contract MDQ and to supply the requirements of all existing customers and expected growth in requirements from existing and new residential and other high-priority customers.

I. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") shall be the higher of the Customer's actual MDQ in the current billing month or the Customer's Contract MDQ.

J. Metering

Metering shall include a recording device, which shall be furnished and installed by the Company. The Customer shall furnish an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company. Separate metering may be required, at the Customer's expense, where necessary to determine the quantities of gas being delivered under this rate class.

In the interim period until the Customer's present metering equipment is converted to recording device metering, the Customer's MDQ under Section G of this Service Classification may be determined, at the Company's option, by measurement, by assessment after test, or by estimation. When a Customer's MDQ is estimated, it shall be the MDQ resulting from dividing the total MCF of gas used during the billing month by the number of days in that billing month and then multiplying that result by 1.5.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

K. Unauthorized Overrun

Any quantity of gas taken for this service on any day of the month in excess of 110% of the Contract MDQ shall constitute unauthorized overrun volumes for such day. For all such unauthorized overrun volumes, a charge of fifty dollars (\$50.00) per MCF will be applied, in addition to other charges specified in this Service Classification. For all such unauthorized overrun volumes used after notification of curtailment, Operational Flow Order ("OFO") or discontinuance of service, a charge of sixty dollars (\$60.00) per MCF will be applied, in addition to the other charges specified in this Service Classification. For any unauthorized overrun, the penalty shall not exceed sixty dollars (\$60.00) per MCF. If an OFO has been issued by the Company, the maximum quantity of gas taken by the Customer shall generally be limited to 105% of the Contract MDQ. The Company may waive unauthorized overrun charges on a nondiscriminatory basis should circumstances so warrant.

L. Authorized Overrun

If during any day, upon advance authorization from the Company, the Customer uses in excess of 110% of the Contract MDQ, such usage shall be billed under this Service Classification.

M. Exit Fee

All Customers must provide at least one (1) year's written notice when discontinuing gas service. If a Customer fails to provide any notice, the Company shall charge an Exit Fee to the Customer which equals the sum of one (1) year's Customer charges plus the sum of the current Base and Gas Demand Charges times the Contract MDQ times twelve (12) months. If a Customer provides some notice, but less than the required amount, the Exit Fee shall be prorated based on the number of months of notice divided by 12.

N. Commodity Gas Cost Rate

All gas billed under this Service Classification shall be subject to the annual Gas Cost Rate and the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations. However, all Customers in this Service Classification have the option to elect a monthly Commodity Gas Cost Rate as described in Section XX – Gas Cost Rate Clause. For customers who elect the monthly Commodity Gas Cost Rate at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

O. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

P. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

Q. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "LVG"
LARGE VOLUME GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer with a Contract Maximum Daily Quantity of 500 MCF or greater. Any Customer served under this Service Classification shall remain on this classification for at least 12 billing months, unless the Customer chooses to switch to a transportation service. After such 12 billing months as an "LVG" Customer, at the Company's option, the Customer may be transferred to the appropriate core sales Service Classification. Availability of this rate to Customers taking service under a non-core or transportation Service Classification shall be subject to availability of the Company's gas supply and adequate gas transmission and distribution system capabilities. This rate is not available for gas used in electric generation facilities exceeding 1 megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Contract Term

The minimum initial contract term is one (1) year. The contract shall be automatically extended for one year on each anniversary date of the executed contract unless the Company or the Customer gives one year's advance written notice of termination. This notice provision may be reduced or eliminated if the Customer agrees to pay the Company a Transition Charge as described below.

If the Customer fails or refuses to execute a contract, the Company may, at its option, refuse to continue providing service or elect to continue service with the Customer deemed to be taking service under a one (1) year contract.

C. Transition Charge

A transition charge shall be assessed upon any Customer that switches to any transportation service on less than twelve (12) months advance written notice. This charge is intended to provide compensation for any and all costs deemed to have been incurred to supply firm sales services to the Customer in accordance with procedures approved by the Commission.

D. Rate and Charges

The rates and charges under this classification are shown on Tariff Leaf No. 37.

SERVICE CLASSIFICATION "LVG"

LARGE VOLUME GAS SALES SERVICE - (Continued)

E. Gas Cost Rate Clause

All gas billed under the Commodity Charge of this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

F. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge plus the Billing MDQ multiplied by the sum of the LVG Base Rate Demand Charge and the Gas Demand Rate.

G. Maximum Daily Quantity

The Maximum Daily Quantity ("MDQ") shall be the greatest amount of gas delivered to the Customer during any day (10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.) of the current billing month.

H. Contract Maximum Daily Quantity

The Customer's Contract Maximum Daily Quantity ("Contract MDQ") shall be specified in the Customer's Contract. Contract MDQ's shall be subsequently adjusted according to the following criteria, unless specified otherwise in the Customer's contract with the Company: 1. Written requests for an increase in Contract MDQ to serve additions to firm load will be evaluated by the Company against available delivery system firm capacity. 2. If Customer billing demand exceeds the existing Contract MDQ and sufficient firm capacity is available, the Company may increase Contract MDQ to the highest recorded MDQ since the most recent date that the Customer's MDQ was reset, effective with the billing month in which the change is made by the Company. No prior written notice is required. If insufficient capacity is available, the Company will determine if any increase in Contract MDQ is appropriate. 3. The Company will consider written requests to reduce Contract MDQ based upon evidence of a permanent change in the Customer's process or facility loads which, in the sole judgement of the Company, indicate a material reduction in demand likely to continue for three years after considering an extrapolation of the Customer's recorded load and growth history to the Company's design weather conditions.

Any reduction made in Contract MDQ will be determined by the Company and agreed to in writing. Reductions, if any, will be effective in November of the heating season following satisfaction of the above conditions. Once Contract MDQ is reduced, any subsequent instances in which the Customer exceeds Contract MDQ or any request for an increase in Contract MDQ will not automatically result in an allocation of additional capacity. No firm capacity will be offered unless it is available, and if Contract MDQ is not increased the Customer will be liable for all penalties that may be associated with exceeding Contract MDQ.

SERVICE CLASSIFICATION "LVG"

LARGE VOLUME GAS SALES SERVICE - (Continued)

The Company will have no obligation to provide an increase to Contract MDQ if, in the Company's sole judgment, the system-wide firm capacity projected to be available to the Company during the following three heating seasons is inadequate to support both such higher Contract MDQ and to supply the requirements of all existing customers and expected growth in requirements from existing and new residential and other high-priority customers.

I. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") shall be the higher of the Customer's actual MDQ in the current billing month and the Customer's Contract MDQ.

J. Metering

Metering shall include a recording device, which shall be furnished and installed by the Company. The Customer shall furnish an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company.

SERVICE CLASSIFICATION "LVG"

LARGE VOLUME GAS SALES SERVICE - (Continued)

K. Unauthorized Overrun

Any quantity of gas taken for this service on any day of the month in excess of 110% of the Contract MDQ shall constitute unauthorized overrun volumes for such day. For all such unauthorized overrun volumes, a charge of fifty dollars (\$50.00) per MCF will be applied, in addition to other charges specified in this Service Classification. For all such unauthorized overrun volumes used after notification of curtailment, Operational Flow Order ("OFO") or discontinuance of service, a charge of sixty dollars (\$60.00) per MCF will be applied, in addition to the other charges specified in this Service Classification. For any unauthorized overrun, the penalty shall not exceed sixty dollars (\$60.00) per MCF. If an OFO has been issued by the Company, the maximum quantity of gas taken by the Customer shall generally be limited to 105% of the Contract MDQ. The Company may waive unauthorized overrun charges on a nondiscriminatory basis should circumstances so warrant.

L. Authorized Overrun

If during any day, upon advance authorization from the Company, the Customer uses in excess of 110% of the Contract MDQ, such usage shall be billed under this Service Classification.

M. Exit Fee

All Customers must provide at least one (1) year's written notice when discontinuing gas service. If a Customer fails to provide any notice, the Company shall charge an Exit Fee to the Customer which equals the sum of one (1) year's Customer charges plus the sum of the current Base and Gas Demand Charges times the Contract MDQ times twelve (12) months. If a Customer provides some notice, but less than the required amount, the Exit Fee shall be prorated based on the number of months of notice divided by 12.

N. Commodity Gas Cost Rate

All Customers in this Service Classification are subject to the monthly Commodity Cost Rate as described in Section XX - Gas Cost Rate Clause.

O. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

P. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

Q. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

"PM" RIDER

PEAK MANAGEMENT RIDER

A. Availability

This Rider shall be available to any Customer taking service under Service Classifications MVG or LVG that has a Contract MDQ of 100 MCF or more and who agrees to reduce its daily load to a level at least 100 MCF below its Contract MDQ upon the request of the Company as set forth herein. This reduction would be for a maximum of ten (10) days. The Company reserves the right to limit the total manageable demand available under this Rider on the Company's gas system. Availability of this Rider is subject to the economic and technical feasibility of the installation of required Company equipment. The Company shall determine how much, if any, peak management control it will contract for in any period.

B. Peak Management Contract and Term

The Customer shall execute a contract for service provided under this Rider, with an initial term of two years. On each annual anniversary date of the executed contract, the contract term shall be extended automatically for a year, unless 18 months written notice of termination is given by either party.

C. Guaranteed Load Reduction

Customer shall contract for a Guaranteed Load Reduction by specifying a minimum daily load reduction of at least 100 MCF. This is the amount by which the Customer agrees to reduce daily quantities below that Customer's Contract Maximum Daily Quantity ("Contract MDQ"). The Customer shall stand ready to reduce daily takes by at least this amount for up to ten (10) days during the months of December through February. This reduction shall occur whenever the Company declares a Peak Management Period as described below.

D. Peak Management Bill Credit

During the months of December through February, the Customer's monthly bill shall include a "Peak Management Credit" based upon the level of the Customer's Peak Management Guaranteed Load Reduction. The Peak Management credit will be the applicable GCR demand charge times the amount of the Guaranteed Load Reduction and shall be credited in each of these three months, whether or not the Customer is called upon to reduce load.

Credits to be paid to the Customer under this Rider shall be applied, before applicable taxes, as part of the Customer's regular monthly bill.

"PM" RIDER

PEAK MANAGEMENT RIDER - (Continued)

E. Peak Management Compliance

The Company shall provide a minimum of four hours notice prior to initiating a Peak Management Period, unless determined otherwise in the Customer's contract. The maximum recorded demand of the Customer must be reduced to a level at or below the Customer's Contract MDQ less the Guaranteed Load Reduction by the beginning of the Peak Management Period. The Customer's demand must be maintained at or below this level until the end of the Peak Management Period. The Company is solely responsible for determining the need for initiating a Peak Management Period.

F. Penalty for Non-Compliance

If the Customer fails to effect the Guaranteed Load Reduction when requested by the Company, the Customer shall be subject to a penalty as follows: there will be no credit applied to Customer's regular monthly bill and each MCF in excess of the Contract MDQ less the Guaranteed Load Reduction during each Peak Management Period(s) shall be billed at an unauthorized overrun rate as specified in the otherwise applicable Service Classification. In addition, the Company may immediately discontinue offering this Peak Management Rider to any Customer that fails to comply with the Company's request to reduce load more than one time during the period of the contract.

G. Company Equipment

The Customer will allow the Company to install, own and maintain the equipment required for the purpose of administering this Rider. Such equipment shall be installed by the Company at no direct cost to the Customer.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS

A. Applicability

These general terms and conditions are applicable to all gas transportation Customers being served under any of the Company's transportation Service Classifications as well as all Customers being served under the Company's storage services.

B. Transportation to the Company's Gas Distribution System

The Customer is responsible for making all arrangements necessary for delivering gas to the Company's interconnection with the delivering pipeline supplier. To be eligible for transportation service, Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas distribution system. Further, delivery must be made at an acceptable point of connection and in compliance with the delivering pipeline's measurement, pressure and quality provisions. If requested, gas transportation Customers may, as a condition of service, be required to provide adequate documentation as to holding clear and marketable title to gas or compliance with a delivering pipeline's conditions of service.

C. Contract Requirements

The Customer shall execute a Service Agreement with the Company which shall specify, among other things, the Maximum Daily quantities of gas to be transported. The minimum contract term for all transportation services shall be for one (1) year, except for Quasi-Firm Transportation Service, which shall have a minimum contract term negotiated between the Company and the Customer.

D. Provisions For Customers Using Agents

For a Customer utilizing an Agent (e.g. gas marketer, broker or producer) as the supplier of gas to the Company's gas distribution system, the Customer must notify the Company in writing of the Agent(s) to be used for any month and what responsibilities have been delegated to the Agent on behalf of the Customer. Once notified, the Company will rely upon information provided by Customer's Agent as to deliveries, nominations, scheduling and any other duties so assigned. Further, any notices provided by the Company to Customer's Agent shall be deemed to have been provided to the Customer and the Company shall be held harmless from any actions taken by the Agent in regard to the information that was provided. All Agents must comply with the terms and conditions of the Company's tariffs and operating procedures.

Only one agent may be used for any single Transportation account in any given billing month, unless the agent ceases services to the Customer during the billing month and the Company agrees to a substitution for the remainder of the billing month. The Company shall have no obligation to assist a Customer in obtaining the services of an Agent at any time.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

D. Provisions For Customers Using Agents (Continued)

An Agent for two or more Customers is permitted by the Company to aggregate, or "Pool", the natural gas supplies for those Customers who are members of the Agent's Pool. The Company's Transportation Terms and Conditions (e.g., transportation scheduling, balancing, unauthorized overrun, monthly cash-outs) shall be applicable to the entire Pool and not to individual Customers who are members of the Pool. The intent of this provision is to allow aggregation only of gas supplies and related functions such as transportation scheduling, balancing, and cashouts, but not at the meter for the purpose of qualifying for a different Service Classification or other such purpose not directly related to gas supplies. The Agent shall provide the Company with a written list of the members of its Pool at least five (5) calendar days prior to the beginning of the month. Prior to causing the delivery of such aggregated natural gas to Delmarva for redelivery to the transportation Customers, the Agent shall provide in writing a pre-determined allocation between the Customers in order to assign the volumes of gas to be redelivered and any charges for gas supply, cash-outs, or other charges that may be incurred. The Agent shall have actual authority to make such designated allocations, which shall be binding on the transportation Customers. Agents must provide the final allocations to Delmarva by the second business day after the end of the preceding month. This provision is not intended to permit individual Customers who are members of a pool to exceed their individual Contract MDQ without obtaining individual authorization from the Company, or to avoid otherwise applicable overrun charges related to daily takes in excess of Contract MDQ.

The Company will not bill third parties that are acting as Agent for the Customer.

E. Maximum Daily Quantity

The Maximum Daily Quantity ("MDQ") shall be the greatest amount of gas redelivered to the Customer during any gas day (10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.) of the current billing month.

F. Contract Maximum Daily Quantity

The Customer's initial Contract Maximum Daily Quantity ("Contract MDQ") must be specified in the transportation Service Agreement. The Company shall be under no obligation to redeliver any transportation quantities greater than the Contract MDQ, or to receive quantities in excess of the Contract MDQ plus adjustment for thermal content and losses and unaccounted-for gas.

G. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") shall be the higher of the Customer's actual MDQ in the current billing month and the Customer's Contract MDQ.

TRANSPORTATION SERVICE
TERMS AND CONDITIONS - (Continued)

H. Stand-by Maximum Daily Quantity

The Stand-by Maximum Daily Quantity for "Human Needs" firm transportation Customers shall equal their firm transportation MDQ. For all other firm transportation Customers the Stand-by Maximum Daily Quantity shall be specified in the Service Agreement.

I. Standby Service

Standby service, as provided under Service Classification "SBS", is required for any "Human Needs" Customer that does not maintain complete dual fuel capabilities for the load being served under any transportation Service Classification. Human Needs Customers are defined as those falling in the Standard Industrial Code ("SIC") 805-807 designations.

J. Metering

Metering shall be provided by the Company at its own expense. All firm transportation Customers shall have daily metering and interruptible Customers shall have hourly metering devices. The Customer shall provide an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company. A separate meter may be required by the Company, at the Customer's expense, where the Customer is taking service under more than one Service Classification at the same facility. When separate metering is not feasible, redeliveries shall be specified in the Service Agreement. The Company is under no obligation to install separate or additional metering for transportation Customers or their Agents and any remote access to the Company's meters will be at the Customer's expense.

K. Transportation Scheduling

The Company and Customer shall have scheduling personnel available 24 hours per day, seven days per week. Any notices provided to the Customer's gas supplier or Agent shall be deemed to have been made to the Customer, unless otherwise instructed in advance by the Customer.

The Company's transportation operating procedures, as modified from time-to-time, will be provided to each transportation Customer prior to the initiation of transportation service. The Company shall not be obligated to redeliver gas on any gas day that such gas is not received from the transporting pipeline(s). The business day is defined as being from 10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.

The quantity of gas tendered by the Customer for transportation shall be adjusted monthly for thermal content and reduced by three percent (3.0%) for losses and unaccounted-for gas. The thermal correction factor will be determined by dividing the average BTU content per MCF of gas received by the Company for transportation by the average BTU content per MCF of gas for the Company's system for that month.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

K. Transportation Scheduling (Continued)

Customers or their Agents shall provide the Company, via facsimile, mail, or other electronic means as deemed acceptable by the Company with Monthly Nominations by 4 p.m. on the calendar day prior to the beginning of each month. If the Monthly Nomination cannot be confirmed with the delivering pipeline(s), the nomination will be rejected and a new nomination required. The Company shall notify Customers or their Agents that the Monthly Nomination is rejected no later than 9:00 a.m. immediately preceding the first gas day of the month.

Customers or their Agents shall provide the Company, via facsimile, mail, or other electronic means as deemed acceptable by the Company with Daily Nominations no later than 4 p.m. the calendar day before gas is scheduled to flow. If the Daily Nomination does not agree with the confirmation from the delivering pipeline(s), the amount of unconfirmed volumes will be considered invalid. The Company shall notify Customers or their Agents by 9:00 a.m. immediately preceding the gas day the gas is scheduled to flow if the Daily Nomination cannot be confirmed by the delivering pipeline(s) and the unconfirmed volume of gas considered invalid. Customers or their Agents shall make a good faith estimate of expected use that would differ from the Daily Nomination.

The Company shall permit Intraday Nominations if confirmed by the delivering pipeline(s) and such Nominations can be handled without impacting gas system supplies.

If available, the Company shall automatically schedule a portion or all of a Customer's cumulative daily imbalances during any month (excess deliveries or excess takes) in order to eliminate or minimize an imbalance created on any gas day. The redelivery of any Customer's cumulative daily imbalances during any month is wholly interruptible. The Company shall notify Customers or their Agents, by phone, facsimile or other electronic means as deemed acceptable by the Company if it cannot redeliver any cumulative daily imbalances during any month no later than 9:00 a.m. immediately preceding the gas day in which the gas is scheduled to flow. In addition, the Company, in its sole discretion, has the right to limit the amount of excess gas that it can redeliver to a Customer on any day curtailment is not in effect.

L. Balancing of Transportation Volumes

Any imbalances between Customer's deliveries of gas for transportation and Customer's daily takes shall be kept to a minimum. On any gas day, when Customer's daily deliveries do not equal Customer takes, an imbalance results. If Customer's deliveries are less than Customer's takes, an excess takes or redeliveries imbalance is created. If Customer's deliveries are greater than Customer's takes, an excess deliveries imbalance is created. These imbalances are cumulative. If the Customer's cumulative monthly imbalance is in an excess takes position at the end of the month, this excess takes imbalance is subject to the Monthly Cash Out Provision hereunder.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

L. Balancing of Transportation Volumes (Continued)

If the Customer's cumulative monthly imbalance at the end of the month is an excess deliveries position, an amount up to five (5) percent of the Customer's deliveries, net of fuel and losses, shall be carried forward as the beginning imbalance in the following month. All excess deliveries at the end of the month greater than five (5) percent of the Customer's deliveries, net of fuel and losses, are subject to the monthly cash out provision hereunder.

The maximum allowable cumulative daily imbalances during any month (excess deliveries or excess takes) shall be two times the Contract MDQ. On any day, if a Customer's cumulative daily imbalances during any month (excess deliveries or excess takes) exceeds two times the Customer's Contract MDQ, the Company may issue an Operational Flow Order (OFO) to require adjustments to Customer's daily scheduling of deliveries or takes over a reasonable period of time to maintain a concurrent balance or remedy an imbalance.

On any gas day, if an excess takes imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the contract MDQ, such excess shall be cashed out at the higher of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., plus the applicable transportation rate and all taxes and surcharges, unless Delmarva notifies the Customer that the excess takes will not be cashed out, but will be accumulated.

On any gas day, if an excess deliveries imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the Contract MDQ at any time during the month, such excess shall be immediately cashed out for all excesses above two times the MDQ at a price equal to ninety percent (90%) of the lower of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., unless Delmarva notifies the Customer that the excess will not be cashed out but will be accumulated.

M. Transportation Balancing Fee

A balancing fee shall be applicable to all Transportation Services and assessed on the customer's total monthly throughput adjusted for thermal content and reduced by three percent (3.0%) for losses and unaccounted-for gas and daily takes, either excess deliveries or excess takes.

N. Unauthorized Overrun

An unauthorized overrun is defined as the occurrence, without authorization from the Company, of one of the following three conditions:

- (1) Any quantity of gas taken hereunder on any gas day in excess of 110% of the Customer's actual gas deliveries for that gas day, net of fuel and losses, shall be considered unauthorized overrun volumes.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

N. Unauthorized Overrun (continued)

(2) In the event that the Company issues an OFO under these Transportation Service Terms and Conditions, any quantity of gas taken that exceeds the quantity tendered for delivery (net of losses and unaccounted-for gas) or any quantity of gas delivered that exceeds OFO limitations by an amount greater than that permitted under the OFO shall be considered unauthorized overrun volumes.

(3) On a gas day when the Company has notified the Customer (by 9 AM immediately prior to the gas day) that FPS Gas is unavailable, any quantity of gas taken shall be considered unauthorized overrun volumes.

For all such unauthorized overrun volumes, a penalty equal to the higher of the *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., or fifty dollars (\$50) per MCF will be applied, in addition to the charges payable under the applicable transportation service classification, unless the unauthorized overrun volumes were consumed in violation of a notice of curtailment or an OFO, or a notice that FPS is not available in which cases a charge equal to the higher of the *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., or sixty dollars (\$60.00) per MCF will be applied in lieu of the fifty dollar (\$50.00) per MCF charge.

The Company may waive unauthorized overrun charges on a nondiscriminatory basis should circumstances warrant. Without limiting such circumstances, one example of such circumstance may include instances of meter inaccuracy.

O. Authorized Overrun

If, during any day, upon authorization from the Company, the Customer delivers and takes in excess of the Contract MDQ, such usage shall be billed under the applicable transportation Service Classification.

Obtaining authorization from the Company means the Customer adhering to the Company's Transportation Scheduling provision hereunder. The Company may authorize excess takes during or after the gas day on a nondiscriminatory basis should circumstances warrant.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

P. Operational Flow Orders

"Operational Flow Orders", or "OFOs", are defined as notices issued by the Company to transportation Customers or their Agents, via facsimile, telephone, or other electronic means as deemed acceptable by the Company, that limit the quantity of gas taken or delivered by the Customer. An OFO shall generally limit the quantity of gas to no more than one hundred and five percent (105%) of the volumes of gas tendered for delivery (net of losses and unaccounted-for gas) by the Customer. When reasonably necessary, the Company may also issue a more restrictive OFO that would apply to all transportation Customers whose gas is delivered on a particular upstream pipeline to match the balancing tolerances permitted by such pipeline on that day. The Company may also issue Operational Flow Orders to require adjustments to one or more Customers daily scheduling of deliveries or redeliveries over a reasonable period to maintain a concurrent balance, remedy a current imbalance, or to reduce an accumulated imbalance.

OFOs shall be issued in the Company's sole judgment to a) protect the integrity of the Company's gas system; b) assure deliveries of gas supplies to all of the Company's firm sales Customers; c) adhere to the various interstate pipeline companies' balancing or delivery requirements; d) alleviate bottlenecks on upstream pipelines that restrict the quantity of gas being delivered to the Company or e) remedy operational or other problems, where necessary. Failure to comply with an OFO will result in an unauthorized overrun as described above, or in the case of over-deliveries, a cash out at a price equal to one hundred percent (100%) of the Reference Spot Price (defined in paragraph Q below) less ten cents (\$.10) per MCF.

Q. Monthly Cash Out Provision

Except for the first five percent (5%) of an excess deliveries position, the Customer's Imbalance Volume (the difference between total deliveries to the Company and total redeliveries to the Customer) will be "cashed out" at the end of the month. The Company will pay the "Buy" price for excess deliveries and the Customer will pay the "Sell" price for excess takes based on a Reference Spot Price (RSP). The RSP shall be the simple average of the available weekly spot prices published in Natural Gas Week * plus the cost of transportation, which will be the one-hundred percent (100%) load factor charge (including fuel) under Transcontinental Gas Pipe Line Corporation's (Transco) Rate Schedule "FT" during the months of November through April. The cost of transportation during the months of May through October will be the Transco Rate Schedule "FT" Commodity charges, including fuel. The Reference Spot Price shall be adjusted based on the Imbalance Volume for the month as follows:

<u>Imbalance Volume</u>	<u>"BUY"</u> <u>Excess Deliveries</u>	<u>Imbalance Volume</u>	<u>"SELL"</u> <u>Excess Redeliveries</u> <u>or Takes</u>
0% up to 5%:	No Cash Out	0% up to 10%:	100% of RSP
5% up to 10%:	100% of RSP	10% up to 15%:	120% of RSP
10% up to 15%:	80% of RSP	15% up to 20%:	130% of RSP
15% up to 20%:	70% of RSP	20% and over:	150% of RSP
20% and over:	50% of RSP		

(Determined as a percentage of total monthly deliveries by an upstream pipeline for the account of the Customer.)

Order No.
Docket No.

Filed: December 7, 2012
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Proposed

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

Q. Monthly Cash Out Provision (Continued)

Customers may trade monthly imbalance volumes for netting out monthly over and under delivery volumes. The Company must be notified of any such trades within two (2) business days of the end of the billing month.

All cash out charges or credits, as determined above, will be applied to the Customer's monthly transportation invoice and will be adjusted to an MCF equivalent using a standard conversion factor of 1.035 mmbtu per MCF, unless such factor is not representative of the monthly energy content of gas received by the Company.

* Natural Gas Week is published by the Energy Intelligence, 5 East 27th Street, New York, NY 10016. For purposes of establishing the Reference Spot Price and the Monthly Available Reference Spot Price the Company shall utilize the Table labeled "Spot Prices On Interstate Pipeline Systems" published each week for gas delivered-to-pipeline at Transco Stations No. 50, 62, 65 (South La/Zone 3). In the event that Natural Gas Week no longer publishes the RSP, or the reference price is no longer representative of spot prices on the Transco pipeline, an acceptable substitute publication will be used.

R. Liability

The Company shall not be liable for curtailment of service or loss of gas as a result of action taken by any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

Gas shall be and remain the property of the Customer while being transported and delivered by the Company. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during and after delivery to the Company.

The Company shall not be liable for any loss to the Customer arising from or out of service by the Company or any actions taken by the Customer's gas supplier or Agent, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employee's or Agents. The Company reserves the right to commingle gas of the Customer with other gas system supplies.

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Proposed

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

S. Special Provisions

The Customer bears sole responsibility for all costs incurred to deliver Customer owned gas to the Company's gas distribution system.

The Company's ability to receive Customer owned gas at the specific point(s) of receipt is subject to the operating limitations of the Company and/or the limitations of the upstream party at such point(s).

The Customer shall be responsible for all reasonable costs incurred by the Company in connection with the initiation and rendering of transportation services, including costs required to make suitable facilities available.

The Company will not accept gas for delivery that will adversely impact the integrity of the Company's pipeline system, limit its rights to current or future supply or capacity entitlements, or impose any financial or administrative burdens that would not have existed without acceptance of Customer's transportation volumes.

Customers may be directed by the Company to deliver a portion of or all of their daily nomination to a specific delivery point to facilitate operation of the Company's system and / or ensure system reliability. The Company will be under no obligation to accept or redeliver gas delivered to points other than those specified by the Company in these instances.

T. Public Utilities Tax

The Delaware State Public Utilities Tax shall apply to all transportation services rendered hereunder, unless the Customer is exempt from such tax.

U. Transition Charge

Notwithstanding any provision to the contrary in the tariff provisions applicable to a firm service classification, a firm sales customer taking service under the "LVG", "MVG" or "GG" service classifications may transfer service to a transportation service by providing 12 months prior notice of transfer or by paying a transition charge of \$0.11 per MCF. The applicable MCF figure will be the larger of a Customer's firm natural gas commodity volumes used in the 12 months prior to the transfer or the average annual use of firm natural gas over the prior three years ending in the most recent July prior to the transfer. If 12 months notice is given prior to the transfer, no transition charge will be owed. The transition charge will be prorated for notices of transfer of less than 12 months.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

U. Transition Charge (Continued)

In addition, concerning any Customer subject to the Annual GCR Commodity Charge that switches to any transportation or non-firm service at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

V. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under these Transportation Service Terms and Conditions.

W. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "GVFT"

GENERAL VOLUME FIRM TRANSPORTATION SERVICE

A. Availability

This firm transportation service is available to any Customer with a Monthly Use of less than 2,000 MCF, who has a Billing Maximum Daily Quantity (Billing MDQ) of less than 500 MCF and who has an annual consumption of greater than 5,000 MCF annually. Any Customer whose monthly use equals or exceeds 2,000 MCF and/or whose Maximum Daily Quantity equals or exceeds 500 MCF in any three consecutive billing months may be transferred to Service Classification "MVFT" or "LVFT", as applicable. The Customer must own and deliver gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation Service provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the General Terms and Conditions of the Company's Tariff.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the GVFT Customer Charge, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 38. In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fees, taxes and any surcharges that may apply

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "MVFT"

MEDIUM VOLUME FIRM TRANSPORTATION SERVICE

A. Availability

This firm transportation service is available to any Customer with a Monthly Use of at least 2,000 MCF and a Contract Maximum Daily Quantity ("MDQ") of less than 500 MCF. Any Customer whose Billing Maximum Daily Quantity is equal to or exceeds 500 MCF in any three consecutive billing months may be transferred to Service Classification "LVFT". The Customer must own and deliver gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation Service provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the General Terms and Conditions of the Company's Tariff.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the MVFT Customer Charge, the Billing MDQ during a month times the MVFT Demand Charge, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 38. In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fees, taxes and any surcharges that may apply.

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "LVFT"

LARGE VOLUME FIRM TRANSPORTATION SERVICE

A. Availability

This firm transportation service is available to any Customer with a Maximum Daily Quantity ("MDQ") of 500 MCF or greater. The Customer must own and deliver gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation Service provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the General Terms and Conditions of the Company's Tariff.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the LVFT Customer Charge, the Billing MDQ during a month times the LVFT Demand Charge, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 38. In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fees, taxes and any surcharges that may apply.

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "SBS"

STAND-BY GAS SUPPLY SERVICE

A. Availability

Stand-by service is an unbundled city gate gas supply service available to any transportation Customer and is mandatory for any "Human Needs" Transportation Customer who does not have proven alternate fuel capability for 100% of its transportation Contract Maximum Daily Quantity ("MDQ"). A transportation Customer other than a "Human Needs" Customer may select any Stand-by MDQ up to its transportation Contract MDQ. The Stand-by MDQ shall represent the maximum quantity of gas the Company shall be obligated to provide to the Customer during any day over the term of the contract.

Stand-by service shall be used in conjunction with the customer's own gas supplies.

The Company may, at its option, with advance written notice being provided no later than 9:00 a.m. on the calendar day prior to the gas day on which service would otherwise have been provided, limit the amount of stand-by service available if the Customer cannot demonstrate that it has procured a reasonable amount of its own gas supplies for redelivery to the Customer's facility on the Company's gas system.

B. Character of Service

Stand-by service is intended for use by a Customer to a) provide an emergency backup supply in times where the Customer's own gas supply cannot be delivered in quantities sufficient to meet the Customer's requirements, b) minimize daily imbalances, and c) avoid month-end cashouts of excess takes.

During periods of time when a Transportation Customer does not receive its own gas supply in quantities sufficient for its firm requirements, the Company will use its system resources and supplemental supplies to provide gas to the Customer, up to the Stand-by MDQ.

Stand-by Gas provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under Paragraph A herein or under the General Terms and Conditions of the Company's Tariff.

Stand-by volumes shall be the last gas through the meter on any day, after the scheduled redelivery of the Customer's own confirmed transportation and/or storage gas.

C. Contract Term

Service hereunder shall be provided under an executed contract with an initial contract term of at least one (1) year. On each annual anniversary date of the executed contract, the contract term will be automatically extended for another year. The contract may be terminated by either party with at least 6 months advance written notice. Unless agreed to in writing by the other party, notice of termination cannot be subsequently revoked or withdrawn. If the Customer fails or refuses to execute a contract, the Company may, at its option, refuse to continue providing service or elect to continue service with the Customer deemed to be taking service under a one (1) year contract.

SERVICE CLASSIFICATION "SBS"

STAND-BY GAS SUPPLY SERVICE - (Continued)

D. Rates and Charges

The minimum monthly bill shall be the Demand Charge times the Stand-by MDQ. The rates and charges which apply under this Service Classification are shown in Tariff Leaf No. 38. In addition, the customer will pay any taxes and surcharges that may apply.

E. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") for Stand-by Service shall be the higher of the Customer's Stand-by MDQ or the actual daily MDQ experienced during the month.

F. Stand-by Maximum Daily Quantity

The Stand-by Maximum Daily Quantity for "Human Needs" transportation Customers shall equal their transportation MDQ. For all other transportation Customers the Stand-by Maximum Daily Quantity shall be specified in the contract.

G. Public Utilities Tax

In addition to the charges hereunder, the Delaware State Public Utilities Tax shall apply to all services rendered, unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

I. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "QFT"
QUASI-FIRM TRANSPORTATION SERVICE

A. Availability

Quasi-Firm Transportation Service is available hereunder to any Customer who has a Minimum Monthly Use of more than 2,000 MCF and who owns and delivers gas to the Company at an acceptable point of connection, for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation service provided under the Service Classification shall be as stated in the QFT contract, which contract shall specify that the service is firm for no more than 265 days per year and shall also specify the permissible number of days of interruption.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the applicable QFT Customer Charge, the Billing MDQ times the QFT Demand Charge as specified in the contract, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 39. In addition, Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-outs, balancing fees, taxes and surcharges. The maximum QFT Demand Charge for each Customer shall be the applicable MVFT or LVFT demand charge.

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "MVIT"

MEDIUM VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

A. Availability

This service is available hereunder to any Customer who has a monthly use of 2,000 MCF or greater and who owns and delivers gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for delivery to Customer's facility on the Company's gas system.

B. Character of Service

Transportation service provided under this Service Classification shall be on a best efforts basis. Customers with No. 6 fuel oil as their alternate fuel are subject to interruption on four (4) hours notice. All other Customers are subject to interruption on two (2) hours notice. For good cause shown, a Customer without No. 6 fuel oil as alternate fuel may be interrupted on four (4) hours notice, if the Customer and the Company enter into a written agreement in advance with such a provision.

C. Rates and Charges

The Customer and the Company shall enter into an interruptible transportation agreement with a minimum term of one (1) year. Among other items, this agreement shall specify a Delivery Charge Option. There are three Delivery Charge pricing options:

1. A fixed rate as shown in Tariff Leaf No. 39.
2. A flexible rate that varies within a minimum and maximum as shown in Tariff Leaf No. 39.
3. A fixed rate between the minimum and maximum, with further terms and conditions (such as minimum throughput requirements) to be negotiated.

Options 1 and 2 are available to the Customer at the Customer's sole discretion. Option 3 is available only by mutual agreement between the Company and the Customer.

Thirty days prior to the expiration or rollover of the contract, the Customer may change its option. If Option 1 is chosen, the Customer may subsequently elect to switch to Option 2 on three (3) months notice. If necessary, there shall be an automatic contract term extension so that the remaining term is at least twelve (12) months from the date the switch to Option 2 is made. If no selection is made, the Customer is deemed to have selected Option 1. At the Company's sole discretion, the Customer may be allowed to switch from Option 1 to Option 2 on less than three (3) months notice. A Customer that selects Option 2 shall remain on Option 2 for a minimum of 12 months. A customer that selects Option 3 shall remain on Option 3 for a minimum of 12 months, unless a different period is agreed to by the Company.

In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, balancing fees, imbalance cash-out charges, taxes and any surcharges that may apply.

SERVICE CLASSIFICATION "MVIT"

MEDIUM VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE - (Continued)

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

Order No.
Docket No.

Filed: December 7, 2012
Effective Date: February 5, 2013

Proposed

SERVICE CLASSIFICATION "LVIT"

LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

A. Availability

This service is available hereunder to any Customer with a demonstrable Contract MDQ of 500 MCF or greater and who owns and delivers gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for delivery to Customer's facility on the Company's gas system.

B. Character of Service

Transportation service provided under this Service Classification shall be on a best efforts basis. Customers with No. 6 fuel oil as their alternate fuel are subject to interruption on four (4) hours notice. All other Customers are subject to interruption on two (2) hours notice. For good cause shown, a customer without No. 6 fuel oil as alternate fuel may be interrupted on four (4) hours notice, if the Customer and the Company enter into a written agreement in advance with such a provision.

C. Rates and Charges

The Customer and the Company shall enter into an interruptible transportation agreement with a minimum term of one (1) year. Among other items, this agreement shall specify a Delivery Charge Option. There are three Delivery Charge pricing options:

1. A fixed rate as shown in Tariff Leaf No. 39.
2. A flexible rate that varies within a minimum and maximum as shown in Tariff Leaf No. 39.
3. A fixed rate between the minimum and maximum, with further terms and conditions (such as minimum throughput requirements) to be negotiated.

Options 1 and 2 are available to the Customer at the Customer's sole discretion. Option 3 is available only by mutual agreement between the Company and the Customer.

Thirty days prior to the expiration or rollover of the contract, the Customer may change its option. If Option 1 is chosen, the Customer may subsequently elect to switch to Option 2 on three (3) months notice. If necessary, there shall be an automatic contract term extension so that the remaining term is at least twelve (12) months from the date the switch to Option 2 is made. If no selection is made, the Customer is deemed to have selected Option 1. At the Company's sole discretion, the Customer may be allowed to switch from Option 1 to Option 2 on less than three (3) months notice. A Customer that selects Option 2 shall remain on Option 2 for a minimum of 12 months. A customer that selects Option 3 shall remain on Option 3 for a minimum of 12 months, unless a different period is agreed to by the Company.

In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fee, taxes and any surcharges that may apply.

SERVICE CLASSIFICATION "LVIT"

LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE - (Continued)

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

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SERVICE CLASSIFICATION "FPS"

FLEXIBLY PRICED GAS SUPPLY SERVICE

A. Availability

This city gate gas supply service is available hereunder to any transportation Customer for use 1) as an interruptible service of gas supply, 2) to replace third-party procured gas supply that was scheduled but not delivered to the Company's citygate station, or 3) to provide the Customer with a source of supply for incremental energy needs.

The Company shall notify Customers or their Agents no later than 9 a.m. immediately preceding the gas day of the volumes, if any, are available for use.

This rate is not available for gas used in electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Unbundled Sales Service provided under this Service Classification shall be on a best efforts basis and shall be subject to interruption upon at least a four (4) hours advance notice.

C. Contract Term

The Customer shall execute a service agreement with the Company which shall specify, among other things, the Maximum Daily Quantity ("MDQ") of gas required. The minimum contract term shall be one (1) day and maximum contract term shall be negotiated.

D. Rates and Charges

The Customer shall pay the commodity rate per MCF as specified in the contract. This commodity rate shall be a negotiated, market-based charge. If system supply is used, the Customer shall pay at a minimum a price per MCF equal to the monthly WACCOG, plus losses and unaccounted-for gas, plus one (1) cent per MCF.

SERVICE CLASSIFICATION "FPS"

FLEXIBLY PRICED GAS SUPPLY SERVICE - (Continued)

E. Liability

The Company shall not be liable for curtailment of service or loss of gas as a result of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

The Company shall not be liable for any loss to the Customer arising from or out of service by the Company, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the Customer with other gas supplies.

F. Public Utilities Tax

In addition to the charges hereunder, the Delaware State Public Utilities Tax shall apply to all services rendered, unless the Customer is exempt from such tax.

G. Rules and Regulations

The applicable Rules and Regulations set forth in the Company's Tariff, of which this Service Classification is a part, shall govern the provision of services under this Service Classification. The General Terms and Conditions of the Company's Tariff are incorporated into this Service Classification and shall be interpreted in accordance therewith.

H. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION
NEGOTIATED CONTRACT RATE "NCR"

A. Purpose

The Company is offering this negotiated contract tariff provision to enable the Company to respond to Customer needs and the increasingly competitive forces in the energy services market. This contract tariff provision shall be used by the Company as a vehicle for responding to competitive pricing situations resulting from but not limited to fuel switching, facility relocation or expansion, partial or complete plant production shifting, and potential physical bypass. The Company shall use the provisions of this tariff only after a determination by the Customer that other existing tariff options will not meet the Customer's needs.

B. Eligibility

This contract tariff is available to any qualifying Customer as specified herein. Customer qualification shall be based upon meeting each of the following criteria as determined solely by the Company:

- (a) The Customer has an economic competitive alternative to full or partial service from the Company's standard tariff rates, as determined by the Company;
- (b) The Customer is likely to select said alternative if the Company does not provide a negotiated contract rate offer, verified by an affidavit to that effect signed by a qualified representative of the Customer;
- (c) The price to the Customer will provide net revenues above the incremental costs to provide service under this negotiated contract rate; and
- (d) The Customer is not eligible to take Residential Gas Service and has an average monthly consumption of at least 2,000 MCF.

The Company shall determine eligibility on a case-by-case basis based upon information supplied by the Customer. The Company's decision on the application shall consider the economics of the competitive alternative, as well as the practical aspects of securing that alternative (e.g., ability to secure environmental permitting, feasibility studies, switching ability, ability to secure required capital).

SERVICE CLASSIFICATION

NEGOTIATED CONTRACT RATE "NCR" - (Continued)

C. Service Options

If, after reviewing the Customer's application for service, the Company concludes that the Customer meets all the eligibility requirements listed above, the Company shall enter into negotiations with the Customer for the purpose of offering such services as are believed to meet the Customer's requirements. Competitive offers may be made in a manner which provides the Customer with increased choices for service. A menu of service options differentiated by contract term, quantity, pricing options, and service attributes may be made available to the qualifying Customer. The agreed upon services shall be specifically described within the Customer Service Agreement ("CSA").

D. Contract

Eligible Customers requesting this Service Classification will be presented with a CSA, which specifies the terms and conditions of the contractual agreement between the Company and Customer. The CSA shall establish the otherwise applicable Service Classification for the Customer. The Customer must sign the CSA prior to commencement of this service and any investment by the Company. Service under the contractual agreement will commence on the date specified in the CSA.

E. Confidentiality

The CSA shall be considered a confidential document between the Company and Customer. By signing the CSA, the Customer and the Company agree not to share the CSA or information contained within the CSA with anyone except the parties to the contract, the Commission and the Office of the Public Advocate, unless given written consent from the other party. Violations by the Customer of the confidentiality agreement shall permit the Company to immediately terminate the contract with the Customer and subsequent reclassification to the appropriate Service Classification (as determined by the Company). The Customer shall also be responsible for the penalty provision (described below) and additional damages or prejudices to any other existing or potential contracts resulting from the breach of confidentiality.

F. Public Notice

The Company shall make publicly available the conditions that define a similarly situated Customer. Similarly situated means having characteristics including, but not limited to, similar supply economics and similar economic impacts on the Company. The Company shall make the same terms, prices and conditions available to any other Customer, new or existing, which the Company determines, at its sole discretion, to be similarly situated.

G. Pricing Options

Pricing shall be determined on a case-by-case basis according to the nature of the competitive situation. The final arrangements between the Company and Customer shall be included in the CSA.

SERVICE CLASSIFICATION

NEGOTIATED CONTRACT RATE "NCR" - (Continued)

H. Service Attributes

The Company may offer value-added services in conjunction with the contract. All service attributes agreed to between the Company and Customer shall be included in the CSA.

I. Contract Termination Clause

The contract between the Company and Customer shall include penalty provisions for early contract cancellation. If at any time prior to the end of the contract term the Customer elects to terminate the contractual agreement with the Company without exercising a recontracting option for continuing service, the Customer shall be obligated to the terms for cancellation as specified within the CSA.

J. Increase In Rates And Charges

Unless specifically stated within the CSA, commodity charges under this Service Classification shall be subject to the Gas Cost Rate Clause as described in the Tariff.

Customers subscribing to this Service Classification shall be assessed all surcharges of the otherwise applicable Service Classification (the standard classification to which the Customer would be subscribed to absent this contract tariff). All applicable surcharges which apply under this Service Classification shall be administered in accordance with the corresponding rules of this schedule.

The rates and charges under this Service Classification, including the Gas Cost Rate Clause and all applicable surcharges, shall be increased by the applicable Delaware State Public Utilities Tax and the Local City of Wilmington Franchise Tax, unless the Customer is exempt from such tax.

K. Contract Terms Filed With The Commission

The Company shall file the Contract terms with the Commission at least 30 days prior to the effective date of the Contract.

RIDER “ESR” (continued)

ENVIRONMENTAL SURCHARGE RIDER

E. Determination of the Rate continued

(2) Reconciliation Factor: The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve-month period ending with the month of July immediately preceding the beginning of the next recovery year.

(3) Rider Rate: The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of November 1 through October 31.

F. Definitions

Environmental Cost Year (ECY) - is the time period over which environmental costs are incurred and any payments from other parties are netted against those costs. For purposes of this rider, the ECY is from June 1 through May 30. The ECY will include actual data recorded for the year. Recovery of environmental costs for an ECY will begin with the Recovery year that starts immediately following the end of the ECY.

Recovery Year – is each November 1 through October 31 and is the time period which the annually calculated environmental rider will be billed to firm customers.

Tax benefit (TB) – associated with environmental expenditures shall be calculated as follows:

$$Tb_n = AEC_n * [(5-x)/5] * 0.1118 * 0.40655$$

Where:

AEC_n = Actual Environmental Costs incurred in ECY “n”

X = The number of years that the Actual Environmental Costs (AEC) incurred in Year “n” have been subject to amortization (x= 1, 2, 3, and 4)

0.1118 = Before Tax Cost Rate

0.40655 = Effective Combined Federal and State Income Tax Rate.

The Before Tax Cost Rate of 0.1118 and the Effective Combined Federal and State Income Tax Rate of 0.40655 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting with the next Rider Rate is calculated for the next Recovery year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for the next ECY that ends after the rate changes.

RIDER "UFRC"
UTILITY FACILITY RELOCATION CHARGE RIDER

A. Purpose

The Utility Facility Relocation Charge (UFRC) is intended to allow Delmarva Power to recover the cost of relocation of existing facilities required or necessitated by Department of Transportation or other government agency projects.

B. Applicability

This Rider is applicable to any Customer served under Service Classifications "RG", "GG", "GL", "MVG", "LVG", "LVG-QFCP", "PM", "GVFT", "MVFT", "LVFT", "SBS", "QFT", "MVIT", "LVIT", "FPS" and "NCR."

The rate is applicable to the portion of the Customer's charges related to the delivery or distribution of gas.

C. Definitions

1. "Eligible Utility Facility Relocations" mean new, used and useful plant or facilities of a gas utility that:

- i. Do not include that portion of any plant or facilities used to increase capacity of or connect to the system to serve new or additional load;
- ii. Are in service; and
- iii. Were not included in the utility's rate base in its most recent general rate case; and which
- iv. Relocate, as required or necessitated by Department of Transportation or other government agency projects without reimbursement, existing Company facilities, including but not limited to, mains, lines and services, whether underground or aerial. For purposes of this subparagraph (1)d. of this section, "existing facilities" and "relocate" include the physical relocation of existing facilities and also include removal, abandonment or retirement of existing facilities and the construction of new facilities in a relocated location.

2. "Pretax return" means the revenues necessary to:

- a. Produce net operating income equal to the Company's weighted cost of capital as established in the most recent general rate proceeding multiplied by the net original cost of eligible utility facility relocations. At any time the Commission by its own motion, or by motion of the Company, Commission staff or the Public Advocate, may determine to revisit and, after hearing without the necessity of a general rate filing reset the UFRC rate to reflect the Company's current cost of capital. The UFRC rate shall be adjusted back to the date of the motion to reflect any change in the cost of capital determined by the Commission through this process;
- b. Provide for the tax deductibility of the debt interest component of the cost of capital; and
- c. Pay state and federal income taxes applicable to such income.

RIDER "UFRC"

UTILITY FACILITY RELOCATION CHARGE RIDER - continued

C. Definitions (continued)

3. "UFRC costs" means depreciation expenses and pretax return associated with eligible utility facility relocations.
4. "UFRC rate" refers to utility facility relocation charge.
5. "UFRC revenues" means revenues produced through a UFRC exclusive of revenues from all other rates and charges.

D. Filing

1. The UFRC rate shall be adjusted semiannually for eligible relocation expenses placed in service during the 6-month period ending 2 months prior to the effective date of changes in the UFRC rate .
2. The effective date of changes in the UFRC rate shall be January 1 and July 1 every year.
3. The Company shall file any request for a change in the UFRC rate and supporting data with the Commission at least 30 days prior to its effective date.
4. The UFRC rate applied between base rate filings shall be capped at 7.5% of the portion of the Customer's charge related to the delivery or distribution of gas, but the UFRC rate increase applied shall not exceed 5% within any 12-month period.
5. The UFRC rate will be subject to annual reconciliation based on a period consisting of the 12 months ending December 31st of each year. The revenue received under the UFRC for the reconciliation period shall be compared to the Company's eligible costs for that period with the difference between revenue received and eligible costs for the period recouped or refunded, as appropriate, over a 1-year period commencing July 1 of each year. If the UFRC revenues exceeded the UFRC eligible costs, such over-collections shall be refunded with interest.
6. The UFRC rate shall be reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the UFRC rate.

RIDER "UFRC"

UTILITY FACILITY RELOCATION CHARGE RIDER – continued

E. Filing (Continued)

7. The UFRC rate shall also be reset to zero if, in any quarter, data filed with the Commission by the Company show that the electric utility will earn a rate of return that exceeds the rate of return established in its last general rate filing or by Commission order as described in paragraph 2.a of this Rider, if such was determined subsequent to the final order in the company's last general rate filing. Further, the UFRC rate shall be reinstated when such data show that the established rate of return is not exceeded and will not be exceeded if the UFRC rate is reinstated and reset.

The UFRC is set forth as follows: 0.00%

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Order No.
Docket No.

Filed: December 7, 2012
Effective Date: February 5, 2013

Proposed

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**PROPOSED
REDLINE TARIFFS**

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~
P.S.C. Del. No. 5 – Gas
~~1998~~December 7, 2012

Revision: ~~First~~Second-Revised: ~~August 28,~~TABLE OF CONTENTS

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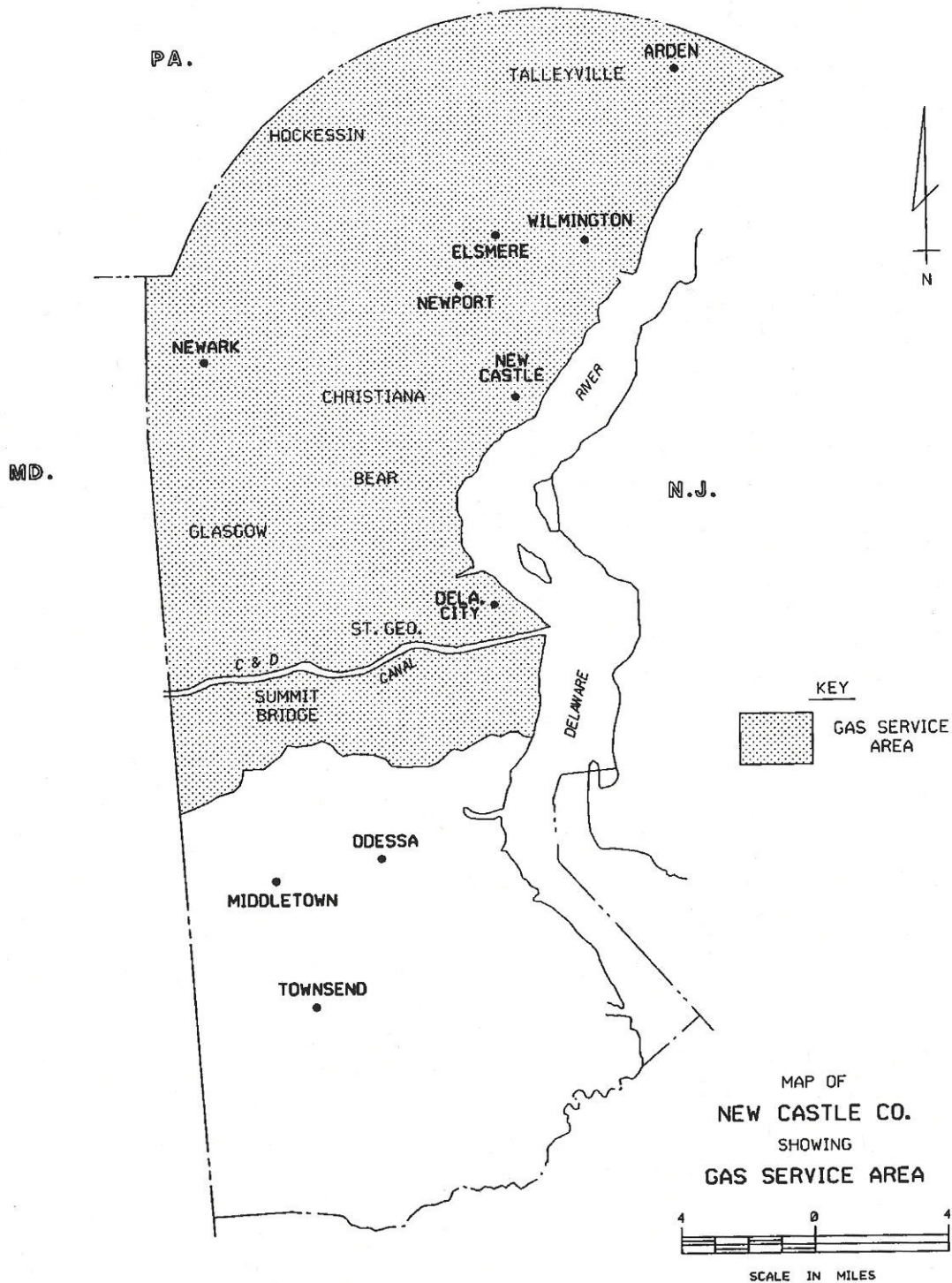
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MAP OF SERVICE TERRITORY



PHAP/31

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Delmarva Power & Light Company ~~d/b/a-Conectiv Power Delivery~~Revision: ~~First~~Second

P.S.C. Del. No. 5 – Gas

~~1998~~December 7, 2012—Revised: ~~August 28,~~

RULES AND REGULATIONS

SECTION I - GENERAL

A. Filing and Posting

This Gas Service Tariff comprises the Rules and Regulations of service and the Service Classifications under which gas service will be supplied to its Customers in New Castle County by Delmarva Power & Light Company (the "Company"). A copy of this Tariff is on file with the Public Service Commission of Delaware ("Commission") and open to inspection at all public Company offices within the gas service territory.

B. Revisions

This Tariff may be revised, amended, supplemented or otherwise changed from time to time, in accordance with rules and procedures of the Commission.

C. Statement by Agents

No representative has authority to modify any rule or provision of this Tariff, or to bind the Company by any promise or statement contrary thereto, unless the same shall be incorporated in a contract.

D. Rules and Regulations

The Rules and Regulations are a part of every contract for service and govern all classes of service unless otherwise specifically stated by a Service Classification.

E. No Prejudice of Rights

The failure by the Company to enforce or the decision not to enforce any of the provisions of this Tariff shall not be deemed a waiver of the right to do so.

F. Gratuities to Employees

The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered.

Order No.

~~1998~~December 7, 2012

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P.S.C. Del. No. 5 – Gas

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RULES AND REGULATIONS

SECTION II - APPLICATION AND CONTRACT FOR SERVICE

A. Application for Service

An application for the supply of service may be required from each Customer. This application when executed by the Company constitutes the contract between the Company and the Customer, subject to the terms of the applicable Service Classification, and these Rules and Regulations. Charges for service shall begin at the time service is made available to the Customer.

The Company reserves the right to require reasonable evidence of the Applicant's identity and service address satisfactory to the Company and to make a reasonable investigation of such prior to rendering service. The Company reserves the right to require a written application from any Applicant executed in a form satisfactory to the Company.

B. Right to Reject Application

The Company may reject any application for service if the Applicant does not meet all the requirements of the Rules and Regulations of this tariff. The Applicant shall be given reason or reasons for rejection of the application for service, in writing if requested.

C. One Point of Delivery

The Service Classifications of this Tariff, unless otherwise stated, are based upon the supply of service to one entire premises through a single delivery and metering point. The Company shall supply only one metering installation for each class of service. The use of service at two or more separate properties shall not be combined for billing purposes.

The Company reserves the right to deliver service to more than one point where the Customer's load or service requirements necessitate such delivery or if such action would result in lower overall installed and continuing operating cost of this service. This procedure is applicable to other public utilities and large industrial or commercial customers having extensive operations in a contiguous area.

D. Service at New Locations

Service at new locations shall be rendered only when all bills for service to the Customer at any other locations have been paid, or credit arrangements satisfactory to the Company have been made.

E. Service Contracts

Standard contracts shall be for terms as specified in the applicable Service Classification. Where large or special investment is necessary for the supply of service or where service is to be used for temporary or unusual purposes, contracts for terms other than specified in the Service Classification, or with special guarantees of revenue, or both, may be required.

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Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~First~~Second

P.S.C. Del. No. 5 – Gas

–Revised: ~~August 28,~~~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION II - APPLICATION AND CONTRACT FOR SERVICE - (Continued)

F. Temporary Service

Temporary service is service, ordinarily not recurrent in nature, required for temporary structures or locations. Temporary service shall be rendered only when and where the Company has the necessary facilities available to render the service applied for, without detriment to the service of other Customers.

The Customer must pay the entire net cost of installation and removal of required facilities installed for the sole purpose of the temporary service. A deposit may be required, in advance, sufficient to cover the installation and removal, materials not returnable, and the estimated cost of gas usage. Where facilities are endangered by construction or proposed usage, the Customer may be required to own and maintain the facilities.

Temporary gas service is available only under Service Classifications "GG" and "MVG" on a short-term basis. The minimum monthly bill for this service will be as specified under the minimum charge provision of the Service Classification.

G. Rights-of-Way/Permits

1. General

An Applicant requesting service shall furnish, without expense to the Company, suitable rights-of-way or permits on forms provided by the Company for the installation of facilities on, under and across the premises of the Applicant for the purpose of providing gas utility service to the Applicant and to premises and other users in the vicinity.

If it is necessary to acquire such rights or permits from others, such as abutting property owners, lessors, railroads, etc., in order for the Company to serve the Applicant, then the Applicant shall be responsible for obtaining such rights or permits as the Company deems necessary.

Where, due to the nature of the property to be served, the Company finds that the exact boundaries are of critical importance, the Applicant shall locate and mark such boundaries to the reasonable satisfaction of the Company.

Order No. _____

~~Filed: August 28, 1998~~Filed: December 7, 2012

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RULES AND REGULATIONS

SECTION II - APPLICATION AND CONTRACT FOR SERVICE - (Continued)

G. Rights-of-Way - (Continued)

1. General - (Continued)

The Applicant shall be responsible for clearing all obstructions from the construction area as designated by the Company, said clearing to be completed in reasonable time to meet service requirements.

The construction area as designated by the Company shall be graded to within six (6) inches of final grade before the Company will commence construction.

The Company shall construct, own, operate, and maintain underground distribution lines only along public streets, roads and highways which the Company has the legal right to occupy, and on public lands and private property across which rights-of-way and easements satisfactory to the Company may be obtained within a reasonable time and without cost or condemnation by the Company.

The Company may also purchase rights-of-way where necessary to avoid conflicts with the Delaware Department of Transportation.

If subsequent to construction start-up, the Company is required to relocate or adjust any of its installed facilities due to change in grade, adjustments of property lines or change in plans, the cost of such relocation shall be borne by Applicant, its successors or assigns.

2. Required Property Information

The Applicant shall furnish the Company as required, at no charge to the Company, property plans, other utility plans, grading plans, roadway profiles, property line stakes, grade stakes and other items showing details of proposed construction. This information is required in reasonable time to allow the Company to design and construct its facilities in a safe and efficient manner to meet service requirements and to comply with applicable laws, codes, and rules and regulations. The customer shall physically mark the horizontal location of any non-utility line (i.e. lawn sprinklers, private water services, dog fences, etc) within 18 inches of the non-utility line on the ground by means of stakes, paint or other suitable means prior to any notice of construction or maintenance activities on the customer's property. The cost of repair or replacement of any non-utility lines not marked will be the customer's responsibility.

H. Hazardous Conditions

The Applicant shall notify the Company of any hazardous conditions which employees may encounter on the Customer's property while installing or maintaining service. Where hazardous conditions exist which may affect the welfare of Company employees, the Company reserves the right to withhold service or require the Applicant to provide a non-hazardous route for necessary service facilities. The Applicant shall be responsible for all costs required of the Company to meet applicable environmental, or other hazardous condition laws required of employees specifically for installation of the Applicant's service.

RULES AND REGULATIONS

SECTION III - CUSTOMER'S DEPOSIT

A. Customer's Deposit to Guarantee Payment of Final Bills

The Company shall require a cash deposit from an Applicant or an existing Customer for each account until satisfactory credit is established to guarantee payment of final bills for service rendered. Such deposit shall not be more in amount than two-twelfths (2/12) of the estimated annual revenue or as may be reasonably required by the Company in cases involving a service for short periods. Service may be denied or terminated for failure to pay a deposit when requested. Deposits shall not be applied against current delinquent bills.

Deposits shall be collected in whole dollar amounts. A deposit shall not be required if the amount is less than fifty dollars (\$50).

Required Deposits may be deferred at the Customer's request to the first month's bill or may be paid in installments over three (3) consecutive monthly billings.

Simple interest on deposits at an annual rate equal to the average of the percent yields of the 1-year Treasury constant maturities for September, October, and November of the preceding year, shall be applied annually as a credit to the Customer's account and so indicated on the January bill. No interest shall be paid unless the deposit is held longer than ninety (90) days. For deposits paid in installment payments, interest shall begin to accrue from the date of final deposit payment. The deposit shall cease to draw interest on the date it is returned, on the date service is terminated or on the date notice is sent to the Customer's last known address that the deposit is no longer required.

Deposits shall be refunded after one (1) year for Residential deposits and after four (4) years for Non-Residential deposits if satisfactory credit has been established. Satisfactory credit is defined as payment of the last twelve (12) consecutive monthly bills without an unpaid previous balance and no detrimental credit information recorded against the Customer's account within the last twelve (12) months. Detrimental credit information is defined as adverse credit reports from recognized credit reporting services available to the general business community or from accounting records of the Company.

Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~Third~~Fourth

P.S.C. Del. No. 5 – Gas

-Revised: ~~January 19,~~~~2001~~December 7, 2012

RULES AND REGULATIONS

SECTION IV - PAYMENT TERMS

A. Billing Period

Rates are stated on a monthly basis and bills are rendered monthly following the supply of service based on meter readings scheduled at approximate monthly intervals of from 27 to 33 days. Except as provided in the following sentence, the bill shall only be prorated if one of the following conditions are met: a) a final bill is being rendered for a termination of service; b) an initial bill is being rendered for a new customer; or c) a LVG customer requests a change in its meter reading route or billing cycle to which the Company has agreed. In addition to the foregoing, proration shall be permitted to the extent authorized or required by the Commission in conjunction with a change in rates that becomes effective for usage on and after a particular date or billing cycle.

B. When Bills are Payable

All bills are due and payable upon presentation.

C. Estimated Bills

When the Company's meter reader is unable, at any regular reading date, to read the Customer's meter, the Company may render an estimated bill in accordance with the Company's policy on file with the Commission.

D. Payment Posting Sequence

When a customer remits payment for services, the payment shall be applied as follows:

1. Arrears for the Company's combined Electric Supply & Delivery Service or Delivery Service, where applicable.
2. Arrears for the Company's Gas Utility Sales Service or Delivery Service.
3. Arrears by vintage priority for prior Electric Supplier or Gas Supplier charges, where applicable. For an Electric Supplier's arrearage and a Gas Supplier's arrearage with the same vintage, the Electric Supplier's arrearage has priority over the Gas Supplier's arrearage.
4. Current charges for the Company's combined Electric Supply & Delivery Service or Delivery Service, where applicable.
5. Current charges for the Company's Gas Utility Sales Service or Delivery Service.
6. Current charges for Electric Supplier charges, where applicable.
7. Current charges for Gas Supplier charges, where applicable.

E. Returned Checks

Checks given in payment for any bills or charges rendered which are returned unpaid by the Customer's bank, shall result in an additional charge of fifteen dollars (\$15) per check, per occurrence, which charge shall be levied against the Customer's account. Proper notice of the returned check and the charge shall be mailed to the Customer by first class mail. Where the returned check is for combined electric and gas service, this charge shall be assessed for only one of these services.

The Company shall automatically waive this charge provided the returned check was the first occurrence in the most recent twelve (12) months.

Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~Third~~Fourth

P.S.C. Del. No. 5 – Gas

Revised: ~~October 31,~~~~2003~~December 7, 2012

RULES AND REGULATIONS

SECTION IV - PAYMENT TERMS - (Continued)

F. Late Payment Charge

Bills are due and payable upon presentation. If payment for bills rendered is not received by the Company prior to the next meter reading date, a late payment charge of one and one-half percent (1-1/2%) of the unpaid balance, less applicable taxes, shall be added to the next billing. Payments shall be credited against the most delinquent charges.

The Company shall automatically waive the first late payment charge within the last twelve (12) consecutive billing months for Residential Customers. After an automatic waiver, the Residential Customer shall not be eligible for the next automatic waiver until the twelfth billing month following the billing month of the previous waiver.

G. Installment Payments

Any Customer may request an installment payment as an optional means for payment of charges and to avoid service termination resulting from delinquent charges. An installment payment agreement constitutes a contract between the Customer and the Company, which guarantees payment by the Customer for the amount of the agreement over the specified period. All requests for installment payment agreements are subject to Company approval and must be signed by the Customer and by a Company-authorized employee. A service charge of one-half percent (1/2%) per month shall be applied on the unpaid balance due under this agreement. The balance amount of the agreement is not subject to the provisions of the late payment charge.

Failure of the Customer to meet the conditions of this installment payment agreement including prompt payment of the current bill shall constitute a breach of this agreement and entitle the Company to pursue collection and termination procedures pursuant to the applicable rules and regulations of the Commission.

H. Budget Billing

Budget billing provides a payment plan which allows Customers to levelize their monthly bills. The Budget Billing Plan is available to all Residential Customers and to any Non-Residential, Firm Sales Customers whose maximum monthly use is less than 2,000 MCF. Non-Residential Customers may be initially placed on the Plan only in the billing months of April, May, October or November. Any such qualifying Customer who does not have a delinquent balance outstanding may elect to be placed on budget billing. Under this plan, the Customer shall be billed for eleven months on an estimated budget amount basis with the twelfth month as the settlement month. The billing for the settlement month shall consist of the difference between the actual amount due to date and the budget amount paid to date.

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Docket No. 02-231 — Filed: October 31, 2003

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Order No. 6289

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Revision: ~~First~~Second

P.S.C. Del. No. 5 – Gas

–Revised: ~~August 28,~~

~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION V - ADMINISTRATION OF SERVICE CLASSIFICATION

A. Choice of Service Classification

When two or more Service Classifications are available for the same class of service, the Customer shall select the Service Classification to be applied to the Customer's service.

B. Company Assistance

The Company, upon request, shall assist the Customer in the selection of the most advantageous Service Classification, but the duty and responsibility of making the selection shall at all times rest with the Customer.

C. Changing Service Classifications

When a Customer has selected the Service Classification for the Customer's service, its application shall remain in effect for the contract term which the Service Classification specifies.

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Filed: ~~August 28, 1998~~December 7, 2012

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P.S.C. Del. No. 5 – Gas

~~–Revised: August 28,~~1998 December 7, 2012

RULES AND REGULATIONS

SECTION VI - CUSTOMER'S INSTALLATION

A. Description of Installation

The Customer shall, before installing any equipment, notify the Company as to the devices which are to be attached to the Company's lines, giving location of the proposed installation so that the Company may advise the Customer of the character of the service the Company shall furnish and the point at which the service shall be connected and metered.

In those cases where the Company deems it necessary, the Customer shall present in writing complete specifications of equipment, loads, location plans, piping, regulators and other data required, so that the Company may advise the Customer of the character of the service it will furnish, the point at which it will be connected and metered and any other requirements associated with the special conditions of the service.

B. Customer's Equipment

Gas piping, fixtures, and appliances on the Customer's premises must be installed at the expense of the Customer or owner of the property unless a contribution to the cost of piping or fixtures would result in lower overall installed and continuing operating costs of the service to the Company. Such a contribution may not be made towards the cost of appliances.

The Company may delay the construction of an extension and/or service until the Applicant has completed the piping and installation of equipment necessary to receive and use service.

C. Inspection

All new piping and equipment, or changes in piping and equipment, shall conform to the standards of the National Fuel Gas Code and those of local public authorities in force at the time.

The Company shall render service only after receipt by the Company of a notice of approval issued by the duly recognized inspection agency.

Order No. _____

Filed: ~~August 28, 1998~~ Filed: December 7, 2012Docket No. ~~Docket No.~~ _____Effective Date: ~~September 28, 1998~~ February 5, 2013Proposed

RULES AND REGULATIONS

SECTION VII - SERVICE INSTALLATIONS

A. General

Services as used in this section refers to service piping and associated materials between the Company's gas main system and the point of connection with the Requester's gas line. The Company's system facility from which the service is installed may be on public or private right-of-way. Services shall be designed and constructed consistent with good engineering practice.

The Company shall install, own and maintain services, under the terms and conditions herein enumerated, to the point of connection with the Requester's gas line. Such point shall generally be near the corner of the building nearest the point at which the gas service enters the property to be served. Any modifications requested by the Requester must be approved by the Company and any additional costs resulting therefrom shall be borne by the Requester. Services shall not be installed or connected unless specifically requested by the Requester and until satisfactory payments or credit arrangements are made if required by the Company.

B. Service Installations

1. Residential Services

The Company shall install, own, maintain and replace residential services. If the portion of gas service on the Requester's property exceeds 100 feet, the Company's initial investment shall be limited to five (5) times the related estimated annual net base revenue excluding all fuel costs ("Estimated Revenue") from the Requester. All investment that exceeds both the 100 foot limit and the Estimated Revenue test shall be paid by the Requester based on the average installed cost per foot for residential services installed during the preceding calendar year. Such Contribution In Aid of Construction shall include all applicable taxes. Any such payments may be waived if the amount is less than \$50.

2. Non-Residential Services

The Company shall install, own and maintain non-residential services. The Company's initial investment in service installations shall be limited to three (3) times the Estimated Revenue from the Requester. Where such Estimated Revenue does not justify the estimated cost of installation, the Applicant shall pay for all additional installed costs not justified by the estimated revenue. Any such payments may be waived if the amount is less than \$50.

3. Non-Residential Dual Fuel Services

The Company shall install, own and maintain non-residential services. All Non-Residential Customers who desire service and who have the ability to continuously use an alternate fuel must sign an Application that holds the Customer liable for all estimated costs not covered by actual non-fuel revenues received and retained by the Company.

Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~First~~Second

P.S.C. Del. No. 5 – Gas

–Revised: ~~August 28,~~~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION VII - SERVICE INSTALLATIONS - (Continued)

C. Relocation of Services

Company-owned residential service facilities shall be relocated to a point of Company convenience at Company expense in order to correct or prevent a violation of applicable codes where such action requires no increase in the overall length of service piping.

In the Company's opinion, when such relocation or portion of such relocation is deemed to benefit the Company, the resulting cost will be prorated between the Company and the Customer accordingly.

In all other cases where the Customer requests relocation, or takes action which requires relocation of gas service piping and/or meters and pressure regulators, the entire cost of such relocation shall be paid by the Customer.

In the event the Company shall be required by any public authority to relocate any portion of the Company's gas system, the Customer, at the Customer's expense, shall make the necessary changes in the location of the Customer's facilities to accommodate such changes.

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P.S.C. Del. No. 5 – Gas

-Revised: December 9,

20037, 2012

RULES AND REGULATIONS

SECTION VIII - METER INSTALLATIONS

A. Meters Supplied by the Company

The Company shall normally furnish, install, maintain and own one (1) set of metering equipment for measurement of the service supplied under each contract.

B. Meter Location

The Customer shall provide, without charge, a suitable place for the meters, pressure regulators or other equipment of the Company. Such place shall be of convenient access to the Company's personnel. The location of the meter shall be as near as possible to the point where the supply piping enters the Customer's building, and otherwise acceptable to the Company. Meter connections shall not be concealed by plaster, sheathing or any other means. All meter locations are subject to inspection and require periodic access to satisfy meter reading and equipment maintenance requirements.

Where multiple meters are required, each meter position shall be clearly and visibly marked so that each meter position is identified as to the location to which service is being supplied. Meters shall not be installed by the Company until this has been accomplished.

C. Right to Remove Company's Equipment

All meters, pressure regulators and other equipment supplied by the Company shall remain its property. The Company shall have the right to remove all its property from the premises of the Customer at any time after the termination of service, whatever may have been the reason for such termination.

D. Periodic Test Schedule

The Company shall test meters in accordance with a periodic test schedule acceptable to the Commission. Meter tests performed at the request of a Customer shall be made in accordance with Section IX-C.

E. Metering

The quantity of gas billed shall be the volume measured by the Company's meter, calibrated at or compensated to standard temperature (60°F) and barometric pressure (14.73 psia) conditions.

F. Volumes Defined

As used in this Tariff,

"CCF" = 100 Cubic Feet of Gas

"MCF" = 1,000 Cubic Feet of Gas

Order No. 6327

Filed: December 9, 20037, 2012

Docket No. 03-127

Effective with Usage on or after December 10, 2003 Date: February 5, 2013

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P.S.C. Del. No. 5 – Gas

–Revised: ~~August 28,~~~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION VIII - METER INSTALLATIONS - (Continued)

G. Remote Reading Devices

The Company, at its discretion or upon request from a Customer, may install remote reading devices, subject to availability. Remote reading devices shall be owned, installed and maintained by the Company. When requested by the Customer and approved by the Company, such installation shall be made at cost payable by the Customer. The location of the remote reading device shall be subject to Company approval.

A periodic verification reading must be taken on the meter and the remote reading device. The Company shall notify the Customer when the periodic verification is required. The Company shall determine the frequency of verification required based on the technical characteristics of the installed equipment and its in-service performance. Service shall be subject to disconnection if the Customer fails to make arrangements with the Company for a verification reading within 60 days after written notice is provided.

In cases of dispute, the Company's meter shall be used as the final determinant in measuring consumption and in all cases shall take precedence over any reading or remote reading devices.

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P.S.C. Del. No. 5 – Gas

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RULES AND REGULATIONS

SECTION IX - ADJUSTMENT OF CHARGES

A. Fast Meter

Whenever a meter in service is found to have a positive average error, upon test made by the Company or the Commission by over-registering in excess of two percent (2%), the Company shall credit or refund to the Customer an amount equal to the excess paid for the gas incorrectly metered. The refund shall be for the period that the Customer received service through the meter, but for not more than the periods established below:

1. Known Date of Error - If the date on which the error first developed or occurred can be established, the bills for service shall be recalculated from that time.
2. Unknown Date of Error - If the time at which the error first developed or occurred cannot be established, it shall be assumed that the over-registration existed for a period of three (3) years or a period equal to one-half of the time since the meter was last tested, whichever is less.

B. Slow or Stopped Meter

When a meter is found, upon test made by the Company or the Commission, to have a negative average error by under-registering in excess of two percent (2%) or to be stopped, and the error in registration or failure to operate is not attributable to the negligence of the Company, but is due to some unpredictable cause, such as tampering or unauthorized overload, the Company shall estimate the proper charge for the unregistered service by reference to the Customer's consumption during similar normal periods or by such methods as the Commission may authorize or direct. Except in cases of tampering, theft, inaccessibility to the meter, or unauthorized overload, such an estimate for a slow or stopped meter shall cover a period of not more than three (3) months.

Order No. _____

Filed: ~~August 28, 1998~~Filed: December 7, 2012

Docket No.

Effective Date: ~~September 28,~~~~1998~~February 5, 2013Proposed

Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~First~~Second

P.S.C. Del. No. 5 – Gas

~~1998~~December 7, 2012~~–Revised: August 28,~~

RULES AND REGULATIONS

SECTION IX - ADJUSTMENT OF CHARGES - (Continued)

C. Requests for Meter Tests

Upon request by a Customer, the Company shall test the Customer's meter provided that such tests need not be made more frequently than once in thirty-six (36) months. If tests of meters at the Customer's request are performed more frequently than once in thirty-six (36) months, the Company shall charge the Customer twenty dollars (\$20) for testing the meter. No charge shall be made for testing meters which upon test are found to exceed the allowable accuracy limits as defined in this Section. The Customer, or the Customer's representative, may be present when the Customer's meter is tested. A written report of the results of the test shall be mailed to the Customer within ten (10) days after the completion of the test.

D. Adjustments for Incorrect Billings

Incorrect billings resulting from clerical error, incorrect meter installation or reading, incorrect application of the rate schedule, or other similar reasons, shall be corrected immediately upon discovery, and corrected bills rendered to the Customer; however, in no case may additional charges due from the Customer under the application of this paragraph be collected for more than three (3) years prior to the month of discovery. If the Customer has been overcharged, the Company shall refund the amount due or credit the Customer's account, at the Customer's election, to the date the error was made, not to exceed three (3) years prior to discovery. In the absence of an election by the Customer for a refund by check, the Company shall credit the Customer's account. In the event additional charges are due the Company, installment payments shall be offered for not less than the number of months the account was billed in error. An installment payment charge shall not be applied to such installment payments.

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P.S.C. Del. No. 5 – Gas

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RULES AND REGULATIONS

SECTION X - CONTINUITY OF SERVICE BY COMPANY

A. Company Liability

The Company does not guarantee continuous uninterrupted gas service and shall not be liable for any loss, cost, damage, or expense to any person occasioned by any change in, interruption and/or resumption of the Company's gas service due to any cause beyond the reasonable control of the Company.

B. Notice of Trouble

The Customer shall notify the Company promptly of any defect in service or of any trouble or irregularity in the gas supply.

C. Prearranged Interruption of Service

Whenever it is necessary to interrupt service for work on mains or other equipment, such work shall be done, to the extent practical, at a time that will cause the least inconvenience to the Customer. The Customer(s) to be affected shall, if practical, be notified in advance of such interruptions.

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P.S.C. Del. No. 5 – Gas

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20037, 2012

RULES AND REGULATIONS

SECTION XI - CUSTOMER'S USE OF SERVICE

A. Resale Forbidden

The Customer shall not directly or indirectly sell, sublet, assign or otherwise dispose of natural gas provided by the Company or any part thereof except as authorized by Chapter 51, Title 25 of the Delaware Code.

B. Multiple Occupancy Buildings

Multiple occupancy buildings for which building permits are issued after June 2, 1980 shall not be master metered but shall be individually metered for each occupancy unit that is individually leased or owned and whose occupants have control over a portion of the natural gas used, unless the owners can provide evidence that the cost of installing separate meters exceeds the long-term benefits to the gas consumers derived from individual meters. For the purposes of this paragraph, individual meters include only meters installed and owned by the Company.

C. Fluctuations

Gas service must not be used by the Customer in such a manner as to cause unusual pressure fluctuations or disturbances in the Company's supply system. Should such fluctuation or disturbance be caused by the Customer, the Company may discontinue service or require the Customer to modify his installation and/or install approved controlling devices.

D. Use Other Than Stated In Contract

The Company's service shall not be used for any purpose or in any place other than that stipulated in the Customer's contract for service except by written consent of the Company.

E. Change of Installation

The Customer shall give immediate written notice to the Company of any proposed substantial increase or decrease in, or change of purpose, design characteristics (including but not limited to pressure, flow rate and gas quality) or location of the Customer's installation. The service connection, meters and equipment supplied by the Company for each Customer have definite design characteristics and no modifications or additions to the equipment or load connected thereto shall be permitted except by written consent of the Company. Failure to give notice of such modifications shall render the Customer liable for any damage to the meters or their auxiliary apparatus caused by the additional or changed installation. Regardless of whether the customer's modifications are consistent or inconsistent with the service provided, the Company shall be under no obligation to modify its equipment.

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Docket No. 03-127

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P.S.C. Del. No. 5 – Gas

—Revised: ~~August 28,~~~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION XII - DEFECTS IN CUSTOMER'S INSTALLATION

A. Company's Right to Inspect

The Company shall have the right, but shall not be obliged, to inspect any installation before gas is introduced or at any later time, and reserves the right to reject any piping or appliances not in accordance with the Company's standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage resulting from defects in the installation, piping or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the Customer.

B. Defective Installations

If at any time the piping and appliances of the Customer are found to be defective or dangerous by the Company's representative or by the local public authorities, service may be refused or discontinued until the Customer has the condition corrected.

C. Customer's Responsibility

The Company assumes no responsibility for any damages done by or resulting from any defect in the piping or appliances of the Customer. In the event of any loss or damage to the property of the Company, or any accident or injury to persons or property is caused by or results from the negligence or wrongful act of the Customer, his agents, or employees, the cost of the necessary repairs or replacement shall be paid by the Customer to the Company and any liability otherwise resulting shall be assumed by the Customer.

D. Company Liability

The Company shall not be liable for damage resulting from the presence of gas or the Company's equipment on the Customer's premises, or from the use of the service of the Company by the Customer.

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P.S.C. Del. No. 5 – Gas

~~—Revised: August 28,~~~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION XIII - ACCESS TO PREMISES

A. Access to Premises

The authorized agents or representatives of the Company, having the proper Company identification, shall have access at all reasonable times to the premises of the Customer for the purpose of reading the Company's meters, connecting and disconnecting service, operating, testing, inspecting, repairing, removing and replacing any or all of the Company's apparatus used in connection with the supply of gas. If the Company's meters or other equipment are located on the premises of someone other than the Customer, the Customer shall be responsible to arrange for access thereto by Company agents or representatives.

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RULES AND REGULATIONS

SECTION XIV - TAMPERING WITH COMPANY'S PROPERTY

A. Tampering Expressly Forbidden

No person, except a duly authorized representative of the Company, shall make any connection (piping, electrical or otherwise) or disconnection, either temporary or permanent, at any point on the Company's distribution system up to the outletpoint of the ~~Company's meter on connection with the Customer's premises~~Customer's gas line, or set, change, remove or interfere with the Company's meter, pressure regulator, tracer wire, cathodic protection system or other equipment.

B. Liability for Tampering

In the event of the Company's meters or other equipment being tampered or interfered with, the Customer being supplied through such equipment shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter, and for the cost of any repairs, replacements required, and any other changes in Customer's installations as may be required by the Company.

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~

Revision: ~~Third~~Fourth

P.S.C. Del. No. 5 – Gas

—Revised: ~~March 5,~~

2009December 7, 2012

RULES AND REGULATIONS

SECTION XV - COMPANY'S RIGHT TO DISCONTINUE SERVICE

A. Right to Discontinue Service

The Company reserves the right to discontinue the supply of service for any of the following reasons:

1. Without Prior Notice

- a. Unavoidable shortage or interruptions in Company's source of supply or other cases of emergency.
- b. Whenever a hazardous gas or gas related condition is found to exist on the Customer's premises.
- c. Interference or tampering with meters or Company equipment or diversion of service.
- d. Whenever environmental or other hazardous conditions would expose Company employees to undue risk in the maintenance of customer service.
- e. For providing a false name or social security number or for failing to disclose, upon request, that past services have been received and not paid for under a different name or social security number, if the Company has reported a theft of services to responsible authorities.

2. With Prior Notice

- a. Failure to remedy conditions in violation of applicable codes or having detrimental effect on the service of others.
- b. Nonpayment of any bill for gas service.
- c. Violation of or non-compliance with these Rules and Regulations or the effective Service Classification or contract. The Company may refuse to supply any service until the Customer has corrected the conditions constituting such violation or non-compliance.
- d. Failure to pay a deposit as requested.
- e. Misrepresentation of or failure to disclose a material fact in an apparent attempt to defraud the Company or to avoid payment of any outstanding bill for service rendered.
- f. Repeated refusal to grant access during reasonable working hours for maintenance, meter reading or removal of equipment, inspection or replacement of equipment.
- g. Failure to pay service installation costs.

3. The notice provided for in Section XV-A-2 shall consist of not less than fourteen (14) days' notice sent by first class prepaid mail ~~deposited in a United States mailbox~~ and addressed to the Customer at the Customer's last known mailing address appearing on the records of the Company.

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~~Second~~Third

P.S.C. Del. No. 5 – Gas

~~Filed~~~~Revised : December 9, 2003~~7, 2012

RULES AND REGULATIONS

SECTION XVI - DISCONTINUANCE OF SERVICE BY CUSTOMER

A. Notice to Discontinue

The Customer must give the Company at least ten (10) days' notice to discontinue service unless otherwise agreed upon. The Customer must grant access to the meter during reasonable working hours and shall be liable for service taken until the meter has been disconnected or read. Such notice prior to the expiration of a contract term shall not relieve the Customer from any minimum or guaranteed payment under any contract or Service Classification.

B. Completion of Term

If, by reason of any act, neglect or default of a Customer or his agent, the Company's service is suspended, or the Company is prevented from supplying service in accordance with the terms of any contract it may have entered into, the minimum charge for the unexpired portion of the contract term shall become due and payable immediately as liquidated damages in lieu of the anticipated returns from the said contract.

C. Final Bill

The final bill for service shall be based on an actual meter reading and is due and payable when rendered.

RULES AND REGULATIONS
SECTION XVII - EXTENSIONS

A. General

Extensions to the Company's gas system shall be provided, owned and maintained under the terms and conditions herein enumerated.

Extensions, as used in this section, refer to gas mains and associated materials that must be constructed along public streets, roads and highways, or on private property from the Company's existing gas system to the service.

Extensions shall be designed according to accepted industry practices to provide adequate service and shall be installed in accordance with the rules and regulations of the Commission. Modifications to the Company's design, requested by the Requester, shall be made when such modifications are acceptable to the Company in its sole judgment.

Where a Requester requests the Company to install facilities which are more costly than those proposed to be furnished by the Company, the Requester shall pay the Company the difference in cost between the requested installation and that deemed necessary by the Company.

B. Residential Extensions - New Developments

1. If the estimated investment in the extension exceeds five (5) times the related estimated annual net base revenue, excluding all fuel costs ("Estimated Revenue") from Customers to be initially served from the extension, the Applicant shall provide a financial guarantee in accordance with Section XVII-H. This financial guarantee may be waived if the amount is less than \$50.

2. For the purpose of definition, those Customers to be initially served shall include houses or multiple occupancy buildings under construction at the time the contract for the extension is signed. As additional facilities are needed to serve additional Customers, the Applicant may be required to make additional financial guarantees or may receive a refund accordingly.

C. Residential Extensions - Existing Subdivisions - 100 feet installed at no charge per applicant

~~1. The procedure used to determine whether a Contribution in Aid of Construction ("CIAC") including all applicable taxes will be required from Applicants will be on file with and approved by the Commission. The CIAC may be waived if the amount is less than \$50.~~

~~2. Applicants included in the procedure must provide a Refundable Qualifying Deposit ("RQD") of \$200. The RQD will be refunded to the Applicant if gas heating equipment is installed and connected within five (5) years of the date that gas service is first available to that Applicant. If gas heating equipment is not installed and connected within five (5) years of the date that gas service is first available, the RQD will not be refunded, but will be applied as a CIAC.~~

~~D. Residential Extensions Less than 500 Feet~~

~~If the estimated investment in the extension exceeds five (5) times the Estimated Revenue, each Applicant shall provide a CIAC including all applicable taxes for the excess amount. This CIAC may be waived if the amount is less than \$50. If any Applicant is not connected to Delmarva's system within one year of the time that gas service is available to an Applicant, that Applicant must pay the RQD to the Company. Such payment shall be credited as a CIAC.~~

~~The Company will make extensions to existing mains of one hundred (100) feet per Customer without charge. If multiple Applicants, then the extension without a charge will be multiplied by 100 feet times the number of applicants if there are no system improvements required to serve the subdivision.~~

~~D. Residential Extensions - Existing Subdivisions - more than 100 foot per applicant or a system improvement required to serve the subdivision~~

~~All investment that exceeds the 100 foot limit or is part of a required system improvement to serve the subdivision shall be paid before construction starts on a prorated basis by the number of applicant(s) or the number of petitioners if they represent the majority of the property owners of any community or village in New Castle County. The investment will be based on the average installed cost per foot for Residential Extensions in Existing Subdivisions installed during the preceding three calendar years plus the required system improvement (if applicable) minus any system improvement that benefits existing customers (if applicable) plus the current tax gross-up as a CIAC.~~

RULES AND REGULATIONS

SECTION XVII - EXTENSIONS

E. Non Residential Extensions

~~If The Company will make extensions to existing mains of one hundred (100) feet per Customer without charge. Beyond the first 100 feet , if~~ the estimated investment in the extension exceeds three (3) times the Estimated Revenue, the Applicant will be required to provide a CIAC including all applicable taxes for the excess amount. This CIAC may be waived if the amount is less than \$50.

When a line extension and service are both required, the Estimated Revenue shall be compared to the total estimated investment in both the line extension and the service excluding the first 100 foot of main.

F. Non Residential Dual Fuel Extensions

All Non-Residential Customers who desire service and who have the ability to continuously use an alternate fuel must sign an Application that holds the Customer liable for all estimated costs not covered by actual non-fuel revenues received and retained by the Company.

When a line extension and service are both required, the Estimated Revenue shall be compared to the total estimated investment in both the line extension and the service.

G. Infrastructure Improvements

The Company may make investments in infrastructure for reasons of timing, convenience, reliability, safety or other reasons as may be appropriate, independent of extension or service requests from Customers. Investments in infrastructure will be undertaken consistent with engineering planning studies and financial analysis. Infrastructure is defined as gas transmission and distribution systems necessary to increase pipeline flow capacity and/or pressures, system reliability or service availability.

The intent of the preceding paragraph is not to avoid the extension rules contained in this Section, nor the service installation rules contained in Section VII.

H. Financial Guarantees

Financial Guarantees may be made by payment, deposit, Letter of Credit or other financial instruments at the Company's discretion.

Should the Applicant provide a deposit it will be returned to the Applicant (without interest) in an amount equal to five (5) times the estimated revenue, excluding all fuel cost, from new Customers as each new Customer completes its permanent service connection directly from the extension for which the deposit was required. In no case shall the total refund be greater than the Applicant's deposit. Any portion of the deposit remaining unrefunded after five (5) years from the date the Company is first ready to render service from the extension shall be retained by the Company and credited as a CIAC.

Should the Applicant provide a Letter of Credit or other Financial Instrument, the estimated revenue attributable to the extension shall be examined prior to the Letter's or other Instrument's expiration. The Company may either draw on the Letter of Credit or Instrument or require that it be renewed, where a continued financial guarantee is still required. Such draw shall then be considered a deposit under the above section. The Company shall also have the right to require a Financial Guarantee where it determines that the recovery of the investment is questionable.

RULES AND REGULATIONS

SECTION XVIII - CURTAILMENT POLICY

A. Curtailment Priority

In the event the Company determines that it will be unable to satisfy the demands of all existing Customers because, in its sole judgment, it deems its gas supply to be insufficient, the Company shall curtail service to its Customers. Curtailments will be made to ensure adequate supply for priority Customers and to maintain the integrity of the Company's gas distribution system. The extent of curtailment, including complete curtailment, shall be determined by the Company. If operationally feasible, the curtailment shall be instituted in the following order:

1. Flexibly Priced Gas Volumes
2. Interruptible Transportation Gas Volumes
3. Firm ~~sales~~Sales, Firm Transportation or ~~standby~~Standby Service volumes in the following order:
 - a. Industrial Customers with gas usage over 1,000 ~~Mcf~~MCF per day.
 - b. Industrial Customers with gas usage over 100 ~~Mcf~~MCF per day.
 - c. Industrial or Commercial Customers with gas usage over 50 ~~Mcf~~MCF per day.
 - d. All other Commercial Customers other than those listed below.
4. Apartments, hotels, motels, dormitories and residences.
5. Hospitals, nursing homes, institutions for the aged and infirm and institutions essential to the public welfare.

B. Curtailment Procedure

Curtailments within curtailment priorities 1, 2, and 3 will be implemented first on the basis of operational benefit to the system, and second on the basis of the level of Customers sales margins, storage or transportation charges. In this curtailment priority, the Company has the discretion to determine the order and extent of curtailment. Those Customers paying the lowest rates (i.e., contributing the smallest margins or net revenues) will be curtailed first and those paying the highest rates will be curtailed last. Curtailments within curtailment priorities 4 and 5 will be implemented on a pro-rata basis where operationally feasible. For Customers within a curtailment priority that are paying the same charge, curtailment will be on a non-discriminatory, pro-rata basis. In the event of complete curtailment, the Company will endeavor to provide the gas required for protection of physical plant.

RULES AND REGULATIONS

SECTION XVIII - CURTAILMENT POLICY - (Continued)

C. Curtailment of Customer-Owned Gas

Customers with confirmed Customer-owned supplies, delivered to the Company's city-gate, will not be curtailed unless the Company experiences: (1) a transmission or distribution system constraint at or downstream from the city-gate, or (2) a gas supply emergency that would result in a curtailment of high priority Customers (e.g. curtailment priority 4 or 5 Customers). Interruptible Transportation Service is subordinate to both Quasi-Firm and Firm Transportation Service. Quasi-Firm Transportation Service is subordinate to Firm Transportation Service. In the event that Customer-owned gas is diverted for higher priority Customers, the Company will reimburse the Customer for volumes used, paying a value-based price, tied to the Customer's alternative fuel. For Customers lacking an alternate fuel, reimbursement will be made at a price equivalent to No. 2 fuel oil.

D. Curtailment Enforcement

A Customer failing to comply with a curtailment notice may result in the services to that Customer being discontinued permanently. In addition, Customers will be subject to all applicable unauthorized overrun provisions that apply to the service classification(s). The Company reserves all rights to physically limit gas service should a Customer fail to comply with the Company's curtailment order.

E. Liability

The Company shall not be liable for any damages, loss of product, or other business losses suffered by Customers as a result of curtailed gas service, other than the compensation provided in Paragraph C above. The Company shall not be liable for curtailment as a result of any action by any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service, and regardless of any defect in such law, regulation, or order.

F. Conflicts with other Service Classifications and/or Service Agreements

Each of the gas rate classifications or Customer service agreements shall be deemed amended to the extent that they are or may be inconsistent or in conflict with the Company's Curtailment Priority. Transportation Customers are also subject to any provisions regarding operating limitations, special provisions or other transportation provisions contained in the Transportation Service Terms and Conditions or the applicable transportation service classification. Nothing contained in this policy shall prohibit the Company from managing and scheduling interruptions of service as the Company may deem necessary or appropriate.

G. Special Provision

Nothing herein shall prevent the Company from entering into an agreement with a Customer that provides for a non-pro rata curtailment priority lower than the Customer would otherwise receive.

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~Revision: ~~First~~Second

P.S.C. Del. No. 5 – Gas

—Revised: ~~August 28,~~~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION XIX - GENERAL COST ADJUSTMENT

A. General Cost Adjustment

This General Cost Adjustment is applicable to all Service Classifications of the Tariff under the conditions enumerated below.

1. Bills rendered under all Service Classifications of the Tariff shall be increased to offset any new or increased special taxes, licenses, franchise fees, rentals or assessments imposed by any governmental authority against the Company's property used in the production, transmission, distribution or sale of gas or its operations or production or sale of gas or the receipts or earnings therefrom.
2. Such special taxes as outlined above shall, on the basis of Customer's consumption, or billing, be apportioned pro-rata among Customers within the limits of any political entity which imposes any such special taxes, licenses, franchise fees, rentals or assessments, to offset such special levies and to relieve Customers outside of such political entity of the burden of payment for such special levies.
3. Any such cost adjustment shall continue in effect only for the duration of the specified levies, and shall not be instituted prior to approval by the Commission.
4. When Customers are required under the Rules and Regulations, Service Classifications, and Riders of this Tariff to provide a contribution in aid of construction, the amount of the contribution shall include an allowance for any taxes to which said contribution may be subjected.

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE

A. Gas Cost Rate Clause

The monthly rates contained in Service Classifications RG, GG, GL, MVG, and LVG shall include a gas cost rate each month to reflect total purchased gas costs. Total purchased gas costs will be separated into purchased gas commodity costs and upstream demand-related gas costs. Total gas cost recovery will occur as the result of the application of a purchased gas commodity cost recovery component and a demand-related cost recovery component to Customer billing determinants.

Total gas cost shall consist of:

- (1) The amounts charged to FERC Accounts 803, 804, and 804.1, which includes commodity purchases, transportation, demand, storage and capacity charges; plus
- (2) The amounts charged to FERC Account 808.1, which includes the cost of gas withdrawn from storage; less
- (3) The amounts credited to FERC Accounts 804.1 and 808.2, which includes the cost of gas delivered to storage; plus
- (4) The amounts charged to FERC Account 728, which includes liquid petroleum gas and unmixed propane gas; plus
- (5) All additional charges paid to the Company's suppliers for prior periods; plus
- (6) The costs paid to third parties as part of a gas price hedging program approved by the Commission, including payments to obtain an option, whether or not exercised, payments to obtain a price band or cap, swap transaction costs, and other similar costs, less revenues or payments received for the sale of an option, swap transaction revenues, or similar revenues or payments received; less
- (7) Revenues received for the Company's Balancing, Firm Storage, and Standby Services; less
- (8) All refunds received from the Company's suppliers for prior periods.

Gas Costs specifically exclude expenses associated with operation and maintenance of Company Owned Liquefied Natural Gas facilities.

The Determination Period concerning the Gas Cost Rate shall be the twelve (12) month period ended October 31 of each year. The Application Period shall be the twelve (12) month period beginning with the November billing month following the close of the Determination Period and continuing through the following October billing month.

In August of each year, the Company shall file with the Commission a statement of its annual estimated gas costs for the next Application Period calculated in accordance with this Clause, and the Commission shall set a new Commodity Cost Rate and a Demand Cost Rate for that year as provided in this Section

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~Revision: ~~Second~~Third

P.S.C. Del. No. 5 – Gas

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~~June 25, 2003~~December 7, 2012

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

B. Commodity Component

1. Monthly Commodity Cost Rate ("Monthly CCR")

The Monthly CCR shall apply to Customers served under Service Classification LVG and is an option for Customers served under Service Classification MVG. On or before August 1 of each year all MVG Customers must elect whether to be charged the annual or monthly commodity cost rate for each 12 month planning period beginning with November billing. No MVG Customer will be permitted to change its election once the application period has begun.

The Monthly CCR shall be determined each month as an estimate of the weighted average commodity cost of gas ("WACCOG"), adjusted for unaccounted-for gas. The estimate shall be based on expected volume requirements and supplier prices. The Monthly CCR shall be applied to all gas quantities used by Customers served under the Monthly CCR provision. There will be no true-up of the monthly WACCOG commodity pricing under this Monthly CCR mechanism unless the annual (July 1-June 30) net difference between the actual monthly WACCOG incurred and the monthly WACCOG price charged (both of which are multiplied by the applicable monthly volumes delivered to Monthly CCR Customers) exceeds the lesser of \$250,000 or 5% of the aggregated gas commodity costs assigned to Monthly GCR Customers. This determination will be filed annually in the GCR.

If this threshold is exceeded, a volumetric factor (either positive or negative) will be calculated by dividing the annual net differences attributed to Monthly GCR Customers by the projected sales for Monthly GCR Customers over the next GCR period. This factor would be applied to all Monthly CCR Customers for the upcoming GCR period in addition to the commodity price that would otherwise apply (the monthly WACCOG) until the amount to be trued up has been reached. At that point, the true-up factor will be eliminated. If the \$250,000 or 5% threshold described above is exceeded, the difference trued-up with respect to Monthly GCR Customers shall be excluded from the Annual Commodity Cost Rate calculation as described below.

2. Annual Commodity Cost Rate ("Annual CCR")

All Customers in Service Classifications RG, GG and GL, and all MVG customers not electing the Monthly CCR will be subject to the "Annual Commodity Cost Rate", to be billed on a volumetric basis. The development of the Annual CCR is based on the cost components defined below, divided by sales to the appropriate Customer classes.

The Annual commodity gas cost shall consist of all costs not recovered by the Demand Gas Cost component, including but not limited to:

- (1) The total commodity portion of the gas costs listed in Paragraph A; less
- (2) The commodity cost of gas, adjusted for losses and unaccounted - for gas, for LVG and MVG Customers served under the Monthly CCR and any such amount resulting from a reconciliation of actual commodity expenses to estimates; less
- (3) Streamed gas supplies; less

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

- (4) The commodity cost of gas, adjusted for unaccounted - for gas, for Delmarva's electric generation and any such amount resulting from a reconciliation of actual commodity expenses to estimates; less
- (5) The commodity cost of gas, valued at the system WACCOG and adjusted for unaccounted-for gas, provided to the non-firm Customers served under the Flexibly Priced Gas Sales Service; less
- (6) A credit for company use gas, valued at the system WACCOG adjusted for unaccounted-for gas; plus
- (7) An adjustment for under-collections or over-collections of commodity gas costs as provided for in this Section; plus
- (8) Interest on under-collections or over-collections of commodity gas costs as provided for in this Section.

The Annual CCR shall be calculated by dividing the above commodity cost by the projected sales to all Customers served under the Annual CCR.

C. Demand Cost Rate ("DCR")

The demand gas cost recovery component will be recovered from all firm gas sales customers and is derived as follows:

$$\text{Total Demand Component} = \text{FC} - \text{ADR} - \text{FPS} - \text{ISS} - \text{CROS} - \text{IT} - \text{ONF} + \text{PP} - \text{SA}$$

Where: FC = Total fixed gas supply costs

ADR = 100% of contributions from electric generation toward fixed costs

FPS = 80% of the margins from "Flexibly Priced Service" gas sales

ISS = 80% of the margins from interruptible storage services *

CROS = 100% of the first \$3.0 Million in margins attributable to combined capacity release transactions and off system sales, with margins in excess of \$3.0 Million credited 80% to the GCR

IT = 80% of the margins from interruptible transportation services *

ONF = 80% of the margins of other non-firm services not otherwise classified and provided under contracts executed on or after April 1, 1996 *

PP = Prior period over or under-recovery of the demand component, including Interest

SA = 100% of an amount equal to \$0.15 per ~~Mcf~~MCF multiplied by the annual average throughput for a customer who is a firm sales service customer of Delmarva and who switches to delivery service and begins receiving gas supply from a ~~Delmarva~~ affiliateThird Party

~~* Excludes non-gas revenues from Customers that were firm Customers as of March 31, 1996, until the effective date of the next base rate case.~~

Other Definitions:

Design Day Load is as projected by the Company, subject to modification by the Commission. Total Contract MDQ will be used for the MVG and LVG classes.

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~Revision: ~~First~~Second

P.S.C. Del. No. 5 – Gas

Revised: ~~August 28,~~~~1998~~December 7, 2012

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

Annual upstream demand-related costs ("Upstream Demand Cost") = 365 or 366 day upstream pipeline capacity and supply related charges divided by the related daily capacity entitlement.

Average Day Load = Forecasted annual sales divided by 365 or 366.

Excess Day Load = Design Day Load minus Average Day Load.

The demand cost rate consists of two components: the annual demand-related costs and the excess demand-related costs. The annual portion of the demand rate is derived by the allocation of the Annual Upstream Demand-related cost on the basis of the Average Daily Load of the respective class. This total is then subtracted from the Total Demand Component. The remaining demand costs are allocated to each firm customer class based upon the relationship of the respective class excess load to total excess load.

A single demand cost rate for the MVG and LVG classes is calculated by dividing the sum of the total demand costs allocated to these two classes using the above methods by the sum of the Contract MDQ for these two classes. This is then divided by 12 to arrive at a single monthly demand cost rate.

The demand component to be recovered from firm sales customers other than MVG and LVG is the difference between the Total Demand Component and the amount projected to be collected through application of the monthly demand cost rate to the MVG and LVG classes. The DCR is this difference divided by the projected annual firm sales to the RG, GG and GL classes as well as the inter-departmental sales. The DCR is added to the Annual CCR to arrive at a single, volumetric rate which is applied to all gas quantities used by Customers in the RG, GG and GL service classifications.

~~For the Gas Cost Period ending October 31, 1996, the demand cost rate for all MVG and LVG Customers shall be \$8.45 per Mcf of Billing MDQ. The demand component of all other Customers will be the remainder of all demand costs not projected to be collected from the MVG and LVG Customers, divided by the projected annual sales to these classes.~~

The DCR shall be in effect and apply to billings during each month of the Application Period. Any over or under-recovery of the upstream demand-related costs shall be incorporated into the development of the demand component of the Annual Gas Cost Rate in the subsequent period, including interest on those over or under-collections as provided for in paragraph D below.

D. Interim Gas Cost Rate Changes

The GCR as so determined shall be in effect and apply to billings during each month of the Application Period unless the GCR is changed as hereinafter provided:

Order No.

Filed: ~~August 28, 1998~~December 7, 2012

Docket No.

- Effective Date: ~~September 28, 1998~~February 5, 2013Proposed

Delmarva Power & Light Company ~~d/b/a-Connectiv Power Delivery~~Revision: ~~Third~~Fourth

P.S.C. Del. No. 5 – Gas

~~-Revised: January 18,~~~~2002~~December 7, 2012

RULES AND REGULATIONS

SECTION XX - GAS COST RATE CLAUSE - (Continued)

If it appears at any time during the Application Period that the use of the GCR then in effect for the remainder of that period will result in a net under-collection of the Company's gas cost by more than 6% of the latest estimate of the Application Period's gas cost calculated using the actual gas costs incurred to date and the Company's latest estimate of the gas costs and firm sales for the remainder of the Application Period, or a net over-collection of such gas costs by more than 4-1/2% of such estimate, the Company shall apply to the Commission for a change in the GCR and the Commission shall fix a new GCR for the balance of the Application Period which will correct for over- or under-recoveries by amortizing them over a twelve-month period instead of zeroing them out by the end of the current Application Period.

In the case of a projected over-collection of firm gas costs by more than 4-1/2% of the latest estimate of firm gas costs, the Company may apply to the Commission for approval of alternative treatments of such over-collections, including bill credits, in conjunction with or as an alternative to reducing the GCR and amortizing the projected over-collection over a future period.

An adjustment for over or under-collection of purchased gas costs under the CCR and the DCR, and the calculation of interest thereon, will be included in the GCR factors. This adjustment shall be determined as follows:

- (1) By calculating for the Determination Period the commodity cost component as recorded on the Company's books and as estimated by the Company for the remainder of the period, and subtracting therefrom an amount equal to the gas commodity revenues received from all customers gas sales;
- (2) By calculating for the Determination Period the total demand cost component as recorded on the Company's books of purchased gas costs allocable to the DCR and as estimated by the Company for the remainder of the period and subtracting therefrom an amount equal to the gas demand revenues received from all customers.
- (3) Interest will be calculated on the total average deferred gas cost balance. Over-recoveries up to 4 1/2% of the applicable GCR costs shall accrue monthly interest at the applicable refund rate issued by the Federal Energy Regulatory Commission. Over-recoveries in excess of 4 1/2% of the applicable costs shall accrue monthly interest at the applicable refund rate issued by the Federal Energy Regulatory Commission plus 200 basis points. Under-recoveries shall accrue monthly interest at the applicable refund rate issued by the Federal Energy Regulatory Commission.

Order No. ~~5061~~

Filed: January 18, 2002

Filed: December 7, 2012

Docket No. ~~98-376F~~Effective Date: ~~March 1, 1999~~February 5, 2013Proposed

**RATES AND CHARGES
CORE SALES RATE LEAF**

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Residential Gas Sales Service (“RG”)</u>		
Customer Charge	\$1013.40	per month
Commodity Delivery Charge	\$0.4580251149	per CCF
Space Heating Commodity Delivery Charge 1/		
Over 50 CCF	\$0.3675441045	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>General Gas Sales Service (“GG”)</u>		
Customer Charge	\$39.29.71	per month
Commodity Delivery Charge		
First 750 CCF	\$0.3804943378	per CCF
Over 750 CCF	\$0.2842132400	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>Gas Lighting Sales Service (“GL”)</u>		
(Estimated Usage - 15 CCF per month)		
Monthly Charge	\$ 6.447.54	per gas light
Gas Cost Rate (GCR)	\$10.35	per gas light
<u>Medium Volume Gas Sales Service (“MVG”)</u>		
Customer Charge	\$456.12656.82	per month
Demand Charge	\$ 14.5716.255	per MCF of Billing MDQ
Commodity Delivery Charge 2/	\$0.4675749234	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	\$5.1051	per MCF
<u>Large Volume Gas Sales Service (“LVG”)</u>		
Customer Charge	\$690.36-1,163.58	per month
Demand Charge	\$8.9711.228	per MCF of Billing MDQ
Commodity Delivery Charge 2/	\$0.11248140789	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	Varies	per MCF

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating ~~commodity delivery~~ rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and “Electing” MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas (“System WACCOG”). “Non-Electing” MVG Customers pay the annual GCR Commodity Charge listed here.

Order Nos. ~~8217 & 8218~~

Filed: ~~October 22~~December 7, 2012

Docket Nos. ~~12-419F & 12-420~~

Effective with Usage On and After ~~November 1, 2012~~February 5, 2013

~~Filed in Compliance with Order No. 8217 in Docket No. 12-419F and with Order No. 8218 in Docket No. 12-420~~

Proposed

~~First~~Second

P.S.C. Del. No. 5 -- Gas

Revised: ~~October 22~~December 7, 2012RATES AND CHARGES
CORE SALES RATE LEAFSERVICE CLASSIFICATIONBASE RATEBASISLarge Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Production ("LVG-QFCP-RC")Customer Charge \$~~3,166.67~~1,238.58 per month~~Demand Charge~~ \$ 6.97591 per MCF of Billing MDQ

Capital Recovery Charge Varies per Customer's Executed Service Agreement

Environmental Surcharge Rider \$0.00211 per MCF

Gas Cost Rate (GCR) Commodity Charge 1/ Varies per MCF

Public Utilities Tax: 4.25% applies to all non-residential services, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.City of Wilmington Local Franchise Tax: 2% charged on all non-exempt services, in the City of Wilmington.Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

- 1/ All LVG-QFCP-RC customers pay a Commodity Charge Rate based upon the Gas Daily Average (GDA) for Transco Zone 6 Non-New York price plus any premiums incurred by Delmarva to provide this service.

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>General Volume Firm Transportation</u>		
<u>Service ("GVFT")</u>		
Customer Charge	\$328.88 <u>114.29</u>	per month
Delivery Charge		
First 750 CCF	\$0.38 <u>0.49</u> <u>43378</u>	per CCF Redelivered
Over 750 CCF	\$0.28 <u>42</u> <u>132400</u>	per CCF Redelivered
Balancing Fee Non-Base Rate	\$0.03348	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00021	per CCF
<u>Medium Volume Firm Transportation</u>		
<u>Service ("MVFT")</u>		
Customer Charge	\$755.30 <u>731.82</u>	per month
Demand Charge	\$ 14.57 <u>16.255</u>	per MCF of Billing MDQ
Delivery Charge	\$ 0.46 <u>75749234</u>	per MCF Redelivered
Balancing Fee Non-Base Rate	\$ 0.3348	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00211	per MCF
<u>Large Volume Firm Transportation</u>		
<u>Service ("LVFT")</u>		
Customer Charge	\$989.53 <u>1,238.58</u>	per month
Demand Charge	\$ 8.97 <u>11.228</u>	per MCF of Billing MDQ
Delivery Charge	\$ 0.11 <u>248140789</u>	per MCF Redelivered
Balancing Fee Non-Base Rate	\$ 0.3348	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00211	per MCF
<u>Standby Service ("SBS")</u>		
Demand Charge Non-Base Rate	\$11.6589	per MCF of Standby MDQ
Commodity Charge		Monthly System WACCOG per MCF (adjusted for losses and unaccounted for)

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

Delmarva Power & Light Company
P.S.C. Del. No. 5 - Gas

Revision: Twenty-~~fifth~~^{sixth}
Revised: ~~October 22~~December 7, 2012

RATES AND CHARGES
NON-CORE RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>MIN RATE</u>	<u>MAX RATE</u>	<u>NON-BASE RATE</u>	<u>BASIS</u>
<u>Flexibly Priced Gas Service ("FPS")</u>					
Commodity Charge 1/ No Notice Swing Charge	\$ 0.15000	Varies	N/A		per MCF per MCF Redelivered
<u>Medium Volume Interruptible Transportation Service ("MVIT")</u>					
Customer Charge	\$590.00 731.82				per month
Delivery Charge (2)					
Option 1	\$ 1.30000				per MCF Redelivered
Option 2		\$0.01	\$3.27		per MCF Redelivered
Option 3	Negotiable				per MCF Redelivered
Balancing Fee				\$0.3348	per MCF of Imbalance Volumes
<u>Large Volume Interruptible Transportation Service ("LVIT")</u>					
Customer Charge	\$775.00 1,238.58				per month
Delivery Charge (2)					
Option 1					
First 5,000 MCF	\$ 1.30000				per MCF Redelivered
Over 5,000 MCF	\$ 0.36000				per MCF Redelivered
Option 2		\$0.01	\$1.00		per MCF Redelivered
Option 3	Negotiable				per MCF Redelivered
Balancing Fee				\$0.3348	per MCF of Imbalance Volumes
<u>Quasi-Firm Transportation Service ("QFT")</u>					
Customer Charge	Negotiable				per Month
Demand Charge	Negotiable				per MCF of MDQ
Delivery Charge (2)	Negotiable				per MCF Redelivered
Balancing Fee				\$0.3348	per MCF of Imbalance Volumes
<u>Public Utilities Tax</u>					
	4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.				
<u>City of Wilmington</u>					
<u>Local Franchise Tax</u>				2.00%	Charged on all non-exempt services, in the City of Wilmington, including the GCR

Utility Facility Relocation Charge For applicability refer to Rider UFRC on Leaf No. 81

1/ Minimum Rate is the monthly system WACCOG plus losses and unaccounted-for, unless gas is acquired specifically for, plus \$0.01 per ~~Mcf~~MCF.

2/ Minimum and maximum rates do not include the applicable \$0.00000/~~Mcf~~MCF charge on QFT, MVIT and LVIT.

Order No. 8217

Filed: ~~October 22~~December 7, 2012

Docket No. ~~12-419F~~_____

Effective with Usage On and After ~~November 1, 2012~~February 5, 2013

Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~Second~~ Third

P.S.C. Del. No. 5 – Gas

Revised: September 25,2003 December 7, 2012

SERVICE CLASSIFICATION "RG"

RESIDENTIAL GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer for household and other related uses in a single private dwelling or dwelling unit or estate and pertinent detached buildings.

B. Rates and Charges:

The rates and charges under this classification are shown on Tariff Leaf No. 37.

C. Space Heating Service

Gas used by Customers with permanently installed gas-fired space heating equipment which is the primary heating source for the space in which it is installed shall qualify for the space heating commodity charge for all gas used in excess of 50 CCF for the billing months of October through May, inclusive.

D. Gas Cost Rate Clause

All gas billed under this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

E. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge.

F. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

G. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

Order No. 6266
Docket No. 03-377T

Filed: September 25, 2003 December 7, 2012
Effective: October 1, 2003 Date: February 5, 2013

Filed in Compliance with Commission Order No. 6266
Proposed

Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~Second~~ Third

P.S.C. Del. No. 5 – Gas

Revised: ~~August 28,~~~~1998~~ December 7, 2012

SERVICE CLASSIFICATION "GG"

GENERAL GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer for non-residential gas use with a Monthly Use of less than 20,000 CCF and a Maximum Daily Quantity of less than 5,000 CCF. Any Customer whose monthly use equals or exceeds 20,000 CCF and/or whose Maximum Daily Quantity equals or exceeds 5,000 CCF in any three consecutive billing months may be transferred to Service Classification "MVG" or "LVG", as applicable.

B. Transition Charge

A transition charge shall be assessed upon any Customer that switches to any transportation service on less than twelve (12) months advance written notice. This charge is intended to provide compensation for any and all costs deemed to have been incurred to supply firm sales services to the Customer in accordance with procedures approved by the Commission.

In addition, concerning any Customer subject to the Annual GCR Commodity Charge that switches to any transportation or non-firm service at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

C. Rates and Charges:

The rates and charges under this classification are shown on Tariff Leaf No. 37.

D. Gas Cost Rate Clause

All gas billed under this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

E. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge.

Order No. _____ Filed: ~~August 28, 1998~~ December 7, 2012
Docket No. _____ Effective Date: ~~September 28, 1998~~ February 5, 2013

Proposed

Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~Revision: ~~Fourth~~Fifth

P.S.C. Del. No. 5 – Gas

Revised: ~~September 25,~~~~2003~~December 7, 2012

SERVICE CLASSIFICATION "GG"

GENERAL GAS SALES SERVICE

F. Maximum Daily Quantity (MDQ)

The MDQ shall be the greatest amount of gas delivered to the Customer during any day (10:00 a.m. to 10:00 a.m., E.S.T. and E.D.S.T.) of the current billing month.

If the Customer's present metering equipment does not include recording device metering, the Customer's MDQ may be determined, at the Company's option, by measurement, by assessment after test, or by estimation. When a Customer's MDQ is estimated, it shall be the MDQ resulting from dividing the total MCF of gas used during the billing month by the number of days in that billing month and then multiplying that result by 1.5.

G. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of Service under this Service Classification.

I. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

Order No. ~~6266~~Docket No. ~~03-377T~~Filed: ~~September 25, 2003~~December 7, 2012
Effective: ~~October 1, 2003~~ Date: February 5, 2013

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~Revision: ~~Second~~Third

P.S.C. Del. No. 5 – Gas

Revised: ~~September 25,~~~~2003~~December 7, 2012

SERVICE CLASSIFICATION "GL"

GAS LIGHTING SALES SERVICE

A. Availability

This firm sales service is applicable to unmetered residential outdoor gas lights that were installed and receiving service prior to November 9, 1978.

This rate is not available for service to new gas lights ~~or to~~. Disconnected lights may not be reconnected lights.

B. Rates and Charges

The rates and charges under this classification are shown on Tariff Leaf No. 37.

C. Gas Cost Rate Clause

All gas billed under this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations. The Gas Cost Rate shall be the GCR multiplied by 15 ~~ee~~CCF, which represents the estimated monthly usage of one gas light.

D. Minimum Monthly Bill

The minimum monthly bill shall be the number of gas lights multiplied by the sum of the base rate and the GCR.

E. Lighting Devices

The Customer shall install, own and maintain the lighting devices.

F. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all service, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

G. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

H. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

Order No. ~~6266~~Filed: ~~September 25, 2003~~December 7, 2012Docket No. ~~03-377T~~Effective: ~~October 1, 2003~~ Date: February 5, 2013

Filed in Compliance with Commission Order No. 6266

Proposed

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer with a Monthly Use of at least 2,000 MCF and a Contract Maximum Daily Quantity of less than 500 MCF. Any Customer whose Billing Maximum Daily Quantity is equal to or exceeds 500 MCF in any three consecutive billing months may be transferred to Service Classification "LVG". Any Customer served under this Service Classification shall remain on this classification for at least 12 billing months, unless the Customer chooses to switch to a transportation service. After such 12 billing months as an "MVG" Customer, at the Company's option, the Customer may be transferred to the appropriate core sales Service Classification. Availability of this rate to Customers taking service under a non-core or transportation Service Classification shall be subject to availability of the Company's gas supply and adequate gas transmission and distribution system capabilities. This rate is not available for gas used in electric generation facilities exceeding 1 megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Contract Term

~~Service for an MVG Customer as of April 1, 1996 shall be provided under an executed contract with a minimum initial term of three (3) years. Beginning January 1, 1997, the minimum initial contract term will be two (2) years and as of January 1, 1998, the~~ The minimum initial contract term is one (1) year. The contract shall be automatically extended for one year on each anniversary date of the executed contract unless the Company or the Customer gives one year's advance written notice of termination. This notice provision may be reduced or eliminated if the Customer agrees to pay the Company a Transition Charge as described below.

If the Customer fails or refuses to execute a contract, the Company may, at its option, refuse to continue providing service or elect to continue service with the Customer deemed to be taking service under a one (1) year contract.

C. Transition Charge

A transition charge shall be assessed upon any Customer that switches to any transportation service on less than twelve (12) months advance written notice, or that switches to a monthly Commodity Gas Cost Rate. This charge is intended to provide compensation for any and all costs deemed to have been incurred to supply firm sales services to the Customer in accordance with procedures approved by the Commission.

In addition, concerning any Customer subject to the Annual GCR Commodity Charge that switches to any transportation or non-firm service, or to a monthly Commodity Gas Cost Rate at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

Order No. ~~6327~~Filed: December ~~9, 2003~~^{7, 2012}Docket No. ~~03-127~~Effective ~~with Usage on or after December 10, 2003~~ Date: February 5, 2013

Filed in compliance with Order No. 6327 in Docket No. 03-127

Proposed

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

D. Rate and Charges

The rates and charges under this classification are shown on Tariff Leaf No. 37.

E. Gas Cost Rate Clause

All gas billed under the Commodity Charge of this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

F. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge plus the Billing MDQ multiplied by the sum of the MVG Base Rate Demand Charge and the Gas Demand Rate.

G. Maximum Daily Quantity

The Maximum Daily Quantity ("MDQ") shall be the greatest amount of gas delivered to the Customer during any day (10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.) of the current billing month.

H. Contract Maximum Daily Quantity

The Customer's Contract Maximum Daily Quantity ("Contract MDQ") shall be ~~set initially at the Customer's MDQ in effect as of April 1, 2003.~~specified in Customer's Contract. Contract MDQ's shall be subsequently adjusted according to the following criteria, unless specified otherwise in the Customer's contract with the Company: 1. Written requests for an increase in Contract MDQ to serve additions to firm load will be evaluated by the Company against available delivery system firm capacity. 2. If Customer billing demand exceeds the existing Contract MDQ and sufficient firm capacity is available, the Company may increase Contract MDQ to the highest recorded MDQ since the most recent date that the Customer's MDQ was reset, effective with the billing month in which the change is made by the Company. No prior written notice is required. If insufficient capacity is available, the Company will determine if any increase in Contract MDQ is appropriate. 3. The Company will consider written requests to reduce Contract MDQ based upon evidence of a permanent change in the Customer's process or facility loads which, in the sole judgement of the Company, indicate a material reduction in demand likely to continue for three years after considering an extrapolation of the Customer's recorded load and growth history to the Company's design weather conditions.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

Any reduction made in Contract MDQ will be determined by the Company and agreed to in writing. Reductions, if any, will be effective in November of the heating season following satisfaction of the above conditions. Once Contract MDQ is reduced, any subsequent instances in which the Customer exceeds Contract MDQ or any request for an increase in Contract MDQ will not automatically result in an allocation of additional capacity. No firm capacity will be offered unless it is available, and if Contract MDQ is not increased the Customer will be liable for all penalties that may be associated with exceeding Contract MDQ.

The Company will have no obligation to provide an increase to Contract MDQ if, in the Company's sole judgment, the system-wide firm capacity projected to be available to the Company during the following three heating seasons is inadequate to support both such higher Contract MDQ and to supply the requirements of all existing customers and expected growth in requirements from existing and new residential and other high-priority customers.

I. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") shall be the higher of the Customer's actual MDQ in the current billing month or the Customer's Contract MDQ.

J. Metering

Metering shall include a recording device, which shall be furnished and installed by the Company. The Customer shall furnish an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company. Separate metering may be required, at the Customer's expense, where necessary to determine the quantities of gas being delivered under this rate class.

In the interim period until the Customer's present metering equipment is converted to recording device metering, the Customer's MDQ under Section G of this Service Classification may be determined, at the Company's option, by measurement, by assessment after test, or by estimation. When a Customer's MDQ is estimated, it shall be the MDQ resulting from dividing the total MCF of gas used during the billing month by the number of days in that billing month and then multiplying that result by 1.5.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

K. Unauthorized Overrun

Any quantity of gas taken for this service on any day of the month in excess of 110% of the Contract MDQ shall constitute unauthorized overrun volumes for such day. For all such unauthorized overrun volumes, a charge of ~~twenty~~thirty dollars (\$~~2050.00~~3560.00) per ~~Mef~~MCF will be applied, in addition to other charges specified in this Service Classification. For all such unauthorized overrun volumes used after notification of curtailment, Operational Flow Order ("OFO") or discontinuance of service, a charge of ~~thirty~~thirty-five dollars (\$~~3560.00~~560.00) per ~~Mef~~MCF will be applied, in addition to the other charges specified in this Service Classification. For any unauthorized overrun, the penalty shall not exceed ~~thirty~~thirty-five dollars (\$~~3560.00~~560.00) per ~~Mef~~MCF. If an OFO has been issued by the Company, the maximum quantity of gas taken by the Customer shall generally be limited to 105% of the Contract MDQ. The Company may waive unauthorized overrun charges on a nondiscriminatory basis should circumstances so warrant.

L. Authorized Overrun

If during any day, upon advance authorization from the Company, the Customer uses in excess of 110% of the Contract MDQ, such usage shall be billed under this Service Classification.

M. Exit Fee

All Customers must provide at least one (1) year's written notice when discontinuing gas service. If a Customer fails to provide any notice, the Company shall charge an Exit Fee to the Customer which equals the sum of one (1) year's Customer charges plus the sum of the current Base and Gas Demand Charges times the Contract MDQ times twelve (12) months. If a Customer provides some notice, but less than the required amount, the Exit Fee shall be prorated based on the number of months of notice divided by 12.

N. Commodity Gas Cost Rate

All gas billed under this Service Classification shall be subject to the annual Gas Cost Rate and the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations. However, all Customers in this Service Classification have the option to elect a monthly Commodity Gas Cost Rate as described in Section XX – Gas Cost Rate Clause. For customers who elect the monthly Commodity Gas Cost Rate at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

O. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "MVG"

MEDIUM VOLUME GAS SALES SERVICE - (Continued)

P. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

Q. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "LVG"
LARGE VOLUME GAS SALES SERVICE

A. Availability

This firm sales service is available to any Customer with a Contract Maximum Daily Quantity of 500 MCF or greater. Any Customer served under this Service Classification shall remain on this classification for at least 12 billing months, unless the Customer chooses to switch to a transportation service. After such 12 billing months as an "LVG" Customer, at the Company's option, the Customer may be transferred to the appropriate core sales Service Classification. Availability of this rate to Customers taking service under a non-core or transportation Service Classification shall be subject to availability of the Company's gas supply and adequate gas transmission and distribution system capabilities. This rate is not available for gas used in electric generation facilities exceeding 1 megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Contract Term

~~Service for an LVG Customer as of April 1, 1996 shall be provided under an executed contract with a minimum initial term of three (3) years. Beginning January 1, 1997, the minimum initial contract term will be two (2) years and as of January 1, 1998, the~~The minimum initial contract term is one (1) year. The contract shall be automatically extended for one year on each anniversary date of the executed contract unless the Company or the Customer gives one year's advance written notice of termination. This notice provision may be reduced or eliminated if the Customer agrees to pay the Company a Transition Charge as described below.

If the Customer fails or refuses to execute a contract, the Company may, at its option, refuse to continue providing service or elect to continue service with the Customer deemed to be taking service under a one (1) year contract.

C. Transition Charge

A transition charge shall be assessed upon any Customer that switches to any transportation service on less than twelve (12) months advance written notice. This charge is intended to provide compensation for any and all costs deemed to have been incurred to supply firm sales services to the Customer in accordance with procedures approved by the Commission.

D. Rate and Charges

The rates and charges under this classification are shown on Tariff Leaf No. 37.

SERVICE CLASSIFICATION "LVG"

LARGE VOLUME GAS SALES SERVICE - (Continued)

E. Gas Cost Rate Clause

All gas billed under the Commodity Charge of this rate shall be subject to the Gas Cost Rate Clause as provided in Section XX of the Rules and Regulations.

F. Minimum Monthly Bill

The Minimum Monthly Bill rendered under this rate shall be the Customer Charge plus the Billing MDQ multiplied by the sum of the LVG Base Rate Demand Charge and the Gas Demand Rate.

G. Maximum Daily Quantity

The Maximum Daily Quantity ("MDQ") shall be the greatest amount of gas delivered to the Customer during any day (10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.) of the current billing month.

H. Contract Maximum Daily Quantity

The Customer's Contract Maximum Daily Quantity ("Contract MDQ") shall be ~~set initially at the Customer's MDQ in effect as of April 1, 2003.~~specified in the Customer's Contract. Contract MDQ's shall be subsequently adjusted according to the following criteria, unless specified otherwise in the Customer's contract with the -Company: 1. Written requests for an increase in Contract MDQ to serve additions to firm load will be evaluated by the Company against available delivery system firm capacity. 2. If Customer billing demand exceeds the existing Contract MDQ and sufficient firm capacity is available, the Company may increase Contract MDQ to the highest recorded MDQ since the most recent date that the Customer's MDQ was reset, effective with the billing month in which the change is made by the Company. No prior written notice is required. If insufficient capacity is available, the Company will determine if any increase in Contract MDQ is appropriate. 3. The Company will consider written requests to reduce Contract MDQ based upon evidence of a permanent change in the Customer's process or facility loads which, in the sole judgement of the Company, indicate a material reduction in demand likely to continue for three years after considering an extrapolation of the Customer's recorded load and growth history to the Company's design weather conditions.

Any reduction made in Contract MDQ will be determined by the Company and agreed to in writing. Reductions, if any, will be effective in November of the heating season following satisfaction of the above conditions. Once Contract MDQ is reduced, any subsequent instances in which the Customer exceeds Contract MDQ or any request for an increase in Contract MDQ will not automatically result in an allocation of additional capacity. No firm capacity will be offered unless it is available, and if Contract MDQ is not increased the Customer will be liable for all penalties that may be associated with exceeding Contract MDQ.

SERVICE CLASSIFICATION "LVG"

LARGE VOLUME GAS SALES SERVICE - (Continued)

The Company will have no obligation to provide an increase to Contract MDQ if, in the Company's sole judgment, the system-wide firm capacity projected to be available to the Company during the following three heating seasons is inadequate to support both such higher Contract MDQ and to supply the requirements of all existing customers and expected growth in requirements from existing and new residential and other high-priority customers.

I. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") shall be the higher of the Customer's actual MDQ in the current billing month and the Customer's Contract MDQ.

J. Metering

Metering shall include a recording device, which shall be furnished and installed by the Company. The Customer shall furnish an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company.

SERVICE CLASSIFICATION "LVG"

LARGE VOLUME GAS SALES SERVICE - (Continued)

K. Unauthorized Overrun

Any quantity of gas taken for this service on any day of the month in excess of 110% of the Contract MDQ shall constitute unauthorized overrun volumes for such day. For all such unauthorized overrun volumes, a charge of ~~twentyfifty~~ dollars (~~\$2050.00~~) per ~~Mcf~~MCF will be applied, in addition to other charges specified in this Service Classification. For all such unauthorized overrun volumes used after notification of curtailment, Operational Flow Order ("OFO") or discontinuance of service, a charge of ~~thirty-fivesixty~~ dollars (~~\$3560.00~~) per ~~Mcf~~MCF will be applied, in addition to the other charges specified in this Service Classification. For any unauthorized overrun, the penalty shall not exceed ~~thirty-fivesixty~~ dollars (~~\$3560.00~~) per MCF. If an OFO has been issued by the Company, the maximum quantity of gas taken by the Customer shall generally be limited to 105% of the Contract MDQ. The Company may waive unauthorized overrun charges on a nondiscriminatory basis should circumstances so warrant.

L. Authorized Overrun

If during any day, upon advance authorization from the Company, the Customer uses in excess of 110% of the Contract MDQ, such usage shall be billed under this Service Classification.

M. Exit Fee

All Customers must provide at least one (1) year's written notice when discontinuing gas service. If a Customer fails to provide any notice, the Company shall charge an Exit Fee to the Customer which equals the sum of one (1) year's Customer charges plus the sum of the current Base and Gas Demand Charges times the Contract MDQ times twelve (12) months. If a Customer provides some notice, but less than the required amount, the Exit Fee shall be prorated based on the number of months of notice divided by 12.

N. Commodity Gas Cost Rate

All Customers in this Service Classification are subject to the monthly Commodity Cost Rate as described in Section XX - Gas Cost Rate Clause.

O. Public Utilities Tax

In addition to the charges provided for in this Service Classification, the Delaware State Public Utilities Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

P. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

Q. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

"PM" RIDER

PEAK MANAGEMENT RIDER

A. Availability

This Rider shall be available to any Customer taking service under Service Classifications MVG or LVG that has a Contract MDQ of 100 ~~Mcf~~MCF or more and who agrees to reduce its daily load to a level at least 100 ~~Mcf~~MCF below its Contract MDQ upon the request of the Company as set forth herein. This reduction would be for a maximum of ten (10) days. The Company reserves the right to limit the total manageable demand available under this Rider on the Company's gas system. Availability of this Rider is subject to the economic and technical feasibility of the installation of required Company equipment. The Company shall determine how much, if any, peak management control it will contract for in any period.

B. Peak Management Contract and Term

The Customer shall execute a contract for service provided under this Rider, with an initial term of two years. On each annual anniversary date of the executed contract, the contract term shall be extended automatically for a year, unless 18 months written notice of termination is given by either party.

C. Guaranteed Load Reduction

Customer shall contract for a Guaranteed Load Reduction by specifying a minimum daily load reduction of at least 100 ~~Mcf~~MCF. This is the amount by which the Customer agrees to reduce daily quantities below that Customer's Contract Maximum Daily Quantity ("Contract MDQ"). The Customer shall stand ready to reduce daily takes by at least this amount for up to ten (10) days during the months of December through February. This reduction shall occur whenever the Company declares a Peak Management Period as described below.

D. Peak Management Bill Credit

During the months of December through February, the Customer's monthly bill shall include a "Peak Management Credit" based upon the level of the Customer's Peak Management Guaranteed Load Reduction. The Peak Management credit will be the applicable GCR demand charge times the amount of the Guaranteed Load Reduction and shall be credited in each of these three months, whether or not the Customer is called upon to reduce load.

Credits to be paid to the Customer under this Rider shall be applied, before applicable taxes, as part of the Customer's regular monthly bill.

"PM" RIDER

PEAK MANAGEMENT RIDER - (Continued)

E. Peak Management Compliance

The Company shall provide a minimum of four hours notice prior to initiating a Peak Management Period, unless determined otherwise in the Customer's contract. The maximum recorded demand of the Customer must be reduced to a level at or below the Customer's Contract MDQ less the Guaranteed Load Reduction by the beginning of the Peak Management Period. The Customer's demand must be maintained at or below this level until the end of the Peak Management Period. The Company is solely responsible for determining the need for initiating a Peak Management Period.

F. Penalty for Non-Compliance

If the Customer fails to effect the Guaranteed Load Reduction when requested by the Company, the Customer shall be subject to a penalty as follows: there will be no credit applied to Customer's regular monthly bill and each ~~Me~~MCF in excess of the Contract MDQ less the Guaranteed Load Reduction during each Peak Management Period(s) shall be billed at an unauthorized overrun rate as specified in the otherwise applicable Service Classification. In addition, the Company may immediately discontinue offering this Peak Management Rider to any Customer that fails to comply with the Company's request to reduce load more than one time during the period of the contract.

G. Company Equipment

The Customer will allow the Company to install, own and maintain the equipment required for the purpose of administering this Rider. Such equipment shall be installed by the Company at no direct cost to the Customer.

~~Second~~Third

P.S.C. Del. No. 5 – Gas

Revised: ~~December 9, 2003~~7,2012

TRANSPORTATION SERVICE

TERMS AND CONDITIONS

A. Applicability

These general terms and conditions are applicable to all gas transportation Customers being served under any of the Company's transportation Service Classifications as well as all Customers being served under the Company's storage services.

B. Transportation to the Company's Gas Distribution System

The Customer is responsible for making all arrangements necessary for delivering gas to the Company's interconnection with the delivering pipeline supplier. To be eligible for transportation service, Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas distribution system. Further, delivery must be made at an acceptable point of connection and in compliance with the delivering pipeline's measurement, pressure and quality provisions. If requested, gas transportation Customers may, as a condition of service, be required to provide adequate documentation as to holding clear and marketable title to gas or compliance with a delivering pipeline's conditions of service.

C. Contract Requirements

The Customer shall execute a Service Agreement with the Company which shall specify, among other things, the Maximum Daily quantities of gas to be transported. The minimum contract term for all transportation services shall be for one (1) year, except for Quasi-Firm Transportation Service, which shall have a minimum contract term negotiated between the Company and the Customer.

D. Provisions For Customers Using Agents

For a Customer utilizing an Agent (e.g. gas marketer, broker or producer) as the supplier of gas to the Company's gas distribution system, the Customer must notify the Company in writing of the Agent(s) to be used for any month and what responsibilities have been delegated to the Agent on behalf of the Customer. Once notified, the Company will rely upon information provided by Customer's Agent as to deliveries, nominations, scheduling and any other duties so assigned. Further, any notices provided by the Company to Customer's Agent shall be deemed to have been provided to the Customer and the Company shall be held harmless from any actions taken by the Agent in regard to the information that was provided. All Agents must comply with the terms and conditions of the Company's tariffs and operating procedures.

Only one agent may be used for any single Transportation account in any given billing month, unless the agent ceases services to the Customer during the billing month and the Company agrees to a substitution for the remainder of the billing month. The Company shall have no obligation to assist a Customer in obtaining the services of an Agent at any time.

Order No. ~~6327~~Filed: December ~~9, 2003~~7, 2012Docket No. ~~03-127~~Effective ~~with Usage on or after December 10, 2003~~Date: February 5, 2013

Filed in compliance with Order No. 6327 in Docket No. 03-127

Proposed

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

D. Provisions For Customers Using Agents (Continued)

An Agent for two or more Customers is permitted by the Company to aggregate, or "Pool", the natural gas supplies for those Customers who are members of the Agent's Pool. The Company's Transportation Terms and Conditions (e.g., transportation scheduling, balancing, unauthorized overrun, monthly cash-outs) shall be applicable to the entire Pool and not to individual Customers who are members of the Pool. The intent of this provision is to allow aggregation only of gas supplies and related functions such as transportation scheduling, balancing, and cashouts, but not at the meter for the purpose of qualifying for a different Service Classification or other such purpose not directly related to gas supplies. The Agent shall provide the Company with a written list of the members of its Pool at least five (5) calendar days prior to the beginning of the month. Prior to causing the delivery of such aggregated natural gas to Delmarva for redelivery to the transportation Customers, the Agent shall provide in writing a pre-determined allocation between the Customers in order to assign the volumes of gas to be redelivered and any charges for gas supply, cash-outs, or other charges that may be incurred. The Agent shall have actual authority to make such designated allocations, which shall be binding on the transportation Customers. Agents must provide the final allocations to Delmarva by the second business day after the end of the preceding month. This provision is not intended to permit individual Customers who are members of a pool to exceed their individual Contract MDQ without obtaining individual authorization from the Company, or to avoid otherwise applicable overrun charges related to daily takes in excess of Contract MDQ.

The Company will not bill third parties that are acting as Agent for the Customer.

E. Maximum Daily Quantity

The Maximum Daily Quantity ("MDQ") shall be the greatest amount of gas redelivered to the Customer during any gas day (10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.) of the current billing month.

F. Contract Maximum Daily Quantity

The Customer's initial Contract Maximum Daily Quantity ("Contract MDQ") must be specified in the transportation Service Agreement. The Company shall be under no obligation to redeliver any transportation quantities greater than the Contract MDQ, or to receive quantities in excess of the Contract MDQ plus adjustment for thermal content and losses and unaccounted-for gas.

G. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") shall be the higher of the Customer's actual MDQ in the current billing month and the Customer's Contract MDQ.

7, 2012

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

H. Stand-by Maximum Daily Quantity

The Stand-by Maximum Daily Quantity for "Human Needs" firm transportation Customers shall equal their firm transportation MDQ. For all other firm transportation Customers the Stand-by Maximum Daily Quantity shall be specified in the ~~contract~~Service Agreement.

I. Standby Service

Standby service, as provided under Service Classification "SBS", is required for any "Human Needs" Customer that does not maintain complete dual fuel capabilities for the load being served under any transportation Service Classification. Human Needs Customers are defined as those falling in the Standard Industrial Code ("SIC") 805-807 designations.

J. Metering

Metering shall be provided by the Company at its own expense. All firm transportation Customers shall have daily metering and interruptible Customers shall have hourly metering devices. The Customer shall provide an independent dedicated electrical supply and phone line for the operation of this equipment, in an area acceptable to the Company. A separate meter may be required by the Company, at the Customer's expense, where the Customer is taking service under more than one Service Classification at the same facility. When separate metering is not feasible, redeliveries shall be specified in the Service Agreement. The Company is under no obligation to install separate or additional metering for transportation Customers or their Agents and any remote access to the Company's meters will be at the Customer's expense.

K. Transportation Scheduling

The Company and Customer shall have scheduling personnel available 24 hours per day, seven days per week. Any notices provided to the Customer's gas supplier or Agent shall be deemed to have been made to the Customer, unless otherwise instructed in advance by the Customer.

The Company's transportation operating procedures, as modified from time-to-time, will be provided to each transportation Customer prior to the initiation of transportation service. The Company shall not be obligated to redeliver gas on any gas day that such gas is not received from the transporting pipeline(s). The business day is defined as being from 10:00 a.m. to 10:00 a.m. E.S.T. and E.D.S.T.

The quantity of gas tendered by the Customer for transportation shall be adjusted monthly for thermal content and reduced by three percent (3.0%) for losses and unaccounted-for gas. The thermal correction factor will be determined by dividing the average BTU content per MCF of gas received by the Company for transportation by the average BTU content per MCF of gas for the Company's system for that month.

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~
P.S.C. Del. No. 5 – Gas
~~1998~~December 7, 2012

Revision: ~~Third~~Fourth
Revised: ~~August 28,~~

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

K. Transportation Scheduling (Continued)

Customers or their Agents shall provide the Company, via facsimile ~~or mail,~~ mail, or other electronic means as deemed acceptable by the Company with Monthly Nominations by 4 p.m. on the calendar day prior to the beginning of each month. If the Monthly Nomination cannot be confirmed with the delivering pipeline(s), the nomination will be rejected and a new nomination required. The Company shall notify Customers or their Agents that the Monthly Nomination is rejected no later than 9:00 a.m. immediately ~~preceeding~~preceding the first gas day of the month.

Customers or their Agents shall provide the Company, via facsimile ~~or,~~ mail, or other electronic means as deemed acceptable by the Company with Daily Nominations no later than 4 p.m. the calendar day before gas is scheduled to flow. If the Daily Nomination does not agree with the confirmation from the delivering pipeline(s), the amount of unconfirmed volumes will be considered invalid. The Company shall notify Customers or their Agents by 9:00 a.m. immediately preceding the gas day the gas is scheduled to flow if the Daily Nomination cannot be confirmed by the delivering pipeline(s) and the unconfirmed volume of gas considered invalid. Customers or their Agents shall make a good faith estimate of expected use that would differ from the Daily Nomination.

The Company shall permit Intraday Nominations if confirmed by the delivering pipeline(s) and such Nominations can be handled without impacting gas system supplies.

If available, the Company shall automatically schedule a portion or all of a Customer's cumulative daily imbalances during any month (excess deliveries or excess takes) in order to eliminate or minimize an imbalance created on any gas day. The redelivery of any Customer's cumulative daily imbalances during any month is wholly interruptible. The Company shall notify Customers or their Agents, by phone ~~or,~~ facsimile or other electronic means as deemed acceptable by the Company if it cannot redeliver any cumulative daily imbalances during any month no later than 9:00 a.m. immediately preceding the gas day in which the gas is scheduled to flow. In addition, the Company, in its sole discretion, has the right to limit the amount of excess gas that it can redeliver to a Customer on any day curtailment is not in effect.

L. Balancing of Transportation Volumes

Any imbalances between Customer's deliveries of gas for transportation and Customer's daily takes shall be kept to a minimum. On any gas day, when Customer's daily deliveries do not equal Customer takes, an imbalance results. If Customer's deliveries are less than Customer's takes, an excess takes or redeliveries imbalance is created. If Customer's deliveries are greater than Customer's takes, an excess deliveries imbalance is created. These imbalances are cumulative. If the Customer's cumulative monthly imbalance is in an excess takes position at the end of the month, this excess takes imbalance is subject to the Monthly Cash Out Provision hereunder.

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

L. Balancing of Transportation Volumes (Continued)

If the Customer's cumulative monthly imbalance at the end of the month is an excess deliveries position, an amount up to five (5) percent of the Customer's deliveries, net of fuel and losses, shall be carried forward as the beginning imbalance in the following month. All excess deliveries at the end of the month greater than five (5) percent of the Customer's deliveries, net of fuel and losses, are subject to the monthly cash out provision hereunder.

The maximum allowable cumulative daily imbalances during any month (excess deliveries or excess takes) shall be two times the Contract MDQ. On any day, if a Customer's cumulative daily imbalances during any month (excess deliveries or excess takes) exceeds two times the Customer's Contract MDQ, the Company may issue an Operational Flow Order (OFO) to require adjustments to Customer's daily scheduling of deliveries or takes over a reasonable period of time to maintain a concurrent balance or remedy an imbalance.

On any gas day, if an excess takes imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the contract MDQ, such excess shall be cashed out at the higher of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., plus the applicable transportation rate and all taxes and surcharges, unless Delmarva notifies the Customer that the excess takes will not be cashed out, but will be accumulated.

On any gas day, if an excess deliveries imbalance causes Customer's cumulative daily imbalances during any month to exceed two times the Contract MDQ at any time during the month, such excess shall be immediately cashed out for all excesses above two times the MDQ at a price equal to ~~one~~ ninety percent (90%) of the lower of the relevant *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., unless Delmarva notifies the Customer that the excess will not be cashed out but will be accumulated.

M. Transportation Balancing Fee

A balancing fee shall be applicable to all Transportation Services and assessed on the customer's total monthly throughput adjusted for thermal content and reduced by three percent (3.0%) for losses and unaccounted-for gas and daily takes, either excess deliveries or excess takes.

N. Unauthorized Overrun

An unauthorized overrun is defined as the occurrence, without authorization from the Company, of one of the following three conditions:

- (1) Any quantity of gas taken hereunder on any gas day in excess of 110% of the Customer's actual gas deliveries for that gas day, net of fuel and losses, shall be considered unauthorized overrun volumes.

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~
P.S.C. Del. No. 5 – Gas
~~2004~~December 7, 2012

Revision: ~~Sixth~~Seventh
Revised: ~~September 28,~~

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

N. Unauthorized Overrun (continued)

(~~12~~) In the event that the Company issues an OFO under these Transportation Service Terms and Conditions, any quantity of gas taken that exceeds the quantity tendered for delivery (net of losses and unaccounted-for gas) or any quantity of gas delivered that exceeds OFO limitations by an amount greater than that permitted under the OFO shall be considered unauthorized overrun volumes.

(~~23~~) On a gas day when the Company has notified the Customer (by 9 AM immediately prior to the gas day) that FPS Gas is unavailable, any quantity of gas taken shall be considered unauthorized overrun volumes.

For all such unauthorized overrun volumes, a ~~charge~~penalty equal to the higher of the *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., or ~~\$20~~fifty dollars (\$50) per ~~Mef~~MCF will be applied, in addition to the charges payable under the applicable transportation service classification, unless the unauthorized overrun volumes were consumed in violation of a notice of curtailment or an OFO, or a notice that FPS is not available in which cases a charge equal to the higher of the *Gas Daily* posting for Texas Eastern, M-3 or Transco, zone 6 N.Y., or ~~thirty-fivesixty~~ dollars (~~\$3560.00~~) per ~~Mef~~MCF will be applied in lieu of the ~~twentyfifty~~ dollar (~~\$2050.00~~) per ~~Mef~~MCF charge.

The Company may waive unauthorized overrun charges on a nondiscriminatory basis should circumstances warrant. Without limiting such circumstances, one example of such circumstance may include instances of meter inaccuracy.

O. Authorized Overrun

If, during any day, upon authorization from the Company, the Customer delivers and takes in excess of the Contract MDQ, such usage shall be billed under the applicable transportation Service Classification.

Obtaining authorization from the Company means the Customer adhering to the Company's Transportation Scheduling provision hereunder. The Company may authorize excess takes during or after the gas day on a nondiscriminatory basis should circumstances warrant.

Order No. ~~6478~~

Filed: ~~September 28, 2004~~December 7, 2012

Docket No. ~~03-378F~~

Effective Date: ~~September 14, 2004~~February 5, 2013

~~Filed in compliance with Commission Order No. 6478 in Docket No. 03-378F~~

Proposed

TRANSPORTATION SERVICE
TERMS AND CONDITIONS - (Continued)

P. Operational Flow Orders

"Operational Flow Orders", or "OFOs", are defined as notices issued by the Company to transportation Customers or their Agents, via facsimile ~~or~~, telephone, or other electronic means as deemed acceptable by the Company, that limit the quantity of gas taken or delivered by the Customer. An OFO shall generally limit the quantity of gas to no more than one hundred and five percent (105%) of the volumes of gas tendered for delivery (net of losses and unaccounted-for gas) by the Customer. When reasonably necessary, the Company may also issue a more restrictive OFO that would apply to all transportation Customers whose gas is delivered on a particular upstream pipeline to match the balancing tolerances permitted by such pipeline on that day. The Company may also issue Operational Flow Orders to require adjustments to one or more Customers daily scheduling of deliveries or redeliveries over a reasonable period to maintain a concurrent balance, remedy a current imbalance, or to reduce an accumulated imbalance.

OFOs shall be issued in the Company's sole judgment to a) protect the integrity of the Company's gas system; b) assure deliveries of gas supplies to all of the Company's firm sales Customers; c) adhere to the various interstate pipeline companies' balancing or delivery requirements; ~~or d) alleviate bottlenecks on upstream pipelines that restrict the quantity of gas being delivered to the Company or e)~~ remedy operational or other problems, where necessary. Failure to comply with an OFO will result in an unauthorized overrun as described above, or in the case of over-deliveries, a cash out at a price equal to one hundred percent (100%) of the Reference Spot Price (defined in paragraph Q below) less ten cents (\$.10) per ~~Mcf~~MCF.

Q. Monthly Cash Out Provision

Except for the first five percent (5%) of an excess deliveries position, the Customer's Imbalance Volume (the difference between total deliveries to the Company and total redeliveries to the Customer) will be "cashed out" at the end of the month. The Company will pay the "Buy" price for excess deliveries and the Customer will pay the "Sell" price for excess takes based on a Reference Spot Price (RSP). The RSP shall be the simple average of the available weekly spot prices published in Natural Gas Week * plus the cost of transportation, which will be the one-hundred percent (100%) load factor charge (including fuel) under Transcontinental Gas Pipe Line Corporation's (Transco) Rate Schedule "FT" during the months of November through April. The cost of transportation during the months of May through October will be the Transco Rate Schedule "FT" Commodity charges, including fuel. The Reference Spot Price shall be adjusted based on the Imbalance Volume for the month as follows:

<u>Imbalance Volume</u>	<u>"BUY"</u> <u>Excess Deliveries</u>	<u>Imbalance Volume</u>	<u>"SELL"</u> <u>Excess Redeliveries</u> <u>or Takes</u>
0% up to 5%:	No Cash Out	0% up to 10%:	100% of RSP
5% up to 10%:	100% of RSP	10% up to 15%:	120% of RSP
10% up to 15%:	80% of RSP	15% up to 20%:	130% of RSP
15% up to 20%:	70% of RSP	20% and over:	150% of RSP
20% and over:	50% of RSP		

(Determined as a percentage of total monthly deliveries by an upstream pipeline for the account of the Customer.)

Order No. 6327 Filed: December 9, 20037, 2012
Docket No. 03-127 Effective ~~with Usage on or after December 10, 2003~~Date: February 5, 2013

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

Q. Monthly Cash Out Provision (Continued)

Customers may trade monthly imbalance volumes for netting out monthly over and ~~underdelivery~~under delivery volumes. The Company must be notified of any such trades within two (2) business days of the end of the billing month.

All cash out charges or credits, as determined above, will be applied to the Customer's monthly transportation invoice and will be adjusted to an MCF equivalent using a standard conversion factor of 1.035 mmbtu per MCF, unless such factor is not representative of the monthly energy content of gas received by the Company.

* Natural Gas Week is published by the ~~Oil Daily, Inc. Suite 500, 1401 New York Avenue, N.W., Washington, D.C. 20005~~Energy Intelligence, 5 East 27th Street, New York, NY 10016. For purposes of establishing the Reference Spot Price and the Monthly Available Reference Spot Price the Company shall utilize the Table labeled "Spot Prices On Interstate Pipeline Systems" published each week for gas delivered-to-pipeline at Transco Stations No. 50, 62, 65 (South La/Zone 3). In the event that Natural Gas Week no longer publishes the RSP, or the reference price is no longer representative of spot prices on the Transco pipeline, an acceptable substitute publication will be used.

R. Liability

The Company shall not be liable for curtailment of service or loss of gas as a result of action taken by any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

Gas shall be and remain the property of the Customer while being transported and delivered by the Company. The Customer shall be responsible for maintaining all insurance it deems necessary to protect its property interest in such gas before, during and after delivery to the Company.

The Company shall not be liable for any loss to the Customer arising from or out of service by the Company or any actions taken by the Customer's gas supplier or Agent, including loss of gas in the possession of the Company or any other cause, except gross or willful negligence of the Company's own employee's or Agents. The Company reserves the right to commingle gas of the Customer with other gas system supplies.

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Filed in compliance with Order No. 6327 in Docket No. 03-127

Proposed

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

S. Special Provisions

The Customer bears sole responsibility for all costs incurred to deliver Customer owned gas to the Company's gas distribution system.

The Company's ability to receive Customer owned gas at the specific point(s) of receipt is subject to the operating limitations of the Company and/or the limitations of the upstream party at such point(s).

The Customer shall be responsible for all reasonable costs incurred by the Company in connection with the initiation and rendering of transportation services, including costs required to make suitable facilities available.

The Company will not accept gas for delivery that will adversely impact the integrity of the Company's pipeline system, limit its rights to current or future supply or capacity entitlements, or impose any financial or administrative burdens that would not have existed without acceptance of Customer's transportation volumes.

Customers may be directed by the Company to deliver a portion of or all of their daily nomination to a specific delivery point to facilitate operation of the Company's system and / or ensure system reliability. The Company will be under no obligation to accept or redeliver gas delivered to points other than those specified by the Company in these instances.

T. Public Utilities Tax

The Delaware State Public Utilities Tax shall apply to all transportation services rendered hereunder, unless the Customer is exempt from such tax.

U. Transition Charge

Notwithstanding any provision to the contrary in the tariff provisions applicable to a firm service classification, a firm sales customer taking service under the "LVG", "MVG" or "GG" service classifications may transfer service to a transportation service by providing 12 months prior notice of transfer or by paying a transition charge of \$0.11 per ~~Mcf~~MCF. The applicable ~~Mcf~~MCF figure will be the larger of a Customer's firm natural gas commodity volumes used in the 12 months prior to the transfer or the average annual use of firm natural gas over the prior three years ending in the most recent July prior to the transfer. If 12 months notice is given prior to the transfer, no transition charge will be owed. The transition charge will be prorated for notices of transfer of less than 12 months.

~~If a Customer had previously provided a three year notice, as permitted by Commission Order No. 6327-3709, such notice remains operative unless superseded by a new notice as provided above. Unless superseded, no transition charge will be applicable after the end of the three year period. If the remaining period of the three year notice is less than 12 months, the Customer may transfer to a transportation service by paying a prorated transition charge based on the number of months remaining in the three year period divided by 12.~~

TRANSPORTATION SERVICE

TERMS AND CONDITIONS - (Continued)

U. Transition Charge (Continued)

In addition, concerning any Customer subject to the Annual GCR Commodity Charge that switches to any transportation or non-firm service at a time when the gas deferred fuel balance is other than zero, a transition charge or refund shall be paid by or returned to the Customer. Such transition charge or refund shall be computed by multiplying the gas deferred fuel balance as of the end of the calendar month preceding the change in service by the ratio of that Customer's usage during the prior twelve-month period to the total usage of all sales Customers subject to an Annual GCR Commodity Charge for the same twelve-month period. Transition refunds shall be paid in a lump sum; transition charges shall be paid by the Customer either in a lump sum or in twelve equal monthly payments at the Customer's option.

V. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under these Transportation Service Terms and Conditions.

W. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION "GVFT"

GENERAL VOLUME FIRM TRANSPORTATION SERVICE

A. Availability

This firm transportation service is available to any Customer with a Monthly Use of less than 2,000 ~~Mcf~~MCF, who has a Billing Maximum Daily Quantity (Billing MDQ) of less than 500 MCF and who has an annual consumption of greater than 5,000 ~~Mcf~~MCF annually. Any Customer whose monthly use equals or exceeds 2,000 MCF and/or whose Maximum Daily Quantity equals or exceeds 500 MCF in any three consecutive billing months may be transferred to Service Classification "MVFT" or "LVFT", as applicable. The Customer must own and deliver gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation Service provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the General Terms and Conditions of the Company's Tariff.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the GVFT Customer Charge, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 38. In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fees, taxes and any surcharges that may apply

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "MVFT"

MEDIUM VOLUME FIRM TRANSPORTATION SERVICE

A. Availability

This firm transportation service is available to any Customer with a Monthly Use of at least 2,000 MCF and a Contract Maximum Daily Quantity ("MDQ") of less than 500 MCF. Any Customer whose Billing Maximum Daily Quantity is equal to or exceeds 500 MCF in any three consecutive billing months may be transferred to Service Classification "LVFT". The Customer must own and delivers gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation Service provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the General Terms and Conditions of the Company's Tariff.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the MVFT Customer Charge, the Billing MDQ during a month times the MVFT Demand Charge, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 38. In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fees, taxes and any surcharges that may apply.

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "LVFT"

LARGE VOLUME FIRM TRANSPORTATION SERVICE

A. Availability

This firm transportation service is available to any Customer with a Maximum Daily Quantity ("MDQ") of 500 MCF or greater. The Customer must own and deliver gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation Service provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under the General Terms and Conditions of the Company's Tariff.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the LVFT Customer Charge, the Billing MDQ during a month times the LVFT Demand Charge, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 38. In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fees, taxes and any surcharges that may apply.

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "SBS"

STAND-BY GAS SUPPLY SERVICE

A. Availability

Stand-by service is an unbundled city gate gas supply service available to any transportation Customer and is mandatory for any "Human Needs" Transportation Customer who does not have proven alternate fuel capability for 100% of its transportation Contract Maximum Daily Quantity ("MDQ"). A transportation Customer other than a "Human Needs" Customer may select any Stand-by MDQ up to its transportation Contract MDQ. The Stand-by MDQ shall represent the maximum quantity of gas the Company shall be obligated to provide to the Customer during any day over the term of the contract.

Stand-by service shall be used in conjunction with the customer's own gas supplies.

The Company may, at its option, with advance written notice being provided no later than 9:00 a.m. on the calendar day prior to the gas day on which service would otherwise have been provided, limit the amount of stand-by service available if the Customer cannot demonstrate that it has procured a reasonable amount of its own gas supplies for redelivery to the Customer's facility on the Company's gas system.

B. Character of Service

Stand-by service is intended for use by a Customer to a) provide an emergency backup supply in times where the Customer's own gas supply cannot be delivered in quantities sufficient to meet the Customer's requirements, b) minimize daily imbalances, and c) avoid month-end cashouts of excess takes.

During periods of time when a Transportation Customer does not receive its own gas supply in quantities sufficient for its firm requirements, the Company will use its system resources and supplemental supplies to provide gas to the Customer, up to the Stand-by MDQ.

Stand-by Gas provided under this Service Classification shall be on a firm basis and shall not be subject to reduction or interruption except as permitted under Paragraph A herein or under the General Terms and Conditions of the Company's Tariff.

Stand-by volumes shall be the last gas through the meter on any day, after the scheduled redelivery of the Customer's own confirmed transportation and/or storage gas.

C. Contract Term

Service hereunder shall be provided under an executed contract with an initial contract term of at least one (1) year. On each annual anniversary date of the executed contract, the contract term will be automatically extended for another year. The contract may be terminated by either party with at least 6 months advance written notice. Unless agreed to in writing by the other party, notice of termination cannot be subsequently revoked or withdrawn. If the Customer fails or refuses to execute a contract, the Company may, at its option, refuse to continue providing service or elect to continue service with the Customer deemed to be taking service under a one (1) year contract.

SERVICE CLASSIFICATION "SBS"

STAND-BY GAS SUPPLY SERVICE - (Continued)

D. Rates and Charges

The minimum monthly bill shall be the Demand Charge times the Stand-by MDQ. The rates and charges which apply under this Service Classification are shown in Tariff Leaf No. 38. In addition, the customer will pay any taxes and surcharges that may apply.

E. Billing Maximum Daily Quantity

The Billing Maximum Daily Quantity ("Billing MDQ") for Stand-by Service shall be the higher of the Customer's Stand-by MDQ or the actual daily MDQ experienced during the month.

F. Stand-by Maximum Daily Quantity

The Stand-by Maximum Daily Quantity for "Human Needs" transportation Customers shall equal their transportation MDQ. For all other transportation Customers the Stand-by Maximum Daily Quantity shall be specified in the contract.

G. Public Utilities Tax

In addition to the charges hereunder, the Delaware State Public Utilities Tax shall apply to all services rendered, unless the Customer is exempt from such tax.

H. Rules and Regulations

The Rules and Regulations set forth in this Tariff shall govern, where applicable, the supply of service under this Service Classification.

I. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

Delmarva Power & Light Company ~~d/b/a Connectiv Power Delivery~~
P.S.C. Del. No. 5 – Gas
~~2003 December 7, 2012~~

Revision: ~~Second~~ Third
Revised: ~~September 25,~~

SERVICE CLASSIFICATION "QFT"

QUASI-FIRM TRANSPORTATION SERVICE

A. Availability

Quasi-Firm Transportation Service is available hereunder to any Customer who has a Minimum Monthly Use of more than 2,000 ~~Mcf~~ MCF and who owns and delivers gas to the Company at an acceptable point of connection, for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for redelivery to Customer's facility on the Company's gas system.

The Company reserves the right to limit the total amount of service offered under this Service Classification. Availability of service is subject to availability of adequate gas transmission and distribution system capabilities. This rate is not available for gas used for electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Transportation service provided under the Service Classification shall be as stated in the QFT contract, which contract shall specify that the service is firm for no more than 265 days per year and shall also specify the permissible number of days of interruption.

C. Rates and Charges

For transportation service rendered to Customer each month, Customer shall pay a minimum of the sum of the applicable QFT Customer Charge, the Billing MDQ times the QFT Demand Charge as specified in the contract, and, if applicable, the Transition Cost Adjustment Charge. The rates and charges which apply to this Service Classification are shown in Tariff Leaf No. 39. In addition, Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-outs, balancing fees, taxes and surcharges. The maximum QFT Demand Charge for each Customer shall be the applicable MVFT or LVFT demand charge.

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

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Docket No. ~~03-377T~~

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Effective: ~~October 1, 2003~~ Date: February 5, 2013

Filed in Compliance with Commission Order No. 6266

Proposed

SERVICE CLASSIFICATION "MVIT"

MEDIUM VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

A. Availability

This service is available hereunder to any Customer who has a monthly use of 2,000 ~~Mcf~~MCF or greater and who owns and delivers gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for delivery to Customer's facility on the Company's gas system.

B. Character of Service

Transportation service provided under this Service Classification shall be on a best efforts basis. Customers with No. 6 fuel oil as their alternate fuel are subject to interruption on four (4) hours notice. All other Customers are subject to interruption on two (2) hours notice. For good cause shown, a Customer without No. 6 fuel oil as alternate fuel may be interrupted on four (4) hours notice, if the Customer and the Company enter into a written agreement in advance with such a provision.

C. Rates and Charges

The Customer and the Company shall enter into an interruptible transportation agreement with a minimum term of one (1) year. Among other items, this agreement shall specify a Delivery Charge Option. There are three Delivery Charge pricing options:

1. A fixed rate as shown in Tariff Leaf No. 39.
2. A flexible rate that varies within a minimum and maximum as shown in Tariff Leaf No. 39.
3. A fixed rate between the minimum and maximum, with further terms and conditions (such as minimum throughput requirements) to be negotiated.

Options 1 and 2 are available to the Customer at the Customer's sole discretion. Option 3 is available only by mutual agreement between the Company and the Customer.

Thirty days prior to the expiration or rollover of the contract, the Customer may change its option. If Option 1 is chosen, the Customer may subsequently elect to switch to Option 2 on three (3) months notice. If necessary, there shall be an automatic contract term extension so that the remaining term is at least twelve (12) months from the date the switch to Option 2 is made. If no selection is made, the Customer is deemed to have selected Option 1. At the Company's sole discretion, the Customer may be allowed to switch from Option 1 to Option 2 on less than three (3) months notice. A Customer that selects Option 2 shall remain on Option 2 for a minimum of 12 months. A customer that selects Option 3 shall remain on Option 3 for a minimum of 12 months, unless a different period is agreed to by the Company.

In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, balancing fees, imbalance cash-out charges, taxes and any surcharges that may apply.

SERVICE CLASSIFICATION "MVIT"

MEDIUM VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE - (Continued)

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

SERVICE CLASSIFICATION "LVIT"

LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE

A. Availability

This service is available hereunder to any Customer with a demonstrable Contract MDQ of 500 ~~Mcf~~MCF or greater and who owns and delivers gas to the Company at an acceptable point of connection for redelivery by the Company to the Customer's regular point of service. To be eligible for service, a Customer must hold clear and marketable title to gas that is made available for delivery to Customer's facility on the Company's gas system.

B. Character of Service

Transportation service provided under this Service Classification shall be on a best efforts basis. Customers with No. 6 fuel oil as their alternate fuel are subject to interruption on four (4) hours notice. All other Customers are subject to interruption on two (2) hours notice. For good cause shown, a customer without No. 6 fuel oil as alternate fuel may be interrupted on four (4) hours notice, if the Customer and the Company enter into a written agreement in advance with such a provision.

C. Rates and Charges

The Customer and the Company shall enter into an interruptible transportation agreement with a minimum term of one (1) year. Among other items, this agreement shall specify a Delivery Charge Option. There are three Delivery Charge pricing options:

1. A fixed rate as shown in Tariff Leaf No. 39.
2. A flexible rate that varies within a minimum and maximum as shown in Tariff Leaf No. 39.
3. A fixed rate between the minimum and maximum, with further terms and conditions (such as minimum throughput requirements) to be negotiated.

Options 1 and 2 are available to the Customer at the Customer's sole discretion. Option 3 is available only by mutual agreement between the Company and the Customer.

Thirty days prior to the expiration or rollover of the contract, the Customer may change its option. If Option 1 is chosen, the Customer may subsequently elect to switch to Option 2 on three (3) months notice. If necessary, there shall be an automatic contract term extension so that the remaining term is at least twelve (12) months from the date the switch to Option 2 is made. If no selection is made, the Customer is deemed to have selected Option 1. At the Company's sole discretion, the Customer may be allowed to switch from Option 1 to Option 2 on less than three (3) months notice. A Customer that selects Option 2 shall remain on Option 2 for a minimum of 12 months. A customer that selects Option 3 shall remain on Option 3 for a minimum of 12 months, unless a different period is agreed to by the Company.

In addition, the Customer will pay all applicable delivery charges, authorized and unauthorized overrun charges, imbalance cash-out charges, balancing fee, taxes and any surcharges that may apply.

SERVICE CLASSIFICATION "LVIT"

LARGE VOLUME INTERRUPTIBLE TRANSPORTATION SERVICE - (Continued)

D. Transportation Terms and Conditions

The Customer shall comply with all terms and conditions regarding transportation of gas on the Company's system as specified under the "Transportation Terms and Conditions" section of the Company's Tariff. These include, but are not limited to: Contract Requirements, Provisions for Customers Using Agents, Contract Maximum Daily Quantity, Billing Maximum Daily Quantity, Standby Service, Metering, Transportation Scheduling and Balancing, Transportation Balancing Fee, Unauthorized Overruns, Authorized Overruns, Operational Flow Orders, Monthly Cash Out Provision, Liability, Special Provisions, Public Utilities Tax, City of Wilmington Local Franchise Tax, Transition Charges, and Rules and Regulations.

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Delmarva Power & Light Company ~~d/b/a Conectiv Power Delivery~~

Revision: ~~Third~~Fourth

P.S.C. Del. No. 5 – Gas

Revised: ~~December 9, 2003~~7,

2012

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Filed: ~~December 9, 2003~~7, 2012

Docket No. ~~03-127~~

Effective: ~~December 10, 2003~~ Date: February 5, 2013

~~Filed in compliance with Order No. 6327 in Docket No. 03-127~~

Proposed

SERVICE CLASSIFICATION "FPS"
FLEXIBLY PRICED GAS SUPPLY SERVICE

A. Availability

This city gate gas supply service is available hereunder to any transportation Customer for use 1) as an interruptible service of gas supply, 2) to replace third-party procured gas supply that was scheduled but not delivered to the Company's citygate station, or 3) to provide the Customer with a source of supply for incremental energy needs.

The Company shall notify Customers or their Agents no later than 9 a.m. immediately preceding the gas day of the volumes, if any, are available for use.

This rate is not available for gas used in electric generation facilities exceeding one (1) megawatt gross electric output capacity unless expressly permitted by the contract between the Company and the Customer.

B. Character of Service

Unbundled Sales Service provided under this Service Classification shall be on a best efforts basis and shall be subject to interruption upon at least a four (4) hours advance notice.

C. Contract Term

The Customer shall execute a service agreement with the Company which shall specify, among other things, the Maximum Daily Quantity ("MDQ") of gas required. The minimum contract term shall be one (1) day and maximum contract term shall be negotiated.

D. Rates and Charges

The Customer shall pay the commodity rate per ~~Me~~MCF as specified in the contract. This commodity rate shall be a negotiated, market-based charge. If system supply is used, the Customer shall pay at a minimum a price per ~~Me~~MCF equal to the monthly WACCOG, plus losses and unaccounted-for gas, plus one (1) cent per ~~Me~~MCF.

SERVICE CLASSIFICATION "FPS"

FLEXIBLY PRICED GAS SUPPLY SERVICE - (Continued)

E. Liability

The Company shall not be liable for curtailment of service or loss of gas as a result of any governmental agency with jurisdiction to regulate, allocate, or control gas supplies or the rendition of service hereunder, and regardless of any defect in such law, regulation, or order.

The Company shall not be liable for any loss to the Customer arising from or out of service by the Company, except gross or willful negligence of the Company's own employees or agents. The Company reserves the right to commingle gas of the Customer with other gas supplies.

F. Public Utilities Tax

In addition to the charges hereunder, the Delaware State Public Utilities Tax shall apply to all services rendered, unless the Customer is exempt from such tax.

G. Rules and Regulations

The applicable Rules and Regulations set forth in the Company's Tariff, of which this Service Classification is a part, shall govern the provision of services under this Service Classification. The General Terms and Conditions of the Company's Tariff are incorporated into this Service Classification and shall be interpreted in accordance therewith.

H. City of Wilmington Local Franchise Tax

In addition to the charges provided for in this Service Classification, City of Wilmington Local Franchise Tax shall apply to all services, including the Gas Cost Rate, rendered hereunder, unless the Customer is exempt from such tax.

SERVICE CLASSIFICATION

NEGOTIATED CONTRACT RATE "NCR"

A. Purpose

The Company is offering this negotiated contract tariff provision to enable the Company to respond to Customer needs and the increasingly competitive forces in the energy services market. This contract tariff provision shall be used by the Company as a vehicle for responding to competitive pricing situations resulting from but not limited to fuel switching, facility relocation or expansion, partial or complete plant production shifting, and potential physical bypass. The Company shall use the provisions of this tariff only after a determination by the Customer that other existing tariff options will not meet the Customer's needs.

B. Eligibility

This contract tariff is available to any qualifying Customer as specified herein. Customer qualification shall be based upon meeting each of the following criteria as determined solely by the Company:

- (a) The Customer has an economic competitive alternative to full or partial service from the Company's standard tariff rates, as determined by the Company;
- (b) The Customer is likely to select said alternative if the Company does not provide a negotiated contract rate offer, verified by an affidavit to that effect signed by a qualified representative of the Customer;
- (c) The price to the Customer will provide net revenues above the incremental costs to provide service under this negotiated contract rate; and
- (d) The Customer is not eligible to take Residential Gas Service and has an average monthly consumption of at least 2,000 ~~Mcf~~MCF.

The Company shall determine eligibility on a case-by-case basis based upon information supplied by the Customer. The Company's decision on the application shall consider the economics of the competitive alternative, as well as the practical aspects of securing that alternative (e.g., ability to secure environmental permitting, feasibility studies, switching ability, ability to secure required capital).

SERVICE CLASSIFICATION

NEGOTIATED CONTRACT RATE "NCR" - (Continued)

C. Service Options

If, after reviewing the Customer's application for service, the Company concludes that the Customer meets all the eligibility requirements listed above, the Company shall enter into negotiations with the Customer for the purpose of offering such services as are believed to meet the Customer's requirements. Competitive offers may be made in a manner which provides the Customer with increased choices for service. A menu of service options differentiated by contract term, quantity, pricing options, and service attributes may be made available to the qualifying Customer. The agreed upon services shall be specifically described within the Customer Service Agreement ("CSA").

D. Contract

Eligible Customers requesting this Service Classification will be presented with a CSA, which specifies the terms and conditions of the contractual agreement between the Company and Customer. The CSA shall establish the otherwise applicable Service Classification for the Customer. The Customer must sign the CSA prior to commencement of this service and any investment by the Company. Service under the contractual agreement will commence on the date specified in the CSA.

E. Confidentiality

The CSA shall be considered a confidential document between the Company and Customer. By signing the CSA, the Customer and the Company agree not to share the CSA or information contained within the CSA with anyone except the parties to the contract, the Commission and the Office of the Public Advocate, unless given written consent from the other party. Violations by the Customer of the confidentiality agreement shall permit the Company to immediately terminate the contract with the Customer and subsequent reclassification to the appropriate Service Classification (as determined by the Company). The Customer shall also be responsible for the penalty provision (described below) and additional damages or prejudices to any other existing or potential contracts resulting from the breach of confidentiality.

F. Public Notice

The Company shall make publicly available the conditions that define a similarly situated Customer. Similarly situated means having characteristics including, but not limited to, similar supply economics and similar economic impacts on the Company. The Company shall make the same terms, prices and conditions available to any other Customer, new or existing, which the Company determines, at its sole discretion, to be similarly situated.

G. Pricing Options

Pricing shall be determined on a case-by-case basis according to the nature of the competitive situation. The final arrangements between the Company and Customer shall be included in the CSA.

SERVICE CLASSIFICATION

NEGOTIATED CONTRACT RATE "NCR" - (Continued)

H. Service Attributes

The Company may offer value-added services in conjunction with the contract. All service attributes agreed to between the Company and Customer shall be included in the CSA.

I. Contract Termination Clause

The contract between the Company and Customer shall include penalty provisions for early contract cancellation. If at any time prior to the end of the contract term the Customer elects to terminate the contractual agreement with the Company without exercising a recontracting option for continuing service, the Customer shall be obligated to the terms for cancellation as specified within the CSA.

J. Increase In Rates And Charges

Unless specifically stated within the CSA, commodity charges under this Service Classification shall be subject to the Gas Cost Rate Clause as described in the Tariff.

Customers subscribing to this Service Classification shall be assessed all surcharges of the otherwise applicable Service Classification (the standard classification to which the Customer would be subscribed to absent this contract tariff). All applicable surcharges which apply under this Service Classification shall be administered in accordance with the corresponding rules of this schedule.

The rates and charges under this Service Classification, including the Gas Cost Rate Clause and all applicable surcharges, shall be increased by the applicable Delaware State Public Utilities Tax and the Local City of Wilmington Franchise Tax, unless the Customer is exempt from such tax.

K. Contract Terms Filed With The Commission

The Company shall file the Contract terms with the Commission at least 30 days prior to the effective date of the Contract.

RIDER “ESR” (continued)

ENVIRONMENTAL SURCHARGE RIDER

E. Determination of the Rate continued

(2) Reconciliation Factor: The reconciliation factor shall be equal to the over/under collection of the environmental cost rider. Over/under collection is the accumulated experienced net over or under recovery of the environmental costs during the twelve-month period ending with the month of July immediately preceding the beginning of the next recovery year.

(3) Rider Rate: The rider rate shall be equal to the sum of the amortization and reconciliation factors divided by projected firm sales over the next recovery period of November 1 through October 31.

F. Definitions

Environmental Cost Year (ECY) - is the time period over which environmental costs are incurred and any payments from other parties are netted against those costs. For purposes of this rider, the ECY is from June 1 through May 30. The ECY will include actual data recorded for the year. Recovery of environmental costs for an ECY will begin with the Recovery year that starts immediately following the end of the ECY.

Recovery Year – is each November 1 through October 31 and is the time period which the annually calculated environmental rider will be billed to firm customers.

Tax benefit (TB) – associated with environmental expenditures shall be calculated as follows:

$$Tb_n = AEC_n * [(5-x)/5] * 0.1118 * 0.40655$$

Where:

AEC_n = Actual Environmental Costs incurred in ECY “n”

X = The number of years that the Actual Environmental Costs (AEC) incurred in Year “n” have been subject to amortization (x= 1, 2, 3, and 4)

0.1118 = Before Tax Cost Rate

0.40655 = Effective Combined Federal and State Income Tax Rate.

The Before Tax Cost Rate of 0.1118 and the Effective Combined Federal and State Income Tax Rate of 0.40655 are the rates at the time of implementation of this rider and are subject to change. Any change in the Before Tax Cost Rate will be implemented starting with the next Rider Rate is calculated for the next Recovery year. Any change in the Effective Combined Federal and State Income Tax Rate will be implemented starting with the recovery calculation for the next ECY that ends after the rate changes.

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RIDER "UFRC"
UTILITY FACILITY RELOCATION CHARGE RIDER

A. Purpose

The Utility Facility Relocation Charge (UFRC) is intended to allow Delmarva Power to recover the cost of relocation of existing facilities required or necessitated by Department of Transportation or other government agency projects.

B. Applicability

This Rider is applicable to any Customer served under Service Classifications "RG", "GG", "GL", "MVG", "LVG", "LVG-QFCP", "PM", "GVFT", "MVFT", "LVFT", "SBS", "QFT", "MVIT", "LVIT", "FPS" and "NCR."

The rate is applicable to the portion of the Customer's charges related to the delivery or distribution of gas.

C. Definitions

1. "Eligible Utility Facility Relocations" mean new, used and useful plant or facilities of a gas utility that:

- i. Do not include that portion of any plant or facilities used to increase capacity of or connect to the system to serve new or additional load;
- ii. Are in service; and
- iii. Were not included in the utility's rate base in its most recent general rate case; and which
- iv. Relocate, as required or necessitated by Department of Transportation or other government agency projects without reimbursement, existing Company facilities, including but not limited to, mains, lines and services, whether underground or aerial. For purposes of this subparagraph (1)d. of this section, "existing facilities" and "relocate" include the physical relocation of existing facilities and also include removal, abandonment or retirement of existing facilities and the construction of new facilities in a relocated location.

2. "Pretax return" means the revenues necessary to:

- a. Produce net operating income equal to the Company's weighted cost of capital as established in the most recent general rate proceeding multiplied by the net original cost of eligible utility facility relocations. At any time the Commission by its own motion, or by motion of the Company, Commission staff or the Public Advocate, may determine to revisit and, after hearing without the necessity of a general rate filing reset the UFRC rate to reflect the Company's current cost of capital. The UFRC rate shall be adjusted back to the date of the motion to reflect any change in the cost of capital determined by the Commission through this process;
- b. Provide for the tax deductibility of the debt interest component of the cost of capital; and
- c. Pay state and federal income taxes applicable to such income.

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RIDER "UFRC"

UTILITY FACILITY RELOCATION CHARGE RIDER - continued

C. Definitions (continued)

3. "UFRC costs" means depreciation expenses and pretax return associated with eligible utility facility relocations.
4. "UFRC rate" refers to utility facility relocation charge.
5. "UFRC revenues" means revenues produced through a UFRC exclusive of revenues from all other rates and charges.

D. Filing

1. The UFRC rate shall be adjusted semiannually for eligible relocation expenses placed in service during the 6-month period ending 2 months prior to the effective date of changes in the UFRC rate .
2. The effective date of changes in the UFRC rate shall be January 1 and July 1 every year.
3. The Company shall file any request for a change in the UFRC rate and supporting data with the Commission at least 30 days prior to its effective date.
4. The UFRC rate applied between base rate filings shall be capped at 7.5% of the portion of the Customer's charge related to the delivery or distribution of gas, but the UFRC rate increase applied shall not exceed 5% within any 12-month period.
5. The UFRC rate will be subject to annual reconciliation based on a period consisting of the 12 months ending December 31st of each year. The revenue received under the UFRC for the reconciliation period shall be compared to the Company's eligible costs for that period with the difference between revenue received and eligible costs for the period recouped or refunded, as appropriate, over a 1-year period commencing July 1 of each year. If the UFRC revenues exceeded the UFRC eligible costs, such over-collections shall be refunded with interest.
6. The UFRC rate shall be reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the UFRC rate.

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RIDER "UFRC"

UTILITY FACILITY RELOCATION CHARGE RIDER – continued

E. Filing (Continued)

7. The UFRC rate shall also be reset to zero if, in any quarter, data filed with the Commission by the Company show that the electric utility will earn a rate of return that exceeds the rate of return established in its last general rate filing or by Commission order as described in paragraph 2.a of this Rider, if such was determined subsequent to the final order in the company's last general rate filing. Further, the UFRC rate shall be reinstated when such data show that the established rate of return is not exceeded and will not be exceeded if the UFRC rate is reinstated and reset.

The UFRC is set forth as follows: 0.00%

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Appendix B

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Residential Gas Sales Service ("RG")</u>		
Customer Charge	\$10.77	per month
Delivery Charge	\$0.47440	per CCF
Space Heating Commodity Charge 1/ Over 50 CCF	\$0.38070	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>General Gas Sales Service ("GG")</u>		
Customer Charge	\$30.77	per month
Delivery Charge		
First 750 CCF	\$0.39408	per CCF
Over 750 CCF	\$0.29437	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>Gas Lighting Sales Service ("GL")</u>		
(Estimated Usage - 15 CCF per month)		
Monthly Charge	\$ 6.67	per gas light
Gas Cost Rate (GCR)	\$10.35	per gas light
<u>Medium Volume Gas Sales Service ("MVG")</u>		
Customer Charge	\$472.41	per month
Demand Charge	\$ 15.09	per MCF of Billing MDQ
Delivery Charge 2/	\$0.48428	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	\$5.1051	per MCF
<u>Large Volume Gas Sales Service ("LVG")</u>		
Customer Charge	\$715.02	per month
Demand Charge	\$9.29	per MCF of Billing MDQ
Delivery Charge 2/	\$0.11650	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	Varies	per MCF

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating delivery rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and "Electing" MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas ("System WACCOG"). "Non-Electing" MVG Customers pay the annual GCR Commodity Charge listed here.

Order Nos.

Filed: December 7, 2012

Docket Nos.

Effective with Usage On and After February 5, 2013

Proposed

RATES AND CHARGES
CORE SALES RATE LEAF

SERVICE CLASSIFICATION

BASE RATE

BASIS

Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Production
("LVG-QFCP-RC")

Customer Charge	\$3,279.78	per month
Capital Recovery Charge	Varies	per Customer's Executed Service Agreement
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Commodity Charge 1/	Varies	per MCF

Public Utilities Tax: 4.25% applies to all non-residential services, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% charged on all non-exempt services, in the City of Wilmington.

- 1/ All LVG-QFCP-RC customers pay a Commodity Charge Rate based upon the Gas Daily Average (GDA) for Transco Zone 6 Non-New York price plus any premiums incurred by Delmarva to provide this service.

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>General Volume Firm Transportation</u>		
Service ("GVFT")		
Customer Charge	\$340.63	per month
Delivery Charge		
First 750 CCF	\$0.39408	per CCF Redelivered
Over 750 CCF	\$0.29437	per CCF Redelivered
Balancing Fee Non-Base Rate	\$0.03348	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00021	per CCF
<u>Medium Volume Firm Transportation</u>		
Service ("MVFT")		
Customer Charge	\$782.28	per month
Demand Charge	\$ 15.09	per MCF of Billing MDQ
Delivery Charge	\$ 0.48428	per MCF Redelivered
Balancing Fee Non-Base Rate	\$ 0.3348	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00211	per MCF
<u>Large Volume Firm Transportation</u>		
Service ("LVFT")		
Customer Charge	\$1,024.87	per month
Demand Charge	\$ 9.290	per MCF of Billing MDQ
Delivery Charge	\$ 0.11650	per MCF Redelivered
Balancing Fee Non-Base Rate	\$ 0.3348	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00211	per MCF
<u>Standby Service ("SBS")</u>		
Demand Charge Non-Base Rate	\$11.6589	per MCF of Standby MDQ
Commodity Charge		Monthly System WACCOG per MCF (adjusted for losses and unaccounted for)

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

Order Nos.
Docket Nos.

Filed: December 7, 2012
Effective with Usage On and After February 5, 2013
Proposed

**PROPOSED
REDLINE TARIFFS
INTERIM RATES**

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Residential Gas Sales Service (“RG”)</u>		
Customer Charge	\$10. 40 77	per month
Commodity Delivery Charge	\$0. 458024 7440	per CCF
Space Heating Commodity Charge 1/ Over 50 CCF	\$0. 367543 8070	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>General Gas Sales Service (“GG”)</u>		
Customer Charge	\$ 29.71 30.77	per month
Commodity Delivery Charge		
First 750 CCF	\$0. 380493 9408	per CCF
Over 750 CCF	\$0. 284212 9437	per CCF
Environmental Surcharge Rider	\$0.00021	per CCF
Gas Cost Rate (GCR)	\$0.68967	per CCF
<u>Gas Lighting Sales Service (“GL”)</u>		
(Estimated Usage - 15 CCF per month)		
Monthly Charge	\$ 6. 44 67	per gas light
Gas Cost Rate (GCR)	\$10.35	per gas light
<u>Medium Volume Gas Sales Service (“MVG”)</u>		
Customer Charge	\$ 456.12472 .41	per month
Demand Charge	\$ 14.57 15.09	per MCF of Billing MDQ
Commodity Delivery Charge 2/	\$0. 467574 8428	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	\$5.1051	per MCF
<u>Large Volume Gas Sales Service (“LVG”)</u>		
Customer Charge	\$ 690.36715 .02	per month
Demand Charge	\$ 8.97 9.29	per MCF of Billing MDQ
Commodity Delivery Charge 2/	\$0. 112481 1650	per MCF
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Demand Charge	\$11.6589	per MCF of Billing MDQ
Gas Cost Rate (GCR) Commodity Charge 2/	Varies	per MCF

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% Charged on all non-exempt services, in the City of Wilmington, including the GCR.

1/ Gas used by Customers with permanently installed gas-fired space heating equipment qualifies for the space heating ~~commodity~~delivery rate for all gas used in excess of 50 ccf for the billing months of October through May, inclusive.

2/ All LVG and “Electing” MVG Customers pay a monthly Commodity Charge GCR based upon the system Weighted Average Commodity Cost of Gas (“System WACCOG”). “Non-Electing” MVG Customers pay the annual GCR Commodity Charge listed here.

Order Nos. ~~8217 & 8218~~

Filed: ~~October 22~~December 7, 2012

Docket Nos. ~~12-419F & 12-420~~

Effective with Usage On and After ~~November 1, 2012~~February 5, 2013

RATES AND CHARGES
CORE SALES RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>Large Volume Gas Sales Service-Qualified Fuel Cell Provider-Renewable Capable Power Production ("LVG-QFCP-RC")</u>		
Customer Charge	\$3, 166.67 <u>279.78</u>	per month
Capital Recovery Charge	Varies	per Customer's Executed Service Agreement
Environmental Surcharge Rider	\$0.00211	per MCF
Gas Cost Rate (GCR) Commodity Charge 1/	Varies	per MCF

Public Utilities Tax: 4.25% applies to all non-residential services, unless pursuant to Title 30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2% charged on all non-exempt services, in the City of Wilmington.

- 1/ All LVG-QFCP-RC customers pay a Commodity Charge Rate based upon the Gas Daily Average (GDA) for Transco Zone 6 Non-New York price plus any premiums incurred by Delmarva to provide this service.

RATES AND CHARGES

CORE TRANSPORTATION RATE LEAF

<u>SERVICE CLASSIFICATION</u>	<u>BASE RATE</u>	<u>BASIS</u>
<u>General Volume Firm Transportation</u>		
Service ("GVFT")		
Customer Charge	\$328.88 340.63	per month
Delivery Charge		
First 750 CCF	\$0.38 04939408	per CCF Redelivered
Over 750 CCF	\$0.28 42129437	per CCF Redelivered
Balancing Fee Non-Base Rate	\$0.03348	per CCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00021	per CCF
<u>Medium Volume Firm Transportation</u>		
Service ("MVFT")		
Customer Charge	\$755.30 782.28	per month
Demand Charge	\$ 14.57 15.09	per MCF of Billing MDQ
Delivery Charge	\$ 0.46 75748428	per MCF Redelivered
Balancing Fee Non-Base Rate	\$ 0.3348	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00211	per MCF
<u>Large Volume Firm Transportation</u>		
Service ("LVFT")		
Customer Charge	\$989.53 1,024.87	per month
Demand Charge	\$ 8.97 9.29	per MCF of Billing MDQ
Delivery Charge	\$ 0.11 24811650	per MCF Redelivered
Balancing Fee Non-Base Rate	\$ 0.3348	per MCF of Imbalance Volumes
Environmental Surcharge Rider	\$0.00211	per MCF
<u>Standby Service ("SBS")</u>		
Demand Charge Non-Base Rate	\$11.6589	per MCF of Standby MDQ
Commodity Charge		Monthly System WACCOG per MCF (adjusted for losses and unaccounted for)

Public Utilities Tax: 4.25% Applies to all non-residential services, including the GCR, unless pursuant to Title30 Chapter 55, the Customer is eligible for a different tax rate or is exempt from such tax.

City of Wilmington Local Franchise Tax: 2.00% Charged on all non-exempt Services, in the City of Wilmington, including the GC.

Briefing Sheet

Before the Delaware Public Service Commission
Application for an Increase in Gas Base Rates
PSC Docket No. 12 -
Briefing Sheet

Subject: Delmarva Power & Light Company's (Delmarva or the Company) Application for an Increase in Gas base Rates filed December 7, 2012.

Increase Sought: Delmarva seeks approval of a proposed increase of \$12,174,435 in its gas base rates, which equates to an increase in total revenue of 7.87%.

Reasons for Filing: The proposed increase reflects higher costs since 2010 to continue to provide safe and reliable service.

Effective Date: The Company is requesting that the full proposed increase become effective February 5, 2013. If the Commission should decide to suspend the full proposed increase, the Company requests to put an interim increase of \$2.5 Million into effect on February 5, 2013.

Rate Design: The proposed apportionment of the increase will move the class rates of return toward unity. Also, tariff leaves including a proposed Utility Facility Relocation Charge and a proposed change to the current Main Extension policy are incorporated in the filing.

Rate of Return: 7.51% overall; 10.25% on Common Equity

Test Year: Actual Data for the twelve months ending June 2012

Test Period: Twelve Months Ending December 31, 2012, which includes 6 months of actual data ending June 30, 2012 and 6 months of forecasted data ending December 31, 2012. Information will be updated to actuals during the course of the filing.

Capital Structure: At September 30, 2012

<u>Type of Capital</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long Term Debt	51.22%	4.91%	2.51 %
Common Equity	48.78%	10.25%	5.00 %
Total	100.00%		7.51 %

Before the Delaware Public Service Commission
Application for an Increase in Gas Base Rates
PSC Docket No. 12 -
Briefing Sheet

Elements of the Rate Increase:

Items:	<u>(\$000)</u>
Rate Base Growth and Inflation	\$ 5,627
Reliability Plant Additions	\$ 2,694
Advanced Metering Infrastructure	\$ 1,416
Normalize Meter Reading Expense	\$ 1,151
Benefits/Wage & FICA Increase	\$ 949
Removal of Exec Incentive	\$ (719)
Increase in Return on Equity	\$ 554
Annualize Depreciation (Year-end plant)	<u>\$ 502</u>
Total	\$12,174

Impact on Different Rate Classes:

Service Classification	Proposed Increase (\$000)			
	Full Proposed Increase		Interim Increase	
	\$	%	\$	%
R + RSH	7,782	8.10	1,633	1.70
GG + GVFT	2,869	6.07	632	1.34
MVG + MVFT	329	5.71	121	2.09
LVG + LVFT	785	18.08	111	2.56
Gas Lighting	.14	5.29	.03	1.11
<u>LVG-QFCP</u>	<u>409</u>	<u>N/A</u>	<u>3</u>	<u>N/A</u>
Total	\$ 12,174	7.87%	\$ 2,500	1.63%

Impact on Average Customer:

For a typical residential customer using 120 CCF in a winter month, the monthly bill impact is 6.1% (bill increase of \$8.67, from \$141.79 to \$150.46)

Details of preceding rate case
(Docket No. 10-237)

1. Filed July 2, 2010
2. Full Proposed Rates Effective February 2, 2011
3. Final Rates Effective July 1, 2011
4. Increase of \$5.8 M
5. 10.0% Return on Equity approved , overall ROR of 7.56%
6. Refunds processed and applied August 15, 2011
7. Decoupling set on separate track
8. Rate impact varied by class

Minimum Filing

Delaware Gas Base Rate Case
Minimum Filing Requirements
Index to Schedules

Filing Requirements Designation	Schedule Number	Description	Witness Sponsoring
Part I	A	Period Definitions	Ziminsky
Part II	General Information		
2.1.1	B	Description of the Company	McGowan: Previously filed
2.1.2	B	Intercompany Relationships	McGowan: Previously filed
2.1.3	B	Systems MAP	Collacchi: Previously filed
2.1.4	C	Reasons for an Increase	Ziminsky
2.1.5	C	Items Departing from Prior Decision	Ziminsky
2.2.2	C	Gas Utility Plant Capacity and Service	Collacchi: Previously filed
2.3.1	D	Amount and Percent of Increases by Class	Santacecilia
Part III	Financial Results of Operations		
3.1.1		Financial Summary	Ziminsky
3.1.2	1-A, 1-B	Jurisdictional versus Total Company Results	Ziminsky
3.2.1.1	--	Annual Report to Stockholders	White: Previously filed
3.2.1.2	--	FERC Reports	White: Previously filed
3.2.1.3	--	SEC 10K Reports	White: Previously filed
3.2.1.4	--	Proxy Statements	McGowan: Previously filed
3.2.1.5	--	Security Prospectuses	McGowan: Previously filed
Part IV	Rate Base		
4.2	2	Rate Base Summary	Ziminsky
4.3	2A	Used and Useful Utility Plant	Ziminsky
4.4	2B	Intangible Assets	Ziminsky
4.5	2C	Accumulated Depreciation & Amortization	Ziminsky
4.6	2C	Customer Advances and Contributions in Aid of Construction	Ziminsky
4.7	2D	Accumulated Deferred Income Taxes and Investment Credit	Ziminsky
4.7.3	2D	Deferred Tax Accounting Methods	Ziminsky
4.8	--	Accumulated Depreciation of Customer Advances and Contributions in Aid of Construction	Ziminsky
4.9	2E	Materials and Supplies	Ziminsky
4.10	2E-1	Investor Supplied Cash Working Capital	Ziminsky
4.11	2F	Other Elements of Property and CWIP Schedule/By Project	Ziminsky

Delaware Gas Base Rate Case
Minimum Filing Requirements
Index to Schedules

Filing Requirements Designation	Schedule Number	Description	Witness Sponsoring
Part V	Net Operating Income		
5.1	3	Summary of Net Operating Income	Ziminsky
5.2.1	3A, Page 1	Revenues	Ziminsky/Santacecilia
5.2.2	3A, Page 2	Sales & Revenues by Class	Ziminsky/Santacecilia
5.3.1	3B, Page 1	Operating Expenses	Ziminsky
5.3.6	3B, Page 2	Statement on Depreciation/Depreciation Rates	Ziminsky
	3B	Deferred Fuel Cost Accounting	Collacchi
5.3.4	3C	Payroll Costs	Ziminsky
5.3.5	3D	Executive Compensation	McGowan
5.3.9	3E	Sales Promotion and Advertising	Ziminsky
5.3.10, 5.3.11	3F	Contribution & Lobbying Costs	Ziminsky
5.3.12	3G	Association Dues	Ziminsky
5.3.13	3H	Rate Case Expenses	Ziminsky
5.3.14		Affiliated Transaction Detail	<u>Waiver Requested</u>
5.3.15.1	3I	Income Taxes and Provisions	Ziminsky
5.3.15.2	3J, Page 1 & 2	Federal & State Income Taxes	Ziminsky
5.3.15.3	3K, Page 1	Deferred Federal & State Income Taxes	Ziminsky
5.3.15.3	3K, Page 2	Income Tax Accounting Statement	Ziminsky
5.3.15.4	3L	Investment Tax Credit	Ziminsky
5.3.15.7	3M	Other Taxes	Ziminsky
5.4	3N, Page 1 & 2	AFUDC Definition & Computation	White
5.5	3O	Other Income & Deductions	Ziminsky
Part VI	Rate of Return		
6.1.1	4	Overall Proposed Rate of Return	Hevert
6.1.2	4A	Actual and Estimated Capital Structure	Hevert
6.2.1	4A	Short Term Debt and Compensating Balances	Hevert
6.2.2	4B and 4C	Embedded Cost of Debt	Hevert
6.3	4D and 4E	Embedded Cost of Preferred Stock	Hevert
6.4	4F, G and H	Common Equity Cost	Hevert
6.5	Parent: 4A, 4B, 4C, 4D	Parent – Subsidiary Relationship	Hevert
Part VII	Gross Revenue Conversion Factor		
7.0	5	Revenue Conversion Factor	Ziminsky
Part VIII	Rates and Tariffs		
8.1 – 8.6	--	All Rates and Tariffs are filed in the Application Book (Book 1). See testimony and schedules of Company Witness Santacecilia for a list of proposed tariff changes and reasons for changes	Santacecilia
8.4		Cost of Service Study	Normand

Test Year = 12 months ending June 2012 (Actual data)

Test period = 12 months ending December 2012, 6 month actual, 6 month forecast

General Information

Schedule No. A
Ref: Part 1, Para. 2.1 & 2.2
Witness: Ziminsky

**Delmarva Power & Light Company - Gas
Test Year and Test Period Defined**

In all following schedules, the following period definitions are applicable:

Test Year: 12 Months Ending June 30, 2012

Test Period: 6 Months Actual + 6 Months Forecast Ending December 31, 2012

Schedule No. B
Witness: McGowan,
Collacchi, White

DELMARVA POWER & LIGHT COMPANY - GAS
DATA PREVIOUSLY FILED
DPSC DOCKET NO. 12 - ____

<u>Line</u> <u>No.</u>	<u>Designation</u>	<u>Description</u>	<u>Witness</u>
1	Part 2, Para. 1.1 & 1.2	Description of the Company	McGowan
2			
3	Part 2, Para. 1.3	System Map	Collacchi
4			
5	Part 2, Para. B 2.2	Gas Supply Plan 2013	Collacchi
6			
7		Supporting Documents	
8	Part 3, Para. 2.1.1	A. Annual Reports	White
9	Part 3, Para. 2.1.2	B. FERC Reports	White
10	Part 3, Para. 2.1.3	C. SEC 10-K Reports	White
11	Part 3, Para. 2.1.4	D. SEC Proxy Statements	White
12	Part 3, Para. 2.1.5	E. Prospectus	McGowan

**DELMARVA POWER & LIGHT COMPANY - GAS
ELEMENTS OF RATE INCREASE
DPSC DOCKET NO. 12 - ____**

Reasons for the Proposed Increase:

Refer to Kevin M. McGowan's testimony

Elements of the Proposed Increase

<u>Items</u>	<u>000's</u>
Rate Base Growth and Inflation	\$5,627
Reliability Plant Additions	\$2,694
Advanced Metering Infrastructure-related Initiative	\$1,416
Normlize Meter Reading Expense	\$1,151
Benefits/Wage&FICA	\$949
Removal of Executive Incentive Compensation	(\$719)
Return on Equity increase from 10.00 % to 10.25 %	\$554
Annualization of Depreciation on Year-end Plant	\$502

Accounting Elements departing from Prior Decisions:

Use of Year-end Rate Base

CWIP and AFUDC not removed

Non-executive Incentive Compensation not removed

Delmarva Power & Light Company - Delaware
Summary of Proposed Revenue Increase
6+6 Months Ending December 31, 2012

Rate Schedule	Test Period Delivery Sales CCF	Total Test Period Revenue w/o Tax \$	Total Test Period Delivery Revenue w/o Tax \$	Proposed Delivery Revenue Increase \$	Total Proposed Delivery Tax \$	Proposed Revenue w/o Tax \$	Proposed Delivery Revenue Increase (%)	Total Proposed Revenue Increase (%)
Residential	66,064,128	\$ 96,112,029	\$ 42,038,658	\$ 7,782,061	\$ 49,820,719	\$ 103,894,090	18.51%	8.10%
GG/GVFT	41,062,284	\$ 47,260,902	\$ 17,210,371	\$ 2,869,316	\$ 20,079,688	\$ 50,130,219	16.67%	6.07%
GL	2,095	\$ 2,618	\$ 768	\$ 139	\$ 907	\$ 2,757	18.04%	5.29%
MVG+MVFT	15,853,922	\$ 5,761,930	\$ 3,351,720	\$ 328,999	\$ 3,680,719	\$ 6,090,929	9.82%	5.71%
LVG+LVFT	46,009,142	\$ 4,342,330	\$ 3,742,356	\$ 784,897	\$ 4,527,254	\$ 5,127,227	20.97%	18.08%
LVG-QFCP	1,025,400	\$ 34,840	\$ 3,344	\$ 408,778	\$ 412,122	\$ 443,618	NA	NA
MVIT	2,356,240	\$ 450,457	\$ 402,792	\$ -	\$ 402,792	\$ 450,457	0.00%	0.00%
LVIT	5,544,524	\$ 697,179	\$ 340,275	\$ -	\$ 340,275	\$ 697,179	0.00%	0.00%
Grand Total	177,917,736	\$ 154,662,286	\$ 67,090,285	\$ 12,174,191	\$ 79,264,476	\$ 166,836,477	18.15%	7.87%

Delmarva Power & Light Company - Delaware
Summary of Proposed Interim Revenue Increase
6+6 Months Ending December 31, 2012

Rate Schedule	Test Period Delivery Sales CCF	Total Test Period Revenue w/o Tax \$	Total Test Period Delivery Revenue w/o Tax \$	Proposed Delivery Revenue Increase \$	Total Proposed Delivery Revenue w/o Tax \$	Proposed Delivery Revenue Increase (%)	Total Proposed Revenue Increase (%)
Residential	66,064,128	96,112,029	42,038,658	\$ 1,633,054	\$ 43,671,712	\$ 3.88%	1.70%
GG/GFT	41,062,284	47,260,902	17,210,371	\$ 632,206	\$ 17,842,578	\$ 3.67%	1.34%
GL	2,095	2,618	768	\$ 29	\$ 797	\$ 3.77%	1.11%
MVG/MVFT	15,853,922	5,761,930	3,351,720	\$ 120,655	\$ 3,472,375	\$ 3.60%	2.09%
LVG/LVFT	46,009,142	4,342,330	3,742,356	\$ 111,278	\$ 3,853,634	\$ 2.97%	2.56%
LVG-QFCP	1,025,400	34,840	3,344	\$ 2,715	\$ 6,059	NA	NA
MVIT	2,356,240	450,457	402,792	\$ -	\$ 402,792	\$ 0.00%	0.00%
LVIT	5,544,524	697,179	340,275	\$ -	\$ 340,275	\$ 0.00%	0.00%
Total	177,917,736	\$ 154,662,286	\$ 67,090,285	\$ 2,499,937	\$ 69,590,222	\$ 3.73%	1.62%

Schedule No. 1

Delmarva Power & Light Company - Gas
Overall Financial Summary for Total Company

(1)	(2)	(3)	(4)	(5)	(6)
Line		Test Year		Test Period	
<u>No.</u>	<u>Description</u>	<u>System</u> <u>Gas</u>	<u>System</u> <u>Gas</u>	<u>Adjustments</u>	<u>Adjusted</u> <u>System Gas</u>
1	Rate Base	\$247,886,332	\$250,048,213	\$23,120,726	\$273,168,940
2					
3	Net Operating Income	\$15,362,526	\$15,466,410	(\$2,154,641)	\$13,311,769
4					
5	Earned Rate of Return	6.20%	6.19%		4.87%

**Delmarva Power & Light Company - Gas
Overall Financial Summary for Delaware Jurisdiction**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Test Year		Test Period	
Line No.	Description	Reference Schedule	Delaware Gas Jurisdiction	Delaware Gas Jurisdiction	Adjustments	Delaware Gas Adjusted
1	Rate Base	2	\$247,886,332	\$250,048,213	\$23,120,726	\$273,168,940
2	Net Operating Income	3	\$15,362,526	\$15,466,410	(\$2,154,641)	\$13,311,769
3	Earned Rate of Return		6.20%	6.19%		4.87%
4						
5	Proposed Fair Rate of Return					7.51%
6	Required Operating Income					\$20,514,987
7						
8	Operating Income Deficiency					\$7,203,218
9	Gross Revenue Conversion Factor	5				1.69013
10	Revenue Deficiency					\$12,174,375

Delmarva Power & Light Company
Delaware Gas

Adjustments to Rate Base for the Test Period

(1) Line No.	(2) Description	(3) Per Cost of Service	(4) Adj # 2 Regulatory Exp Normalization	(5) Adj # 9 Reliability Closings Jan. - Dec. 2013	(6) Adj # 10 Remove Bloom Incremental	(7) Adj # 11 Net Plant Additions AML	(8) Adj # 13 Amortization of Refinancings	(9) Adj # 15 Credit Facilities Expense	(10) Adj # 16 Medicare Part D Subsidy	(10) Adj # 17 Depreciation Annualization	(12) Adj # 19 CWC Adjustment	(13) Adjusted Rate Base
1	Supporting Witness		Ziminsky	Ziminsky/Collachi	Ziminsky	Ziminsky/Collachi	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	
2	Gas Plant in Service	\$478,251,279	\$0	\$14,688,000	(\$531,284)	\$7,310,808	\$0	\$0	\$0	\$0	\$0	\$498,718,803
3	Intangible Assets	\$2,289,593	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,289,593
4	Less: Accumulated Depreciation and Amortization	\$202,439,479	\$0	(\$3,397,995)	(\$2,369)	\$390,798	\$0	\$0	\$0	\$320,841	\$0	\$198,750,754
5		\$278,101,393	\$0	\$18,085,995	(\$528,915)	\$6,920,010	\$0	\$0	\$0	(\$320,841)	\$0	\$302,257,642
6	Net Plant in Service											
7		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Less: Customer Advances	(\$76,685,758)	(\$171,456)	(\$57,281)	\$46,126	\$136,105	(\$825,842)	\$0	(\$9,682)	\$0	\$0	(\$77,567,787)
9	Accumulated Deferred Income Taxes	(\$489,224)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$489,224)
10	Accumulated Investment Tax Credit											
11		\$12,890,975	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,890,975
12	Materials and Supplies	\$28,882,258	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$8,968)	\$28,873,290
13	Working Capital											
14	Other Elements of Property											
15	Construction Work in Progress	\$10,747,414	\$0	\$0	\$0	(\$2,811,388)	\$0	\$0	\$0	\$0	\$0	\$7,936,026
16	Customer Deposits	(\$3,398,845)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$3,398,845)
17	Amortizable Balances	\$0	\$421,733	\$0	\$0	\$0	\$2,031,341	\$189,974	\$23,815	\$0	\$0	\$2,666,863
18												
19	Total Claimed Rate Base	\$250,048,213	\$250,278	\$18,028,714	(\$482,789)	\$4,244,726	\$1,205,499	\$189,974	\$14,133	(\$320,841)	(\$8,968)	\$273,168,940

Delmarva Power & Light Company
Delaware Gas
Adjustments to Earnings for the Test Period

(1) Line No.	(2) Description	(3) Per Cost of Service	(4) Adj # 1 Emp Assoc Exp Adjustment	(5) Adj # 2 Regulatory Exp Normalization	(6) Adj # 3 Wage & FICA Adjustment	(7) Adj # 4 Remove Executive Incentives	(8) Adj # 5 Remove Certain Executive Comp.	(9) Adj # 6 Uncollectible Exp Normalization	(10) Adj # 7 Injuries & Dam Normalization	(11) Adj # 8 Benefits Expense Adjustment	(12) Adj # 9 Reliability Closings Jan. - Dec. 2013
1	Supporting Witness		Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky/Collachi
2											
3	Operating Revenues										
4	Sales	\$71,343,325	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5	Other Revenues	\$679,613	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Total Operating Revenues	\$72,022,938	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7											
8	Operating Expenses										
9	Operation and Maintenance	\$33,371,387	(\$31,056)	\$230,781	\$604,300	(\$716,828)	(\$23,960)	\$478,887	(\$28,236)	\$308,397	\$0
10	Depreciation and Amortization	\$12,520,660	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$404,010
11	Taxes Other than Income Taxes	\$4,716,935	\$0	\$0	\$33,365	\$0	\$0	\$0	\$0	\$0	\$0
12	Income Taxes and Provisions	\$6,230,279	\$12,626	(\$93,824)	(\$259,243)	\$291,426	\$9,741	(\$194,692)	\$11,479	(\$125,379)	(\$164,250)
13	Total Operating Expenses	\$56,839,262	(\$18,430)	\$136,957	\$378,423	(\$425,402)	(\$14,219)	\$284,196	(\$16,756)	\$183,018	\$239,760
14											
15	Operating Income	\$15,183,676	\$18,430	(\$136,957)	(\$378,423)	\$425,402	\$14,219	(\$284,196)	\$16,756	(\$183,018)	(\$239,760)
16											
17	AFUDC	\$286,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
18	Other Income and Deductions	(\$4,166)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
19											
20	Net Operating Income	\$15,466,410	\$18,430	(\$136,957)	(\$378,423)	\$425,402	\$14,219	(\$284,196)	\$16,756	(\$183,018)	(\$239,760)

Delmarva Power & Light Company
Delaware Gas
Adjustments to Earnings for the Test Period

(1) Line No.	(2) Description	(3) Adj # 10 Remove Bloom Incremental	(4) Adj # 11 AMI Net Plant Additions	(5) Adj # 12 Remove Meter Reading Credit	(6) Adj # 13 Amortization of Refinancings	(7) Adj # 14 Post 1980 ITC Amortization	(8) Adj # 15 Credit Facilities Expense	(9) Adj # 16 Medicare Part D Subsidy	(10) Adj # 17 Depreciation Annualization	(11) Adj # 18 Interest Synchronization	(12) Adjusted Earnings
1	Supporting Witness	Ziminsky	Ziminsky/Collachi	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	Ziminsky	
2											
3	Operating Revenues										
4	Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$71,343,325
5	Other Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$679,613
6	Total Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$72,022,938
7											
8	Operating Expenses										
9	Operation and Maintenance	\$0	\$0	\$1,147,546	\$0	\$0	\$0	\$0	\$0	\$0	\$35,341,219
10	Depreciation and Amortization	(\$2,369)	\$864,957	\$0	\$209,897	\$0	\$113,005	\$11,907	\$540,637	\$0	\$14,662,704
11	Taxes Other than Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,750,301
12	Income Taxes and Provisions	\$963	(\$351,648)	(\$466,535)	(\$85,334)	\$50,470	(\$45,942)	(\$4,841)	(\$219,796)	(\$361,734)	\$4,233,768
13	Total Operating Expenses	(\$1,406)	\$513,309	\$681,011	\$124,563	\$50,470	\$67,063	\$7,066	\$320,841	(\$361,734)	\$58,987,992
14											
15	Operating Income	\$1,406	(\$513,309)	(\$681,011)	(\$124,563)	(\$50,470)	(\$67,063)	(\$7,066)	(\$320,841)	\$361,734	\$13,034,946
16											
17	AFUDC	\$0	(\$5,911)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$280,989
18	Other Income and Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,166)
19											
20	Net Operating Income	\$1,406	(\$519,220)	(\$681,011)	(\$124,563)	(\$50,470)	(\$67,063)	(\$7,066)	(\$320,841)	\$361,734	\$13,311,769

Schedule No. 2

Delmarva Power & Light Company - Gas
Rate Base Summary - "Per Books"

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Line No.	Description	26 Del. C. 102 (3) Letter Ref.	Reference Schedule	Test Year Delaware Gas Jurisdiction	Test Year Amount in COS	Test Period Delaware Gas Jurisdiction	Test Period Amount in COS
1	Gas Plant in Service	a	2 - A	\$461,373,154	\$461,373,154	\$478,251,279	\$478,251,279
2	Intangible Assets	a	2 - B	\$2,289,593	\$2,289,593	\$2,289,593	\$2,289,593
3	Less: Accumulated Depreciation and Amortization	b	2 - C	<u>\$197,016,654</u>	<u>\$197,016,654</u>	<u>\$202,439,479</u>	<u>\$202,439,479</u>
4	Net Plant in Service			\$266,646,092	\$266,646,092	\$278,101,393	\$278,101,393
5							
6	Less: Customer Advances	c	2 - C	\$0	\$0	\$0	\$0
7	Accumulated Deferred Income Taxes	d	2 - D	(\$73,053,447)	(\$73,053,447)	(\$76,685,758)	(\$76,685,758)
8	Accumulated Investment Tax Credit	d	2 - D	(\$517,500)	(\$517,500)	(\$489,224)	(\$489,224)
9							
10	Plus: Materials and Supplies	f	2 - E	\$12,332,993	\$12,332,993	\$12,890,975	\$12,890,975
11	Working Capital	f	2 - E	\$32,197,985	\$32,197,985	\$28,882,258	\$28,882,258
12	Other Elements of Property						
13	Construction Work in Progress	g	2 - F	\$13,893,223	\$13,893,223	\$10,747,414	\$10,747,414
14	Customer Deposits	g	2 - F	(\$3,613,014)	(\$3,613,014)	(\$3,398,845)	(\$3,398,845)
15	Amortizable Balances	g	2 - F	\$0	\$0	\$0	\$0
16							
17	Total Claimed Rate Base			<u>\$247,886,332</u>	<u>\$247,886,332</u>	<u>\$250,048,213</u>	<u>\$250,048,213</u>

**Delmarva Power & Light Company - Gas
 Gas Plant in Service by Major Plant Category**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	<u>Major Plant Category</u>	<u>Test Year Balance</u>	<u>Test Year Amount in COS</u>	<u>Test Period Balance</u>	<u>Test Period Amount in COS</u>
1	Production	\$9,799,218	\$9,799,218	\$9,967,471	\$9,967,471
2	Transmission	\$38,626,078	\$38,626,078	\$39,201,886	\$39,201,886
3	Distribution	\$386,590,813	\$386,590,813	\$402,690,553	\$402,690,553
4	General	\$4,959,078	\$4,959,078	\$5,059,078	\$5,059,078
5	Common - Gas	\$21,397,966	\$21,397,966	\$21,332,291	\$21,332,291
6					
7					
8	Total	\$461,373,154	\$461,373,154	\$478,251,279	\$478,251,279

Delmarva Power & Light Company - Gas
Intangible Assets Claimed in Jurisdictional Rate Base

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	<u>Major Plant Category</u>	<u>Test Year Balance</u>	<u>Test Year Amount in COS</u>	<u>Test Period Balance</u>	<u>Test Period Amount in COS</u>
1	Account 301 Organization	\$0	\$0	\$0	\$0
2	302 Franchise	\$0	\$0	\$0	\$0
3	303 Miscellaneous	\$2,289,593	\$2,289,593	\$2,289,593	\$2,289,593
4					
5					
6	Total Intangible	\$2,289,593	\$2,289,593	\$2,289,593	\$2,289,593

Intangible assets are included in rate base as defined by 25 Del. Code 102(3)a. These assets include expenditures incurred in organizing and franchising the Company and various computer software costs necessary for daily operation. As such, intangible assets are "used and useful" in providing service.

Delmarva Power & Light Company - Gas
Accumulated Depreciation and Amortization for the Test Period

(1) Line No.	(2) <u>Major Plant Category</u>	(3) Test Year <u>Balance</u>	(4) Test Year Amount <u>in COS</u>	(5) Test Period <u>Balance</u>	(6) Test Period Amount <u>in COS</u>
1	Depreciation				
2	Production	\$8,299,875	\$8,299,875	\$8,466,431	\$8,466,431
3	Transmission	\$14,879,243	\$14,879,243	\$15,226,744	\$15,226,744
4	Distribution	\$154,500,713	\$154,500,713	\$158,865,886	\$158,865,886
5	General	\$1,797,048	\$1,797,048	\$1,858,275	\$1,858,275
6	Common - Gas	\$15,505,957	\$15,505,957	\$15,874,809	\$15,874,809
7					
8	Total Depreciation	\$194,982,837	\$194,982,837	\$200,292,145	\$200,292,145
9					
10	Amortization	\$2,033,817	\$2,033,817	\$2,147,334	\$2,147,334
11					
12	Total Depreciation and Amortization	\$197,016,654	\$197,016,654	\$202,439,479	\$202,439,479

**Delmarva Power & Light Company - Gas
Customer Advances**

(1)	(2)		(3)	(4)
Line No.	Description		Test Year Balance	Test Period Balance
1	System Gas			
2	June, 2011	Actual	\$13,657	
3	July	Actual	\$13,657	
4	August	Actual	\$13,657	
5	September	Actual	\$13,657	
6	October	Actual	\$13,657	
7	November	Actual	\$13,657	
8	December, 2011	Actual	\$13,657	\$13,657
9	January, 2012	Actual	\$0	\$0
10	February	Actual	\$0	\$0
11	March	Actual	\$0	\$0
12	April	Actual	\$0	\$0
13	May	Actual	\$0	\$0
14	June	Actual	\$0	\$0
15	July	Forecast		\$0
16	August	Forecast		\$0
17	September	Forecast		\$0
18	October	Forecast		\$0
19	November	Forecast		\$0
20	December, 2012	Forecast		\$0

**Delmarva Power & Light Company - Gas
Accumulated Deferred Federal Income Taxes**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	<u>Accumulated Federal Deferred Income Taxes</u>				
2	<u>Account 190</u>				
3	Federal NOL	\$10,909,939	\$10,909,939	\$6,966,404	\$6,966,404
4	Claims Reserve	\$146,074	\$146,074	\$125,536	\$125,536
5					
6	<u>Account 282</u>				
7	Repair Allowance	(\$22,267,061)	(\$22,267,061)	(\$22,267,061)	(\$22,267,061)
8					
9	<u>Account 283</u>				
10	Property Taxes	\$0	\$0	(\$301,194)	(\$301,194)
11					
12	Plant Related	(\$48,252,958)	(\$48,252,958)	(\$47,390,128)	(\$47,390,128)
13					
14	<u>Total Federal Deferred Taxes</u>	(\$59,464,006)	(\$59,464,006)	(\$62,866,444)	(\$62,866,444)
15					
16	<u>Accumulated Investment Tax Credit</u>	(\$517,500)	(\$517,500)	(\$489,224)	(\$489,224)

**Delmarva Power & Light Company - Gas
Accumulated Deferred State Income Taxes**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	<u>Accumulated State Deferred Income Taxes</u>				
2	<u>Account 190</u>				
3	State NOL	\$4,353,072	\$4,353,072	\$4,078,794	\$4,078,794
4	Claims Reserve	\$38,229	\$38,229	\$32,854	\$32,854
5					
6	<u>Account 282</u>				
7	Repair Allowance	(\$5,594,445)	(\$5,594,445)	(\$5,594,445)	(\$5,594,445)
8					
9	<u>Account 283</u>				
10	Property Taxes	\$0	\$0	(\$78,825)	(\$78,825)
11					
12	Plant Related	(\$12,386,297)	(\$12,386,297)	(\$12,257,691)	(\$12,257,691)
13					
14	<u>Total State Deferred Taxes</u>	(\$13,589,441)	(\$13,589,441)	(\$13,819,314)	(\$13,819,314)

**Delmarva Power & Light Company - Gas
Statement of Deferred Tax Accounting Methods**

Income Taxes

Deferred income taxes result from timing differences in the recognition of certain expenses for tax and financial accounting purposes. The principal items accounting for deferred income tax purposes are; (1) use of accelerated depreciation methods for income tax purposes, and (2) the over or under recovery of fuel and gas purchase costs.

Investment tax credits generated in prior years have generally been deferred and amortized. The remaining unamortized investment tax credits are being amortized over the useful lives of the related utility plant which generated the credit.

There was no ITC available to the Company as of the end of the test period.

Delmarva Power & Light Company - Gas
Delaware Jurisdictional Materials & Supplies for the Test Period

(1) Line No.	(2) <u>Description</u>	(3) Test Year <u>Balance</u>	(4) Test Period <u>Balance</u>
1	Gas in Storage	\$11,256,941	\$11,851,855
2			
3	Plant Materials & Supplies		
4	Materials & Supplies	\$996,068	\$961,970
5			
6	Stores Expense	\$79,984	\$77,150
7			
8	Total	\$1,076,053	\$1,039,120
9			
10			
11	Total Materials & Supplies	\$12,332,993	\$12,890,975

**Delmarva Power & Light Company - Gas
Delaware Materials & Supplies for the Test Period and Preceding 12 Months**

(1) Line No.	(2) Description		(3) Test Year			(6) Test Period		
			Gas in Storage	Materials & Supplies	Stores Expense	Gas in Storage	Materials & Supplies	Stores Expense
1	<u>Twelve Months Preceding Test Period</u>							
2	December, 2010					\$16,513,930	\$758,023	\$64,205
3	January, 2011					\$12,990,515	\$760,222	\$65,383
4	February					\$9,558,323	\$727,026	\$61,213
5	March					\$5,844,081	\$744,305	\$62,670
6	April					\$6,937,513	\$743,713	\$61,584
7	May					\$10,166,443	\$738,994	\$62,248
8	June		\$11,983,038	\$769,406	\$64,784	\$11,983,038	\$769,406	\$64,784
9	July		\$14,613,153	\$743,623	\$60,686	\$14,613,153	\$743,623	\$60,686
10	August		\$16,630,080	\$770,975	\$62,613	\$16,630,080	\$770,975	\$62,613
11	September		\$18,160,619	\$777,320	\$65,450	\$18,160,619	\$777,320	\$65,450
12	October		\$18,053,710	\$759,385	\$66,236	\$18,053,710	\$759,385	\$66,236
13	November, 2011		\$17,629,191	\$747,433	\$66,133	\$17,629,191	\$747,433	\$66,133
14								
15	<u>Test Period</u>							
16	December, 2011	Actual	\$16,036,917	\$752,539	\$63,364	\$16,036,917	\$752,539	\$63,364
17	January, 2012	Actual	\$11,988,885	\$772,734	\$63,802	\$11,988,885	\$772,734	\$63,802
18	February	Actual	\$8,921,792	\$731,088	\$57,598	\$8,921,792	\$731,088	\$57,598
19	March	Actual	\$7,929,730	\$821,589	\$65,974	\$7,929,730	\$821,589	\$65,974
20	April	Actual	\$8,684,018	\$762,578	\$61,252	\$8,684,018	\$762,578	\$61,252
21	May	Actual	\$9,962,608	\$804,025	\$57,909	\$9,962,608	\$804,025	\$57,909
22	June	Actual	\$11,256,941	\$996,068	\$79,984	\$11,256,941	\$996,068	\$79,984
23	July	Forecast				\$12,581,018	\$1,039,047	\$80,025
24	August	Forecast				\$13,568,786	\$1,110,007	\$85,798
25	September	Forecast				\$13,975,557	\$986,751	\$79,236
26	October	Forecast				\$13,868,648	\$968,817	\$80,022
27	November	Forecast				\$13,444,129	\$956,865	\$79,919
28	December, 2012	Forecast				\$11,851,855	\$961,970	\$77,150

Delmarva Power & Light Company - Gas
Delaware Jurisdictional Working Capital for the Test Period

(1)	(2)	(3)	(4)
Line No.	Description	Test Year Balance	Test Period Balance
1	Cash Working Capital	\$13,513,878	\$12,162,089
2			
3	Miscellaneous Items		
4	Prepaid Pension Balance (net of tax)	\$21,047,435	\$19,809,234
5	Prepaid Insurance	\$6,373	\$2,306
6	Accrued OPEB Liability (net of tax)	(\$2,941,506)	(\$3,642,256)
7	AMI Regulatory Asset (net of tax)	\$571,805	\$550,886
8			
9	Total Miscellaneous Items	\$18,684,107	\$16,720,169
10			
11	Total Cash Working Capital	\$32,197,985	\$28,882,258

Delmarva Power & Light Company - Gas
Development of Cash Working Capital for the Test Period

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Expense	Test Year Cash Working Capital Requirement	Test Period Expense	Test Period Cash Working Capital Requirement
1	O & M Expense				
2	Purchased Fuel	\$123,021,405	\$7,580,141	\$102,408,489	\$6,310,046
3	Deferred Fuel	(\$2,258,233)	\$0	\$0	\$0
4	Other Production	\$2,450,644	\$307,975	\$2,516,952	\$316,308
5	Transmission	\$1,916,575	\$240,858	\$1,731,324	\$217,578
6	Distribution	\$10,888,711	\$1,368,398	\$10,527,637	\$1,323,021
7	Other O & M	<u>\$18,359,207</u>	<u>\$2,307,224</u>	<u>\$18,289,872</u>	<u>\$2,298,511</u>
8	Total O & M Expense	\$154,378,310	\$11,804,597	\$135,474,273	\$10,465,464
9					
10	Other Taxes				
11	Delaware Public Utility Tax	\$1,984,527	\$148,540	\$2,246,153	\$168,123
12	Property Taxes	\$3,560,316	\$1,499,235	\$4,188,618	\$1,763,810
13	FICA	\$481,964	\$67,567	\$493,635	\$69,204
14	Federal Unemployment Tax	\$6,016	(\$217)	\$6,016	(\$217)
15	State Unemployment Tax	<u>\$23,087</u>	<u>(\$834)</u>	<u>\$23,087</u>	<u>(\$834)</u>
16	Total Other Taxes	\$6,055,910	\$1,714,292	\$6,957,509	\$2,000,086
17					
18	Income Taxes				
19	State - Current	\$1,969,269	\$434,318	\$526,765	\$116,177
20	Federal - Current	<u>(\$122,064)</u>	<u>(\$1,421)</u>	<u>\$2,068,267</u>	<u>\$24,083</u>
21	Total Income Taxes	\$1,847,205	\$432,897	\$2,595,032	\$140,260
22					
23	Other Items				
24	Interest Expense	\$5,875,714	(\$435,608)	\$5,966,775	(\$442,359)
25	Interest on Customer Deposits	\$7,035	(\$2,299)	\$4,166	(\$1,362)
26	Preferred Dividends	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
27	Total Other Items	\$5,882,749	(\$437,907)	\$5,970,942	(\$443,721)
28					
29	Total Requirements	\$168,164,175	\$13,513,878	\$150,997,756	\$12,162,089

**Delmarva Power & Light Company - Gas
Other Elements of Property**

(1)	(2)	(3)	(4)
Line No.	Description	Test Year Balance	Test Period Balance
1	<u>Construction Work in Progress</u>		
2	Production	\$318,965	\$252,861
3	Transmission	\$79,285	\$54,292
4	Distribution	\$11,003,906	\$8,876,212
5	General	\$1,054,634	\$427,612
6	Common - Gas	\$1,436,432	\$1,136,437
7			
8	Total CWIP	\$13,893,223	\$10,747,414
9			
10	<u>Deductions</u>		
11	Customer Deposits	\$3,613,014	\$3,398,845
12			
13	Total Deductions	\$3,613,014	\$3,398,845

**Delmarva Power & Light Company - Gas
CWIP Balances**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Line No.	Plant Description	Project	WBSDescription	Test Year June 2012 CWIP	Test Year 12 m/e 6/12 AFUDC	Test Period December 2012 CWIP	Test Period 6+6 m/e 12/12 AFUDC
1	Distribution	RGEF-2	HL Electronic Recorder ERX - Dist	26,133	72	42,614	832
2	Distribution	RGEF-2	TH Electronic Recorder ERX - Dist	39,145	108	91,893	1,718
3	Distribution	RGEF-2	Install TT-6, Control Inlet & Bypass Valve	0	1,356	0	0
4	Distribution	RGEF-2	Remote Recifier Read & Control - Dist	0	1,301	0	1,301
5	Distribution	RGMR-2	Heald Street Meter Set	0	0	27,190	0
6	Distribution	RGEF-2	Regulator/Valves - Distribution	1,942	0	0	0
7	Distribution	RGEF-2	Naaman's-Foulke ROC Dist	0	126	0	0
8	Distribution	RGEF-2	Ogletown ROC Dist	0	135	0	0
9	Distribution	RGCR-1	Gas Service Renewals a/c Leak	97,608	920	2,175	1,989
10	Distribution	RGCR-1	Gas Service Renewals a/c Customer	181,038	2,965	(3,504)	178
11	Distribution	RGCR-1	Gas Service Renewal a/c Engineering Req.	35,025	(1,531)	16,539	161
12	Distribution	RGCR-1	Gas Service Renewal in Main Project	988,491	31,906	530,382	6,021
13	Distribution	RGCR-14	Plastic Main Install	19,124	0	48,774	580
14	Distribution	RGCR-2	Gas C.I. Main Renewal - Installs	1,792,556	(17,150)	627,317	(15,154)
15	Distribution	RGCR-2	Gas Bell Joint Encapsulation	205,447	(132)	25,008	2,495
16	Distribution	RGCR-2	Gas C.I. Main Renewal - Retirement	34,116	0	0	0
17	Distribution	RGCR-3	Gas Steel Main Renewals - Install	4,297	4,553	379,764	3,053
18	Distribution	RGCR-6	CP Installation Distribution System	4,623	0	2,819	0
19	Distribution	RGCR-6	CP Installation Service System	0	0	7,871	141
20	Distribution	RGHW-1	Highway Distribution Installation	200,736	737	432,974	9,937
21	Distribution	RGHW-1	Highway Service Installation	2,122	199	59,060	268
22	Distribution	RGHW-1	Highway Distribution Reimbursable	44,079	0	53,187	0
23	Distribution	RGMR-2	Gas Meter Purchases	12,112	0	0	0
24	Distribution	RGUP-1	Distribution Improvements Install	768	708	377,892	2,576
25	Distribution	RGUP-1	Gas Dist Regulator Improvements	120	0	57,400	710
26	Distribution	RGAMB1	Gas AMI Meters Deployment	6,235,970	328,900	5,128,500	251,172
27	Distribution	UOIBMR1.1	AMI Auto Deployment Software DPL Gas	103,685	0	96,864	0
28	Distribution	RGNL-1	Install Distribution Main	0	0	149,177	811
29	Distribution	RGNL-2	Install Est. Dev. Distribution Main	8,172	(909)	7,750	0
30	Distribution	RGNL-2	Install Est. Dev. Service	45,842	0	11,027	0
31	Distribution	RGNL-3	Install Commercial Distribution Main	252,427	498	255,567	7,622
32	Distribution	RGNL-3	Install Commercial Service	369,652	11,141	66,744	(1,584)
33	Distribution	RGNL-4	Install New Dev. Distribution Main	109,661	1,486	99,098	2,144
34	Distribution	RGNL-4	Install New Dev. Service	90,209	1,849	198,307	3,129
35	Distribution	RGNL-5	Install Gas N.L. Regulators	84,184	4,900	83,822	4,086
36	Distribution	RGNL-5	Bloom Energy	14,620	0	0	1,470
37	Distribution	RITG19	Distribution Integrity System Software	0	(7,551)	0	(11,700)
38	Distribution Total			11,003,906	366,589	8,876,212	273,954

**Delmarva Power & Light Company - Gas
CWIP Balances**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Line No.	Plant Description	Project	WBS Description	Test Year June 2012 CWIP	Test Year 12 m/e 6/12 AFUDC	Test Period December 2012 CWIP	Test Period 6+6 m/e 12/12 AFUDC
1	General Plant	RGEF-2	Removal of CNG Equipment	3,670	0	3,670	0
2	General Plant	RGEF-2	Gas Tools & Equipment 2012	78,255	0	0	0
3	General Plant	RGACCRUALS	Gas Capital Accruals	972,709	0	423,942	0
4	General Plant Total			1,054,634	0	427,612	0
5	Production	RGEF-2	LNG Pressure Control Valves	189	0	0	0
6	Production	RGEF-2	LNG Heater Manifold	0	1,438	0	657
7	Production	RGEF-2	Fire Protection Piping	0	3,079	0	0
8	Production	RGEF-2	Guard House Structure	97,396	1,916	0	2,436
9	Production	RGEF-2	Feed Gas Pressure Controller	0	630	0	146
10	Production	RGEF-2	Tank Leveling System	0	1,342	0	1,164
11	Production	RGEF-2	Control Room Recorders - Install	16,696	0	0	0
12	Production	RGEF-2	Control Room Recorders - Retire	851	0	0	0
13	Production	RGEF-2	Molecular Sieve Valve Replacement	145,492	2,202	241,960	3,670
14	Production	RGEF-2	Roof Replacement	0	248	0	248
15	Production	RGEF-2	Moisture Detector	3,065	0	0	0
16	Production	RGEF-2	Roof Replacement	45,338	0	0	0
17	Production	RGEF-2	LNG Wire & Cable	4,932	0	4,932	0
18	Production	RGEF-2	LNG Controllers - E-10 Flame Monitors	5,006	0	0	0
19	Production	RGEF-2	LNG Instrumentation	0	0	5,969	0
20	Production	RGPF-1	LNG Boil Off Compressor	0	417	0	417
21	Production Total			318,965	11,273	252,861	8,739
22	Transmission	RGEF-2	Odizer Electronics - Install	9,859	0	0	0
23	Transmission	RGEF-2	Odorizer Electronics - Retire	1,216	0	0	0
24	Transmission	RGEF-2	Install TT-8 Jordan Actuator - Trans	5,368	0	0	0
25	Transmission	RGEF-2	Install Hockessin Valve ANSI 300	5,007	0	0	189
26	Transmission	RGEF-2	Ridge Road Lighting System	3,189	0	0	0
27	Transmission	RGEF-2	Remote Recifier Read & Control -Trans	0	0	0	1,456
28	Transmission	RGEF-2	Regulator/Valves - Transmission	1,428	0	0	1,582
29	Transmission	RGEF-2	Ridge Road ROC 1	0	765	0	195
30	Transmission	RGEF-2	Ridge Road ROC 2	0	188	0	0
31	Transmission	RGEF-2	Ridge Road Power Plant ROC	0	300	0	32
32	Transmission	RGEF-2	Install TT-6, Control Inlet & Bypass Valve	0	731	0	0
33	Transmission	RGEF-2	Remote Recifier Read & Control -Trans	0	1,456	0	0
34	Transmission	RGUP-1	Transmission Improvements	0	803	0	462
35	Transmission	RGUP-1	Gas Capacity Improvements	50,516	0	54,292	0
36	Transmission	RGNL-5	Bloom Energy Transmission	2,702	554	0	291
37	Transmission Total			79,285	4,796	54,292	4,207
38	Common			122,473	0	124,218	0
39	Service Company			1,313,959	0	1,012,219	0
40	Grand Total			13,893,223	382,658	10,747,414	286,900

Schedule No. 3

**Delmarva Power & Light Company - Gas
Net Operating Income Schedule - "Per Books"**

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Line No.	Description	Schedule	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	Operating Revenues					
2	Sales	3 A	\$154,662,286	\$70,785,570	\$163,428,693	\$71,343,325
3	Other Revenues	3 A	\$31,309,065	\$455,528	\$6,479,004	\$679,613
4	Total Operating Revenues		\$185,971,351	\$71,241,098	\$169,907,697	\$72,022,938
5						
6	Operating Expenses					
7	Operation and Maintenance	3 B	\$154,378,310	\$33,870,370	\$135,474,273	\$33,371,387
8	Depreciation and Amortization	3 B	\$12,189,324	\$12,142,677	\$12,584,315	\$12,520,660
9	Taxes Other than Income Taxes	3 M	\$6,058,244	\$4,073,717	\$6,963,089	\$4,716,935
10	Income Taxes and Provisions	3 I	\$5,703,732	\$6,167,432	\$6,041,990	\$6,230,279
11	Total Operating Expenses		\$178,329,610	\$56,254,196	\$161,063,667	\$56,839,262
12						
13	Operating Income		\$7,641,741	\$14,986,902	\$8,844,030	\$15,183,676
14						
15	AFUDC	3 N	\$382,658	\$382,658	\$286,900	\$286,900
16	Other Income and Deductions	3 O	(\$7,035)	(\$7,035)	(\$4,166)	(\$4,166)
17						
18	Net Operating Income		\$8,017,364	\$15,362,526	\$9,126,764	\$15,466,410

**Delmarva Power & Light Company - Gas
Operating Revenues**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	Sales Revenues	\$154,662,286	\$70,785,570	\$163,428,693	\$71,343,325
2					
3	Other Revenue				
4	Account 487	\$1,083,759	\$1,083,759	\$1,034,168	\$1,034,168
5	Account 488	\$26,341	\$26,341	\$33,178	\$33,178
6	Account 493	\$135,386	\$135,386	\$154,560	\$154,560
7	Account 495	<u>\$30,063,579</u>	<u>(\$789,957)</u>	<u>\$5,257,098</u>	<u>(\$542,293)</u>
8	Total Other Revenue	\$31,309,065	\$455,528	\$6,479,004	\$679,613
9					
10	Total Operating Revenue	\$185,971,351	\$71,241,098	\$169,907,697	\$72,022,938

Delmarva Power Company
Sales and Revenue by Rate Class
Delaware - Gas

Schedule No 3-A
Page 2 of 2
Ref: Part 5, Para 2.2
Witness: Santacella

Classification	Residential Gas - RG	Residential Subtotal	GG	C&I Core Sales	LVG	C&I Core Subtotal	Lighting	Core Sales Total	GVFT	C&I Firm Transportation	LVFT	Firm Transportation Total	Firm Total	C&I Non-Firm Transportation	LVFT	Non-Firm Transportation Total	Retail Total	
12 Months Ended 12/31/2009																		
MCF Sales:	259,006	7,487,586	7,746,592	4,191,028	472,195	245,315	4,908,538	252	12,855,382	289,538	1,119,078	3,900,228	5,308,844	17,964,226	257,129	480,397	737,526	18,701,751
Base Booked Revenues	\$2,334,541	\$40,283,752	\$42,628,293	\$18,325,731	\$1,580,288	\$255,038	\$20,161,059	\$995	\$62,760,346	\$930,770	\$2,210,893	\$3,748,113	\$6,889,776	\$69,680,122	\$625,748	\$368,742	\$994,490	\$70,674,612
Booked GCS Revenues	\$2,869,299	\$83,368,476	\$86,234,776	\$46,493,080	\$5,294,648	\$2,708,038	\$54,495,786	\$2,753	\$140,733,295	\$2,100	\$0	\$774	\$2,874	\$140,736,169	\$20,990	\$0	\$20,990	\$140,757,159
Total Revenues	\$5,202,840	\$123,660,228	\$128,863,068	\$64,818,812	\$6,874,937	\$2,963,076	\$74,656,825	\$3,748	\$203,523,641	\$932,870	\$2,210,893	\$3,748,887	\$6,892,650	\$210,416,291	\$646,738	\$368,742	\$1,015,480	\$211,431,771
12 Months Ended 12/31/2010																		
MCF Sales:	251,532	7,502,466	7,753,997	4,183,185	381,456	159,576	4,724,217	219	12,478,433	382,736	1,169,950	4,295,683	5,848,369	18,326,802	222,318	546,342	768,660	19,095,462
Base Booked Revenues	\$2,283,945	\$40,586,489	\$42,870,434	\$15,982,035	\$1,090,557	\$151,412	\$17,204,005	\$ (33)	\$60,074,406	\$1,188,617	\$2,155,636	\$3,091,562	\$6,435,815	\$66,510,221	\$480,566	\$408,695	\$889,280	\$67,399,501
Booked GCS Revenues	\$2,362,442	\$70,596,418	\$72,958,861	\$41,686,191	\$3,736,475	\$1,279,321	\$46,701,987	\$3,826	\$119,864,673	\$55,027	\$101,090	\$177,448	\$334,565	\$119,999,239	\$16,820	\$17,647	\$34,467	\$120,033,705
Total Revenues	\$4,646,387	\$111,182,908	\$115,829,295	\$57,668,226	\$4,827,032	\$1,430,734	\$63,905,992	\$3,753	\$179,939,079	\$1,244,644	\$2,256,727	\$3,269,010	\$6,770,380	\$186,509,459	\$497,406	\$426,341	\$923,747	\$187,433,206
12 Months Ended 12/31/2011																		
MCF Sales:	253,651	7,435,040	7,688,691	4,051,532	321,211	211,318	4,594,061	197	12,282,949	532,676	1,258,268	4,348,162	6,139,097	18,422,046	238,341	588,170	826,510	19,248,566
Base Booked Revenues	\$2,353,908	\$41,066,707	\$43,410,007	\$15,616,872	\$935,091	\$275,339	\$16,998,412	\$ (23)	\$60,306,032	\$1,687,448	\$2,352,043	\$3,585,886	\$7,624,671	\$67,203,343	\$429,347	\$931,071	\$961,124	\$68,125,265
Booked GCS Revenues	\$2,434,810	\$71,431,711	\$73,877,130	\$40,784,767	\$3,203,814	\$2,326,414	\$46,143,885	\$2,680	\$120,126,058	\$79,539	\$110,301	\$205,822	\$396,368	\$121,248,785	\$15,027	\$22,931	\$37,251	\$121,326,239
Total Revenues	\$4,788,718	\$112,498,418	\$117,287,136	\$56,401,639	\$4,138,905	\$2,601,753	\$63,142,297	\$2,657	\$180,432,090	\$1,766,987	\$2,462,344	\$3,791,707	\$8,021,038	\$188,453,128	\$444,374	\$954,002	\$998,376	\$189,451,504

Delmarva Power & Light Company - Gas
Operating & Maintenance Expense and Depreciation Expense

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	Operating & Maintenance Expense				
2	Production	\$123,213,817	\$2,633,832	\$104,925,441	\$2,763,124
3	Transmission	\$1,916,575	\$1,916,575	\$1,731,324	\$1,731,324
4	Distribution	\$10,888,711	\$10,888,711	\$10,527,637	\$10,527,637
5	Customer Accounts	\$7,934,705	\$7,934,705	\$7,239,086	\$7,239,086
6	Customer Service & Information	\$49,621	\$49,621	\$81,460	\$81,460
7	Sales	\$0	\$0	\$121	\$121
8	Administrative & General	<u>\$10,374,880</u>	<u>\$10,446,924</u>	<u>\$10,969,205</u>	<u>\$11,028,635</u>
9	Total O & M Expense	\$154,378,310	\$33,870,370	\$135,474,273	\$33,371,387
10					
11	Depreciation and Amortization Expense				
12	Other Storage	\$261,138	\$261,138	\$310,674	\$310,674
13	Transmission	\$672,309	\$672,309	\$684,445	\$684,445
14	Distribution	\$10,138,257	\$10,138,257	\$10,472,509	\$10,472,509
15	General	\$156,756	\$156,756	\$119,051	\$119,051
16	Common - Gas	\$707,265	\$707,265	\$767,210	\$767,210
17	Amortization	<u>\$253,599</u>	<u>\$206,952</u>	<u>\$230,426</u>	<u>\$166,771</u>
18	Total Depreciation and Amortization Expense	\$12,189,324	\$12,142,677	\$12,584,315	\$12,520,660

**Delmarva Power & Light Company - Gas
Statement on Depreciation**

Depreciation and Maintenance

The annual provision for depreciation is computed on the straight-line basis using composite rates by classes of depreciable property as approved by this Commission in Docket No. 06-284. The relationship of the annual provision for depreciation for financial accounting purposes to average depreciable property was 2.60% for 2010 and 2.61% for 2011.

The cost of maintenance and repairs, including renewals of minor items of property, is charged to operating expenses. A replacement of a unit of property is accounted for as an addition to and a retirement from utility plant. The original cost of the property retired is charged to accumulated depreciation together with the net cost of removal. For income tax purposes, the cost of removing retired property is deducted as an expense.

**Delmarva Power & Light Company - Gas
Deferred Fuel Cost Accounting**

Under the approved tariffs, the Company recovers fuel costs using a twelve month levelized gas cost rate factor, which includes a true-up mechanism for previously over or under recovered fuel costs. For accounting purposes, the difference between fuel costs actually incurred, which are eligible for recovery through the gas cost rate factor, and fuel revenues is deferred. This accounting provides for a matching of fuel revenues and expenses for financial statement purposes since over or under recovered fuel costs are reflected in the gas cost rate factor in subsequent periods.

Delmarva Power & Light Company
Comparison of Gas Expense and Recovery
For Delaware Firm Gas Operations
For July 2011 Through June 2012
12 Months Actual

Billing Month	Firm Sales (Mcf)	Total GCR Revenue (\$)	Total Gas Cost (\$)	(Over) or Under Recovery Monthly (\$)	Deferred Fuel Balance YTD (\$)
Deferred Fuel Balance @ June 30, 2011					9,898,432
July 2011	248,905	2,369,949	5,214,823	2,844,874	12,743,306
August	226,871	2,167,661	5,086,879	2,919,218	15,662,524
September	267,580	2,530,676	5,245,395	2,714,718	18,377,243
October	333,803	3,171,099	6,671,590	3,500,490	21,877,732
Interest Expense (November 2010 - October 2011)					403,252
Adjusted Fuel Balance @ November 1, 2011					22,280,984
November	784,454	7,173,575	9,223,195	2,049,620	24,330,604
December 2011	1,208,108	10,704,728	11,629,717	924,989	25,255,593
January 2012	1,997,486	17,692,861	12,711,044	(4,981,816)	20,273,777
February	1,766,229	15,618,151	10,637,683	(4,980,468)	15,293,308
March	1,397,842	12,408,482	7,769,920	(4,638,562)	10,654,746
April	774,284	6,876,763	5,373,246	(1,503,518)	9,151,228
May	516,682	4,589,386	4,535,267	(54,119)	9,097,110
Lost & Unaccounted-for Adjustment					(2,000,000)
Adjusted Fuel Balance @ June 1, 2012					7,097,110
June 2012	282,219	2,523,593	3,747,225	1,223,632	8,320,741
Total	9,804,463	87,826,924	87,845,983	19,059	

Notes:

- (1) July 1, 2011 through October 31, 2011 Fuel Revenue is based on GCR of \$9.4042 Mcf as approved by Order No. 7848 in Docket No. 10-295F dated October 4, 2010
- (2) November 1, 2011 through June 30, 2012 Fuel Revenue is based on GCR of \$8.8804 Mcf as approved by Order No. 8040 in Docket No. 11-381F dated September 20, 2011

Delmarva Power & Light Company
Comparison of Gas Expense and Recovery
For Delaware Firm Gas Operations
For January 2012 Through December 2012
6 Months Actual, 6 Months Estimated

<u>Billing Month</u>	<u>Firm Sales</u> (Mcf)	<u>Total GCR</u> <u>Revenue</u> (<u>\$</u>)	<u>Total</u> <u>Gas Cost</u> (<u>\$</u>)	<u>(Over) or</u> <u>Under</u> <u>Recovery</u> <u>Monthly</u> (<u>\$</u>)	<u>Deferred</u> <u>Fuel</u> <u>Balance</u> <u>YTD</u> (<u>\$</u>)
Deferred Fuel Balance @ December 31, 2011					25,255,593
January 2012	1,997,486	17,692,861	12,711,044	(4,981,816)	20,273,777
February	1,766,229	15,618,151	10,637,683	(4,980,468)	15,293,309
March	1,397,842	12,408,482	7,769,920	(4,638,562)	10,654,746
April	774,284	6,876,763	5,373,246	(1,503,517)	9,151,229
May	516,682	4,589,382	4,535,267	(54,115)	9,097,112
Lost & Unaccounted-for Adjustment					(2,000,000)
Adjusted Fuel Balance @ June 1, 2012					7,097,112
June	282,219	2,523,593	3,747,225	1,223,632	8,320,743
July	246,476	2,209,244	3,078,234	868,990	9,189,733
August	215,844	1,957,552	2,382,344	424,792	9,614,523
September	232,257	2,101,931	4,605,032	2,503,101	12,117,622
October	293,179	3,524,720	3,415,415	(109,305)	12,008,315
Interest Expense (November 2011 - October 2012 Estimated)					227,718
Adjusted Fuel Balance @ November 1, 2012					12,236,033
November	990,705	7,795,773	8,044,480	248,707	12,484,740
December 2012	1,728,431	11,882,415	11,097,048	(785,367)	11,699,371
Total	<u>10,441,634</u>	<u>89,180,867</u>	<u>77,396,938</u>	<u>(11,783,929)</u>	

Notes:

- (1) November 1, 2011 through October 31, 2012 Fuel Revenue is based on GCR of \$8.8804 per Mcf as approved by Order No. 8040 in Docket No. 11-381F dated September 20, 2011
- (1) November 2012 through December 2012 Fuel Revenue is based on GCR of \$6.8967 per Mcf.

**Delmarva Power & Light Company - Gas
 Payroll Costs**

(1) Line No.	(2) <u>Description</u>	Test Year				(7) Total Payroll <u>Costs</u>
		(3) <u>Payroll Costs</u>	(4) <u>Pension Costs</u>	(5) <u>Payroll Related Taxes</u>	(6) <u>Other Benefits</u>	
1	Operating & Maintenance Expense					
2	Charged to Gas Operations	\$15,913,928	\$2,948,281	\$511,067	\$3,863,768	\$23,237,044
3						
4						
5						
6						
7						
Test Period						
		<u>Payroll Costs</u>	<u>Pension Costs</u>	<u>Payroll Related Taxes</u>	<u>Other Benefits</u>	<u>Total Payroll Costs</u>
		\$16,200,187	\$3,002,643	\$522,738	\$4,116,965	\$23,842,534
8	Operating & Maintenance Expense					
9	Charged to Gas Operations					

**Delmarva Power & Light Company - Gas
Executive Compensation
For Year ended December 31, 2011**

<u>Line No.</u>	<u>Name</u>	<u>Title</u>	<u>Salary (1)</u>	<u>Benefits (2)</u>	<u>Total Value</u>
1	Joseph M. Rigby	Chairman, President and Chief Executive Officer	\$880,000	\$6,281,758	\$7,161,758
2	Anthony J. Kamerick	Senior Vice President and Chief Financial Officer	\$498,000	\$2,644,864	\$3,142,864
3	David M. Velazquez	Executive Vice President	\$484,000	\$3,696,726	\$4,180,726
4	Kirk J. Emge	Senior Vice President and General Counsel	\$391,000	\$1,566,135	\$1,957,135
5	John U. Huffman	President and Chief Executive Officer, Pepco Energy Services	\$365,000	\$1,178,076	\$1,543,076

1) Salary includes Variable Compensation

2) Benefits includes Bonuses, Stock Awards, Non-equity Incentive Plan Compensation, Deferred Compensation and Other Compensation

Note: Information source is page 48 of PEPCO Holdings Proxy Statement dated March 28, 2012.

**Delmarva Power & Light Company - Gas
Sales Promotion & Advertising Expense**

(1) <u>No.</u>	(2) <u>Description</u>	(3) <u>Test Year Balance</u>	(4) <u>Test Period Balance</u>
1	<u>Sales Promotion</u>		
2	Account 912 Demonstration & Selling Expense	\$0	\$0
3	Account 913 Advertising Expense	<u>\$0</u>	<u>\$121</u>
4	Total Sales Promotion	\$0	\$121
5			
6	<u>Advertising Expense</u>		
7	Account 909 Informational & Instructional	\$33,430	\$71,022
8	Account 930.25 Public Relations & Sp Advertising	<u>\$0</u>	<u>\$0</u>
9	Total Advertising Expense	\$33,430	\$71,022

Schedule No. 3-F
Ref: Part 5, Para. 3.10 & 3.11
Witness: Ziminsky

**Delmarva Power & Light Company - Gas
Contributions and Lobbying Costs**

Test Period

No contributions for educational or other charitable purposes are included as part of the Cost of Service.

No Federal and State legislative costs expended by Delmarva Power are included as part of the Cost of Service.

**Delmarva Power & Light Company - Gas
Gas Association Dues**

(1) Line No.	(2) <u>Membership Organizations</u>	(3) Test Year <u>Balance</u>	(4) Test Period <u>Balance</u>
1	American Gas Association	\$123,221	\$128,380
2	Energy Association of PA	\$1,500	\$1,500
3	Gas Professional Association Memberships	\$871	\$900
4	Northeast Gas Association	\$495	\$495
5			
6	Total Gas Association Dues	\$126,087	\$131,275

**Delmarva Power & Light Company - Gas
Delaware Jurisdictional Rate Case Expense**

(1)	(2)	(3)	(4)	(5)
Line <u>No.</u>	<u>Items of Expense</u>	Test Year <u>Expense</u>	Test Period <u>Expense</u>	3 Year <u>Average</u>
1	Normal activity	\$57,761	\$41,932	\$61,847
2				
3	Other	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
4				
5	Total	\$57,761	\$41,932	\$61,847

**Delmarva Power & Light Company - Gas
Income Taxes & Provisions**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	Federal Income Tax	(\$122,064)	(\$5,859,555)	\$2,068,267	(\$4,232,457)
2					
3	State Income Tax	\$1,969,269	(\$1,595,310)	\$526,765	(\$1,152,320)
4					
5	Deferred Federal Income Tax	\$4,355,136	\$10,751,640	\$1,855,952	\$9,173,940
6					
7	Deferred State Income Tax	(\$442,048)	\$2,927,219	\$1,647,567	\$2,497,677
8					
9	Net Investment Tax Credit Adjustment	<u>(\$56,561)</u>	<u>(\$56,561)</u>	<u>(\$56,561)</u>	<u>(\$56,561)</u>
10					
11					
12	Total Income Taxes & Provisions	\$5,703,732	\$6,167,432	\$6,041,990	\$6,230,279

**Delmarva Power & Light Company - Gas
Federal and State Income Taxes**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	Operating Revenues	\$185,971,351	\$71,241,098	\$169,907,697	\$72,022,938
2					
3	Less: Operation and Maintenance	\$154,378,310	\$33,870,370	\$135,474,273	\$33,371,387
4	Depreciation and Amortization	\$12,189,324	\$12,142,677	\$12,584,315	\$12,520,660
5	Taxes Other than Income Taxes	\$6,058,244	\$4,073,717	\$6,963,089	\$4,716,935
6					
7	Operating Income before Income Taxes	\$13,345,472	\$21,154,334	\$14,886,020	\$21,413,956
8					
9	Tax Additions and Deductions:				
10	Accrued Safety Incentive	(\$28,058)	(\$28,058)	(\$25,145)	(\$25,145)
11	Accrued Severance	\$75,907	\$75,907	(\$126,955)	(\$126,955)
12	Accrued Sick Pay	\$98,164	\$98,164	\$88,954	\$88,954
13	Accrued Vacation Pay	(\$9,030)	(\$9,030)	(\$24,510)	(\$24,510)
14	Claims Reserve	\$64,826	\$64,826	(\$196,126)	(\$196,126)
15	Deferred Compensation	\$4,916	\$4,916	\$11,436	\$11,436
16	Deferred Fuel	\$12,298,474	\$12,298,474	\$14,367,242	\$14,367,242
17	Deferred Fuel Interest	(\$467,609)	(\$467,609)	(\$337,064)	(\$337,064)
18	Health Claims Reserve	\$10,311	\$10,311	\$10,311	\$10,311
19	Mark to Market Section 475 Adjustment	(\$7,257)	(\$7,257)	\$0	\$0
20	Meals & Entertainment	\$23,386	\$23,386	\$20,866	\$20,866
21	Medicare Subsidy	\$14,322	\$14,322	\$0	\$0
22	OPEB Expense	\$93,938	\$93,938	\$522,187	\$522,187
23	Pension Expense	(\$12,728,496)	(\$12,728,496)	(\$10,286,886)	(\$10,286,886)
24	Pension/OPEB Cap	\$3,488,186	\$3,488,186	\$2,731,875	\$2,731,875
25	Plant Related	(\$36,699,938)	(\$36,699,938)	(\$34,648,014)	(\$34,648,014)
26	Property Taxes	\$0	\$0	(\$939,380)	(\$939,380)
27	Reacquired Debt	\$132,309	\$132,309	\$77,178	\$77,178
28	SERP	\$39,968	\$39,968	\$64,038	\$64,038
29	Workers Compensation	(\$12,802)	(\$12,802)	\$1,924	\$1,924
30	Interest	(\$5,882,749)	(\$5,882,749)	(\$5,970,942)	(\$5,970,942)
31					
32	Total Tax Additions and Deductions:	(\$39,491,231)	(\$39,491,231)	(\$34,659,011)	(\$34,659,011)
33					
34	Taxable Income	(\$26,145,758)	(\$18,336,897)	(\$19,772,991)	(\$13,245,055)

**Delmarva Power & Light Company - Gas
Federal and State Income Taxes**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Balance	Test Year Amount in COS	Test Period Balance	Test Period Amount in COS
1	Total Taxable Income	(\$26,145,758)	(\$18,336,897)	(\$19,772,991)	(\$13,245,055)
2					
3	Total State Income Tax	(\$2,274,681)	(\$1,595,310)	(\$1,720,250)	(\$1,152,320)
4					
5	Less: State Income Tax	\$2,274,681	\$1,595,310	\$1,720,250	\$1,152,320
6					
7	Federal Taxable Income	(\$23,871,078)	(\$16,741,587)	(\$18,052,741)	(\$12,092,735)
8					
9	Total Federal Income Tax	(\$8,354,877)	(\$5,859,555)	(\$6,318,459)	(\$4,232,457)
10					
11	Less: Investment Tax Credit	(\$56,561)	(\$56,561)	(\$56,561)	(\$56,561)
12					
13	Net Federal Income Tax	(\$8,411,438)	(\$5,916,117)	(\$6,375,020)	(\$4,289,019)

Delmarva Power & Light Company - Gas
Deferred Federal & State Income Tax Provisions

(1)	(2)	(3)	(4)	(5)	(6)
		Test Year	Test Year	Test Period	Test Period
		Federal	State	Federal	State
Line No.	Description	Balance	Balance	Balance	Balance
1	<u>Deferred Income Taxes</u>				
2	Accrued Safety Incentive	\$8,966	\$2,441	\$8,035	\$2,188
3	Accrued Severance	(\$24,256)	(\$6,604)	\$40,568	\$11,045
4	Accrued Sick Pay	(\$31,368)	(\$8,540)	(\$28,425)	(\$7,739)
5	Accrued Vacation Pay	\$2,885	\$786	\$7,832	\$2,132
6	Claims Reserve	(\$20,715)	(\$5,640)	\$62,672	\$17,063
7	Deferred Compensation	(\$1,571)	(\$428)	(\$3,654)	(\$995)
8	Deferred Fuel	(\$3,929,977)	(\$1,069,967)	(\$4,591,052)	(\$1,249,950)
9	Deferred Fuel Interest	\$149,424	\$40,682	\$107,709	\$29,325
10	Health Claims Reserve	(\$3,295)	(\$897)	(\$3,295)	(\$897)
11	Mark to Market Section 475 Adjustment	\$2,319	\$631	\$0	\$0
12	OPEB Expense	(\$30,018)	(\$8,173)	(\$166,865)	(\$45,430)
13	Pension Expense	\$4,067,391	\$1,107,379	\$3,287,174	\$894,959
14	Pension/OPEB Cap	(\$1,114,650)	(\$303,472)	(\$872,971)	(\$237,673)
15	Plant Related	\$11,727,465	\$3,192,895	11,071,773	\$3,014,377
16	Property Taxes	\$0	\$0	300,179	\$81,726
17	Reacquired Debt	(\$42,279)	(\$11,511)	(\$24,662)	(\$6,714)
18	SERP	(\$12,772)	(\$3,477)	(\$20,463)	(\$5,571)
19	Workers Compensation	\$4,091	\$1,114	(\$615)	(\$167)
20	Total Deferred Income Taxes	\$10,751,640	\$2,927,219	\$9,173,940	\$2,497,677
21					
22	<u>Investment Tax Credit</u>				
23	ITC Generated	\$0		\$0	
24	ITC Amortized	(\$56,561)		(\$56,561)	
25	Net Investment Tax Credit	(\$56,561)		(\$56,561)	

**Delmarva Power & Light Company - Gas
Contributions and Lobbying Costs**

**A. Statement on Deferred Tax Accounting & Investment Tax Credit
Accounting Income Taxes**

- (A) Deferred income taxes result from timing differences in the recognition of certain expenses for tax and financial accounting purposes. The principal items accounting for deferred income tax purposes are; (1) use of accelerated depreciation methods for income tax purposes, and (2) the over or under recovery of fuel purchase costs.
- (B) Investment tax credits generated in prior years have generally been deferred and amortized. The remaining unamortized investment tax credits are being amortized over the useful lives of the related utility plant which generated the credit. Delmarva is an Option One Company.

**B. Statement on Allocation of the Consolidated Federal Income Tax
Basis of Sharing Consolidated Tax**

Present policy provides for each Company to compute its income tax liability on a stand alone basis. However, those Companies having taxable losses or unused investment credits on a separate company basis are reimbursed by those Companies having taxable income for the amount of tax benefit realized by using the losses and credits in the consolidated return. Earnings in the equity of subsidiaries dividends are eliminated in the consolidated return.

**Delmarva Power & Light Company - Gas
Investment Tax Credit**

(1)	(2)	(3)	(4)
Line <u>No.</u>	<u>Description</u>	Test Year <u>Total</u>	Test Period <u>Total</u>
1	Beginning of Period Unamortized Balance	\$574,061	\$545,785
2			
3	ITC Generated during the Test Period	\$0	\$0
4			
5	ITC Amortized during the Test Period	(\$56,561)	(\$56,561)
6			
7	ITC Adjustments	\$0	\$0
8			
9	End of Period Unamortized Balance	\$517,500	\$489,224

**Delmarva Power & Light Company - Gas
Other Federal, State & Local Taxes**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year System Gas	Test Year Amount in COS	Test Period System Gas	Test Period Amount in COS
1	Payroll Related				
2	FICA	\$481,964	\$481,964	\$493,635	\$493,635
3	Federal Unemployment	\$6,016	\$6,016	\$6,016	\$6,016
4	State Unemployment	<u>\$23,087</u>	<u>\$23,087</u>	<u>\$23,087</u>	<u>\$23,087</u>
5	Total Payroll Related	\$511,067	\$511,067	\$522,738	\$522,738
6					
7	Property Related				
8	Property Tax	\$3,560,316	\$3,560,316	\$4,188,618	\$4,188,618
9	Total Property	\$3,560,316	\$3,560,316	\$4,188,618	\$4,188,618
10					
11	Revenue Related				
12	City of Wilmington Tax	\$2,211	\$2,211	\$2,355	\$2,355
13	Utility Tax	<u>\$1,984,527</u>	<u>\$0</u>	<u>\$2,246,153</u>	<u>\$0</u>
14	Total Revenue Tax	\$1,986,738	\$2,211	\$2,248,509	\$2,355
15					
16	Other				
17	Federal Form 290	\$123	\$123	\$3,224	\$3,224
18	Total Other	\$123	\$123	\$3,224	\$3,224
19					
20	Total Other Taxes	\$6,058,244	\$4,073,717	\$6,963,089	\$4,716,935

**Delmarva Power & Light Company - Gas
Allowance For Funds Used During Construction**

(1)	(2)	(3)	(4)	(5)	(6)
Line No.	Description	Test Year Total	Test Year Amount in COS	Test Period Total	Test Period Amount in COS
1	AFUDC				
2	Production	\$11,273	\$11,273	\$8,739	\$8,739
3	Transmission	\$6,288	\$6,288	\$4,470	\$4,470
4	Distribution	\$365,097	\$365,097	\$273,691	\$273,691
5	General	\$0	\$0	\$0	\$0
6	Common	\$0	\$0	\$0	\$0
7					
8	Total	\$382,658	\$382,658	\$286,900	\$286,900

**Delmarva Power & Light Company - Gas
Allowance For Funds Used During Construction**

The Company computes Allowance For Funds Used During Construction (AFUDC) in accordance with electric plant instruction no. 3, paragraph 17, to the Federal Energy Regulatory Commission's Uniform System of Accounts (copy attached). The FERC's instruction defines AFUDC as "...the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used." The component of AFUDC for borrowed funds (allowance for borrowed funds used during construction) includes the cost of short-term and long-term debt used to finance utility construction. The component of AFUDC for other funds (allowance for other funds used during construction) includes the cost of preferred stock and common equity used to finance utility construction.

AFUDC is considered a cost of utility plant with a concurrent credit to income. On the income statement, allowance for borrowed funds used during construction is reported as a credit to interest charges and allowance for other funds used during construction is reported as other income. AFUDC was capitalized on utility plant construction at rates of 5.90% for the 2nd quarter of 2011, 6.11% for the 3rd quarter of 2011, 6.59% for the 4th quarter of 2011, 5.27% for the 1st quarter of 2012, 4.36% for the 2nd quarter of 2012, 4.04% for the 3rd quarter of 2012 and 4.18% for the 4th quarter of 2012.

The Company accrues AFUDC on all eligible construction projects. Generally, AFUDC is accrued on accumulated expenditures from prior months plus semi-annual compounding of AFUDC during the construction period for each project. AFUDC is stopped when facilities are in-service or ready for service. These procedures comply with the FERC's requirements for accruing AFUDC.

**Delmarva Power & Light Company - Gas
Allowance For Funds Used During Construction**

Gas Plant Instruction No. 3, Paragraph 17, to the FERC Uniform System of Accounts

(17) "Allowance for funds used during construction" (Major and Nonmajor Utilities) includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used, not to exceed, without prior approval of the Commission, allowances computed in accordance with the formula prescribed in paragraph (a) below, except when such other funds are used for exploration and development or leases acquired after October 7, 1969, no allowance on such other funds shall be included in these accounts. No allowance for funds used during construction charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

(a) The formula and elements for the computation of the allowance for funds used during construction shall be:

$$A_j = s(S/W) + d(D/D + P + C)(1 - S/W)$$

$$A_e = [1 - S/W][p(P/D + P + C) + c(C/D + P + C)]$$

A_j = Gross allowance for borrowed funds used during construction rate.

A_e = Allowance for other funds used during construction rate.

S = Average short-term debt.

s = Short-term debt interest rate.

D = Long-term debt.

d = Long-term debt interest rate.

P = Preferred stock.

p = Preferred stock cost rate.

C = Common equity.

c = Common equity cost rate.

W = Average balance in construction work in progress.

(b) The rates shall be determined annually. The balances for long-term debt, preferred stock and common equity shall be the actual book balances as of the end of the prior year. The cost rates for long-term debt and preferred stock shall be the weighted average cost determined in the manner indicated in § 154.63 of the Commission's Regulations Under the Natural Gas Act. The cost rate for common equity shall be the rate granted common equity in the last rate proceeding before the ratemaking body having primary rate jurisdiction. If such cost rate is not available, the average rate actually earned during the preceding three years shall be used. The short-term debt balances and related cost and the average balance for construction work in progress shall be estimated for the current year with appropriate adjustments as actual data becomes available.

Note: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Gas Utility Plant" and allowance for funds used during construction thereon as a charge to construction shall cease. Allowance for funds used during construction on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed in operation or is ready for service, except as limited in item 17 above.

**Delmarva Power & Light Company - Gas
Other Income and Deductions**

(1)	(2)	(3)	(4)
Line <u>No.</u>	<u>Description</u>	Test Year <u>Total</u>	Test Period <u>Total</u>
1	Description		
2	Interest on Customer Deposits	\$7,035	\$4,166
3			
4	Total	\$7,035	\$4,166

Schedule No. 4

Delmarva Power & Light Company
Overall Rate of Return
September 30, 2012
Delaware

		DPL Delaware	
<u>Type of Capital</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-Term Debt	51.22%	4.91%	2.51%
Common Equity	<u>48.78%</u>	10.25%	<u>5.00%</u>
Total	<u>100.00%</u>		<u>7.51%</u>

Delmarva Power & Light Company
Capital Structure and Capitalization Ratios
September 30, 2012
Delaware

<u>Type of Capital</u>	<u>Actual</u>	
	<u>September 30, 2012</u>	
	<u>Amount (\$)</u>	<u>Ratios</u>
Long-Term Debt	1,023,230,000	
Unamortized Net Discount	(1,808,969)	
Unamortized Debt Issuance Costs	<u>(5,729,392)</u>	
Total Long-Term Debt	1,015,691,639	51.22%
Common Equity	<u>967,443,845</u>	<u>48.78%</u>
Total	<u><u>1,983,135,485</u></u>	<u><u>100.00%</u></u>

Delmarva Power and Light Company
Short-Term Debt and Compensating Balances

Schedule No. 4-A
Ref: Part 6, Para. 2.1
Page 1 of 1
Witness: McGowan

Delmarva's gas construction work in progress is included in rate base in this proceeding. Also, allowance for funds used during construction is included in the cost of service calculation.

The Company compensates its line banks with fees. No compensating balances are required.

Delmarva Power & Light Company
Weighted Cost of Debt
September 30, 2012
Delaware

Issue	Coupon Rate	Maturity	Offering Date	Current			Effective Cost Rate	Annual Net Cost
				Principal Amount Outstanding	Unamortized Debt Issuance Expense	Unamortized (Premium)/Discount		
<u>First Mortgage Bonds</u>								
Total First Mortgage Bonds	6.40%	12/1/2013	11/25/2008	\$250,000,000	\$512,069	\$136,012	6.63%	\$16,535,156
	4.00%	6/1/2042	6/26/2012	\$250,000,000	\$2,645,095	\$1,371,477	4.09%	\$10,061,526
				\$500,000,000	\$3,157,165	\$1,507,489		\$26,596,681
<u>Unsecured Notes</u>								
Total Unsecured Notes	5.00%	11/15/2014	11/19/2004	\$100,000,000	\$195,277	\$103,886	5.12%	\$5,104,458
	5.00%	6/1/2015	6/1/2005	\$100,000,000	\$231,288	\$107,638	5.11%	\$5,092,710
	5.22%	12/30/2016	12/20/2006	\$100,000,000	\$304,727	\$0	5.30%	\$5,281,522
				\$300,000,000	\$731,291	\$211,523		\$15,478,690
<u>Tax Exempt Fixed Rate Bonds</u>								
Total Tax Exempt Fixed Rate Bonds	5.40%	2/1/2031	4/1/2010	\$78,400,000	\$1,309,865	\$0	5.55%	\$4,275,141
				\$78,400,000	\$1,309,865	\$0		\$4,275,141
<u>Tax-Exempt Variable Rate Bonds</u>								
Total Tax Exempt Variable Rate Bonds	0.34%	10/1/2017	10/1/1987	\$8,000,000	\$52,382	\$0	0.48%	\$38,250
	0.34%	10/1/2017	9/28/1988	\$18,000,000	\$46,838	\$0	0.39%	\$70,879
	0.41%	10/1/2028	10/14/1993	\$15,500,000	\$131,831	\$0	0.47%	\$71,493
	0.33%	10/1/2029	10/12/1994	\$30,000,000	\$182,958	\$0	0.37%	\$111,775
	0.42%	7/1/2024	7/28/1999	\$22,330,000	\$94,062	\$0	0.55%	\$122,063
	0.50%	7/1/2024	7/28/1999	\$11,000,000	\$0	\$0	0.59%	\$64,500
				\$104,830,000	\$508,071	\$0		\$478,960
<u>Medium-Term Notes Series C</u>								
Total Medium-Term Notes Series C	7.58%	2/1/2017	2/10/1997	\$2,000,000	\$2,866	\$0	7.65%	\$152,852
	7.56%	2/1/2017	2/18/1997	\$12,000,000	\$17,194	\$0	7.63%	\$914,673
	6.81%	1/9/2018	1/9/1998	\$4,000,000	\$270	\$7,898	6.88%	\$274,622
	7.61%	12/2/2019	2/12/1997	\$12,000,000	\$2,669	\$82,059	7.68%	\$914,924
	7.72%	2/1/2027	2/7/1997	\$10,000,000	\$0	\$0	7.78%	\$778,476
				\$40,000,000	\$22,999	\$89,957		\$3,035,547
Total Long-Term Debt Balance - ACTUAL				\$1,023,230,000	\$5,729,392	\$1,808,969	4.91%	\$49,865,018

Delmarva Power & Light Company
Effective Cost Rate
Long-Term Debt
September 30, 2012
Delaware

Issue	Coupon Rate	Maturity	Offering Date	Original			Net Amount Per Unit	Yield to Maturity
				Principal Amount Issued	(Premium)/ Discount	Expense of Issuance		
<u>First Mortgage Bonds</u>								
	6.40%	12/1/2013	11/25/2008	\$250,000,000	\$512,500	\$1,925,105	\$99.02	6.63%
	4.00%	6/1/2042	6/26/2012	\$250,000,000	\$1,377,500	\$2,506,150	\$98.45	4.09%
<u>Unsecured Notes</u>								
	5.00%	11/15/2014	11/19/2004	\$100,000,000	\$0	\$928,224	\$99.07	5.12%
	5.00%	6/1/2015	6/1/2005	\$100,000,000	\$0	\$853,194	\$99.15	5.11%
	5.22%	12/30/2016	12/20/2006	\$100,000,000	\$0	\$600,000	\$99.40	5.30%
<u>Tax Exempt Fixed Rate Bonds</u>								
	5.40%	2/1/2031	4/1/2010	\$78,400,000	\$0	\$1,406,618	\$98.21	5.55%
<u>Tax-Exempt Variable Rate Bonds</u>								
	0.34%	10/1/2017	10/1/1987	\$8,000,000	\$0	\$315,360	\$96.06	0.48%
	0.34%	10/1/2017	9/28/1988	\$18,000,000	\$0	\$270,107	\$98.50	0.39%
	0.41%	10/1/2028	10/14/1993	\$15,500,000	\$0	\$275,796	\$98.22	0.47%
	0.33%	10/1/2029	10/12/1994	\$30,000,000	\$0	\$440,787	\$98.53	0.37%
	0.42%	7/1/2024	7/28/1999	\$22,330,000	\$0	\$669,900	\$97.00	0.55%
	0.50%	7/1/2024	7/28/1999	\$11,000,000	\$0	\$220,000	\$98.00	0.59%
<u>Medium-Term Notes Series C</u>								
	7.58%	2/1/2017	2/10/1997	\$2,000,000	\$0	\$15,000	\$99.25	7.65%
	7.56%	2/1/2017	2/18/1997	\$15,000,000	\$0	\$112,500	\$99.25	7.63%
	6.81%	1/9/2018	1/9/1998	\$33,000,000	\$0	\$247,500	\$99.25	6.88%
	7.61%	12/2/2019	2/12/1997	\$12,000,000	\$0	\$90,000	\$99.25	7.68%
	7.72%	2/1/2027	2/7/1997	\$30,000,000	\$0	\$225,000	\$99.25	7.78%

Delmarva Power & Light Company
Amortizations Included in Revenue Requirement Long-Term Debt Reacquisitions
Actual at September 30, 2012

Schedule No. 4-C
Ref: Part 6, Para. 2.3
Page 1 of 1
Witness: McGowan

LINE #	COUPON	ISSUANCE	Original Maturity	Principal	ISSUANCE DATE
1	7.625%	First Mortgage Bonds	12/1/01	\$ 35,000,000	8/1/93
2	8%	First Mortgage Bonds	7/1/03	\$ 25,000,000	8/1/93
3	Float	Demand Rate Bonds	11/1/14	\$ 15,500,000	11/1/93
4	7.30%	Tax Exempt Bonds	9/1/15	\$ 11,170,000	9/1/00
5	7.60%	Tax Exempt Bonds	3/1/20	\$ 35,000,000	9/1/00
6	7.30%	Tax Exempt Bonds	3/1/14	\$ 15,000,000	9/1/00
7	7.50%	Tax Exempt Bonds	10/1/17	\$ 9,000,000	10/1/00
8	7.30%	Tax Exempt Bonds	7/1/21	\$ 20,000,000	7/2/01
9	7.15%	Tax Exempt Bonds	7/1/18	\$ 34,500,000	7/2/01
10	7.15%	Tax Exempt Bonds	7/1/21	\$ 4,500,000	7/2/01
11	8.15%	First Mortgage Bonds	10/1/15	\$ 34,000,000	7/18/01
12	9.875%, 9.90%, 9.95%	Medium Term Notes	12/1/20	\$ 46,000,000	7/25/01
13	8.50%	First Mortgage Bonds	2/1/22	\$ 22,500,000	7/18/01
14	7.55%	Medium Term Notes	2/1/17	\$ 4,000,000	7/18/01
15	6.81%	Medium Term Notes	1/9/18	\$ 29,000,000	7/19/01
16	7.72%	Medium Term Notes	2/1/27	\$ 20,000,000	7/18/01
17	7.62%	Medium Term Notes	2/1/17	\$ 4,000,000	7/18/01
18	7.54%	Medium Term Notes	2/1/17	\$ 15,700,000	7/18/01
19	7.56%	Medium Term Notes	2/1/17	\$ 3,000,000	7/20/01
20	8.50%	First Mortgage Bonds	2/1/22	\$ 27,500,000	2/4/92
21	6.75%	Tax Exempt Bonds	5/1/19	\$ 31,000,000	5/6/92
22	6.85%	Tax Exempt Bonds	5/1/19	\$ 15,000,000	5/6/92
23	8.15%	First Mortgage Bonds	10/1/15	\$ 32,000,000	10/6/92
24	6.05%	Tax Exempt Bonds	6/1/32	\$ 15,000,000	6/1/93
25	5.90%	Tax Exempt Bonds	6/1/21	\$ 18,200,000	6/1/93
26	7.71%	First Mortgage Bonds	6/1/25	\$ 100,000,000	6/19/95
27	3.15%	Tax-Exempt Put Bond	2/1/23	\$ 18,200,000	8/7/03
28	Variable	Tax Exempt Bonds	5/1/32	\$ 15,000,000	5/30/02
29	Variable	Tax Exempt Bonds	7/1/30	\$ 11,150,000	7/1/00
30	Variable	Tax Exempt Bonds	7/1/30	\$ 27,750,000	7/1/00
31	Variable	Tax Exempt Bonds	5/1/31	\$ 20,000,000	5/11/01
32	Variable	Tax Exempt Bonds	5/2/31	\$ 4,500,000	5/12/01
33	Variable	Tax Exempt Bonds	8/1/28	\$ 15,000,000	8/7/03
34	5.50%	Tax Exempt Bonds	7/1/25	\$ 15,000,000	7/1/25
35	5.65%	Tax Exempt Bonds	7/1/28	\$ 16,240,000	7/1/28
36	4.90%	Tax Exempt Bonds	5/1/26	\$ 34,500,000	5/1/11
37	1.80%	Tax Exempt Bonds	7/1/25	\$ 15,000,000	12/1/10
38	2.30%	Tax Exempt Bonds	7/1/28	\$ 16,240,000	12/1/10
39	0.75%	Tax Exempt Bonds	5/1/26	\$ 34,500,000	5/1/11
40	5.20%	Tax Exempt Bonds	2/1/19	\$ 31,000,000	5/21/02

Book Accounting Treatment of Long-Term Debt Reacquisitions

Losses on reacquisitions are amortized over the remaining life of the retired debt issuance.

Income Tax Treatment of Long-Term Debt Reacquisitions

Call premiums, unamortized discount and expense associated with the original issue being refunded and miscellaneous expenses associated with the reacquisition are deducted for tax purposes in the year incurred.

Delmarva Power & Light Company
Economic Cost of Long-Term Debt

Not Applicable

Delmarva Power & Light Company
Calculation of the Effective Cost of Preferred Stock by Series

Schedule No. 4-D & 4-E

Ref: Part 6, Para. 3.1

Page 1 of 1

Witness: McGowan

None currently outstanding.

Delmarva Power & Light Company
Preferred Stock Reacquisitions

Schedule No. 4-E
Ref: Part 6, Para. 3.2
Page 1 of 1
Witness: McGowan

<u>REDEMPTION DATE</u>	<u>SERIES</u>	<u>COUPON</u>	<u>PRINCIPAL RETIRED</u>
September 28, 2001	Adjustable Rate Pfd.	5.50%	\$1,785,000
September 6, 2001	Auction Preferred, A	n/a	\$45,000,000
May 7, 2004	Trust Preferred	8.125%	\$70,000,000
January 18, 2007	Preferred Stock	4.00%	\$1,980,900
January 18, 2007	Preferred Stock	3.70%	\$3,986,600
January 18, 2007	Preferred Stock	4.28%	\$2,846,000
January 18, 2007	Preferred Stock	4.56%	\$1,957,100
January 18, 2007	Preferred Stock	4.20%	\$2,540,400
January 18, 2007	Preferred Stock	5.00%	\$4,858,800

Book Accounting Treatment of Preferred Stock Reacquisitions

Gains/losses associated with preferred stock reacquisitions are charged against common equity.

Income Tax Treatment of Preferred Stock Reacquisitions

Gains/losses on preferred stock reacquisitions do not affect income taxes but are treated as an adjustment to paid-in capital.

Delmarva Power & Light Company
Economic Cost of Preferred Stock

Schedule No. 4-E
Ref: Part 6, Para. 3.3
Page 1 of 1
Witness: McGowan

Not Applicable

Public Common Stock Offerings of Pepco Holdings, Inc
(Delmarva Power & Light Company's Ultimate Parent)

Issue Date	Gross Proceeds	Underwriting Discount	Company Expenses	Net Proceeds
Dec-02	\$109,997,500	\$4,290,075	\$250,000	\$105,457,425
Sep-04	\$287,787,500	\$10,073,310	\$246,705	\$277,467,485
Nov-07	\$175,500,000	\$0*	\$289,063	\$175,210,937
Nov-08	\$265,650,000	\$9,961,875	\$287,794	\$255,400,331

Note: *The underwriter of this common stock issuance agreed to purchase the entire amount of this common stock offering from PHI at no discount for subsequent sale by the underwriter to the public.

Delmarva Power & Light Company
Stock Dividends, Splits, or Par Value Changes

Schedule No. 4-F
Ref: Part 6, Para. 4.2
Page 1 of 1
Witness: McGowan

There have been no stock dividends, splits or par value changes of Delmarva's ultimate parent, Pepco Holdings, Inc., since its formation in August 2002.

Delmarva Power & Light Company
Comparative Financial Data - General

Schedule No. 4-G & 4-H

Ref: Part 6, Para. 4.3

Page 1 of 1

Witness: McGowan

Line #	Description	Actual 12/31/2011	Actual 12/30/2010	Actual 12/30/2009
1	Embedded Cost - Long-Term Debt	5.24%	5.42%	5.59%
2	Embedded Cost - Preferred Stock	N/A	N/A	N/A
3	Pretax Interest Coverage	3.57	2.73	2.45
4	Pretax Interest Coverage - Before AFUDC	3.48	2.59	2.43
5	After Tax Interest Coverage	2.61	2.02	2.11
6	After Tax Interest Coverage - Before AFUDC	2.52	1.89	2.09
7	Ratio of Earnings to Fixed Charges	3.57	2.73	2.45
8	Ratio of Earnings to Fixed Charges and Preferred Dividends	3.57	2.73	2.45
9	After Tax Interest & Preferred Dividend Coverage	2.61	2.02	2.11
10	After Tax Interest & Preferred Dividend Coverage, Before AFUDC	2.52	1.89	2.09
11	S&P Bond Rating - Senior Secured Debt	A	A	A-
12	Moody's Bond Rating - Senior Secured Debt	A3	A3	A3
13	S&P Preferred Stock Rating	NR*	NR*	NR*
14	Moody's Preferred Stock Rating	Ba1	Ba1	Ba1
15	Rate of Return on Total Capital	8.88%	7.02%	7.07%
16	Percentage of Revenues - Electric	82.36%	83.07%	80.90%
17	Percentage of Revenues - Gas	17.64%	16.93%	19.10%
18	Percentage of Revenues - Other	0.00%	0.00%	0.00%

NR - Not Rated

See the direct testimony and exhibits of the Company's Common Equity Cost Rate witness

Mortgage and Deed of Trust

The issuance of First Mortgage Bonds by the Company is limited by a covenant in its Mortgage and Deed of Trust dated October 1, 1943, as amended, with JP Morgan Chase Bank, as Successor Trustee, requiring that for a period of any twelve consecutive calendar months within the fifteen calendar months immediately preceding the first day of the month in which the application for the authentication and delivery of the bonds then applied for is made to the Trustee, the net earnings of the Company as defined below shall be at least two times the annual interest requirements on the first mortgage bonds to be outstanding.

Section 1.06 of Article I
Net Earnings Certificate

Gross Operating Revenues

Less Operating Expenses:

- Operation Expenses
- Maintenance Expenses
- Book Depreciation
- Other Amortization, Net
- Provision for Taxes (other than income and other taxes measured by or dependent of net taxable income)

Equals Net Operating Revenue

Plus Non-operating Income:

- Allowance for Other Funds Used During Construction
- Allowance for Borrowed Funds Used During Construction
- Other Income and Deductions (before taxes)
- Total restricted to 10% of Net Operating Revenue

Equals Net Earnings

Annual Interest Charges upon First Mortgage Bonds

- All bonds outstanding
- Bonds applied for in present application

Interest Earnings Requirement

A figure equal to twice the aggregate annual interest charges specified above.

Restated Certificate and Articles of Incorporation

Certain provisions in the Company's Restated Certificate and Articles of Incorporation limit the issuance of preferred stock. The most restrictive of these provisions requires that the pro forma ratio of consolidated earnings to fixed charges and preferred stock dividend requirements combined for any twelve consecutive months within the fifteen months preceding an issuance of preferred stock be 1.50 or greater.

9.(a)(3) of Article Fourth (See attached)

9.(a)(3) of Article Fourth

9.(a) So long as any shares of the Preferred Stock or Preferred Stock--\$25 Par of any series are outstanding, the Company shall not, without the consent (given by vote at a meeting called for that purpose in accordance with the provisions of paragraph A.13. hereof) of the holders of at least two-thirds of the total voting power of the outstanding Preferred Stock and Preferred Stock--\$25 Par of all series voting as a single class:

(3) Issue any additional shares of any series of the Preferred Stock or Preferred Stock--\$25 Par, unless the net earnings of the Company applicable to the payment of dividends on shares of the Preferred Stock and Preferred Stock--\$25 Par, and unless the net earnings of the Company applicable to the payment of interest charges on its indebtedness, in each instance after provision for depreciation and all taxes chargeable as operating expenses and determined in accordance with generally accepted accounting principles, for any twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the calendar month within which such additional shares of stock shall be issued, shall, respectively, have been at least two (2) times the dividend requirements for such twelve (12) months' period upon the entire amount of the Preferred Stock and Preferred Stock--\$25 Par to be outstanding immediately after the proposed issue of such additional shares of Preferred Stock or Preferred Stock--\$25 Par and at least one and one-half (1 1/2) times the aggregate of such dividend requirements and of the interest charges for said period on the entire amount of the indebtedness to be likewise outstanding; but excluding from each of the foregoing computations interest charges on all indebtedness which is to be retired through the issue of such additional shares of Preferred Stock or Preferred Stock--\$25 Par; provided that, if the shares of any series of the Preferred Stock or Preferred Stock--\$25 Par shall have other than a fixed dividend rate or rates, the dividend requirements for the shares of such series shall be determined by reference to the weighted average dividend rate on such shares for any twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the calendar month within which such additional shares shall be issued; and provided further that, if the shares of the series to be issued are to have other than a fixed dividend rate or rates, the dividend requirements for the shares of such series shall be determined with reference to the initial dividend rate upon the issuance of such shares; or

Pepco Holdings Inc. (Consolidated)
Capitalization and Related Capital Structure Ratios
Actual at September 30, 2012

Parent Schedule
Schedule No. 4-A
Ref: Part 6, Para. 5.1
Page 1 of 1
Witness: McGowan

	<u>Actual at September 30, 2012</u>	
	<u>Amount</u>	<u>Ratios</u>
	<u>Outstanding</u>	
	<u>(\$ millions)</u>	
Long-Term Debt	4,317 (1)	49.22%
Common Equity	4,453	50.78%
Total Permanent Capital	<u>8,770</u>	<u>100.00%</u>

Notes: (1) Excludes unamortized debt issuance expense and discounts.

Issue	Coupon Rate	Maturity	Offering Date	Current			Net Amount Outstanding	Effective Cost Rate	Annual Net Cost
				Principal Amount Outstanding	Unamortized Debt Issuance Expense	Unamortized (Premium)/Discount			
First Mortgage Bonds									
	6.40%	12/1/2013	11/25/2008	\$250,000,000	\$512,069	\$136,012	\$249,351,919	6.63%	\$16,535,156
	4.00%	6/1/2042	6/26/2012	\$250,000,000	\$2,645,095	\$1,371,477	\$245,983,427	4.09%	\$10,061,526
Total First Mortgage Bonds				\$500,000,000	\$3,157,165	\$1,507,489	\$495,335,346		\$26,596,681
Unsecured Notes									
	5.00%	11/15/2014	11/19/2004	\$100,000,000	\$195,277	\$103,886	\$99,700,838	5.12%	\$5,104,458
	5.00%	6/1/2015	6/1/2005	\$100,000,000	\$231,288	\$107,638	\$99,661,075	5.11%	\$5,092,710
	5.22%	12/30/2016	12/20/2006	\$100,000,000	\$304,727	\$0	\$99,695,273	5.30%	\$5,281,522
Total Unsecured Notes				\$300,000,000	\$731,291	\$211,523	\$299,057,185		\$15,478,690
Tax Exempt Fixed Rate Bonds									
	5.40%	2/1/2031	4/1/2010	\$78,400,000	\$1,309,865	\$0	\$77,090,135	5.55%	\$4,275,141
Total Tax Exempt Fixed Rate Bonds				\$78,400,000	\$1,309,865	\$0	\$77,090,135		\$4,275,141
Tax-Exempt Variable Rate Bonds									
	0.34%	10/1/2017	10/1/1987	\$8,000,000	\$52,382	\$0	\$7,947,618	0.48%	\$38,250
	0.34%	10/1/2017	9/28/1988	\$18,000,000	\$46,838	\$0	\$17,953,162	0.39%	\$70,879
	0.41%	10/1/2028	10/14/1993	\$15,500,000	\$131,831	\$0	\$15,368,169	0.47%	\$71,493
	0.33%	10/1/2029	10/12/1994	\$30,000,000	\$182,958	\$0	\$29,817,042	0.37%	\$111,775
	0.42%	7/1/2024	7/28/1999	\$22,330,000	\$94,062	\$0	\$22,235,938	0.55%	\$122,063
	0.50%	7/1/2024	7/28/1999	\$11,000,000	\$0	\$0	\$11,000,000	0.59%	\$64,500
Total Tax Exempt Variable Rate Bonds				\$104,830,000	\$508,071	\$0	\$104,321,929		\$478,960
Medium-Term Notes Series C									
	7.58%	2/1/2017	2/10/1997	\$2,000,000	\$2,866	\$0	\$1,997,134	7.65%	\$152,852
	7.56%	2/1/2017	2/18/1997	\$12,000,000	\$17,194	\$0	\$11,982,806	7.63%	\$914,673
	6.81%	1/9/2018	1/9/1998	\$4,000,000	\$270	\$7,898	\$3,991,832	6.88%	\$274,622
	7.61%	12/2/2019	2/12/1997	\$12,000,000	\$2,669	\$82,059	\$11,915,272	7.68%	\$914,924
	7.72%	2/1/2027	2/7/1997	\$10,000,000	\$0	\$0	\$10,000,000	7.78%	\$778,476
Total Medium-Term Notes Series C				\$40,000,000	\$22,999	\$89,957	\$39,887,044		\$3,035,547
Total Long-Term Debt Balance - ACTUAL				\$1,023,230,000	\$5,729,392	\$1,808,969	\$1,015,691,639	4.91%	\$49,865,018
Atlantic City Electric Company Excludes ACE Transition Funding LLC.									
First Mortgage Bonds									
	6.625%	8/24/93	8/1/13	\$68,600,000	\$15,466	\$11,024	\$68,573,510	6.71%	\$4,598,595
	7.75%	11/14/08	11/15/18	\$250,000,000	\$1,372,271	\$799,103	\$247,828,626	7.93%	\$19,664,202
	4.35%	4/1/11	4/1/21	\$200,000,000	\$1,466,660	\$266,327	\$198,267,013	4.47%	\$8,869,875
Total First Mortgage Bonds				\$518,600,000	\$2,854,397	\$1,076,455	\$514,669,149		\$33,132,672
Senior Notes									
	5.80%	4/8/04	5/15/34	\$120,000,000	\$1,199,762	\$264,589	\$118,535,650	5.91%	\$7,010,583
	5.80%	3/15/06	3/1/36	\$105,000,000	\$638,191	\$0	\$104,361,809	5.85%	\$6,104,416
Total Senior Notes				\$225,000,000	\$1,837,952	\$264,589	\$222,897,459		\$13,114,999
Tax Exempt Fixed Rate Bonds									
	6.80%	3/1/91	3/1/21	\$38,865,000	\$288,684	\$0	\$38,576,316	7.01%	\$2,705,197
	4.875%	3/15/10	6/1/19	\$23,150,000	\$522,780	\$0	\$22,627,220	5.21%	\$1,179,972
Total Tax Exempt Fixed Rate Bonds				\$62,015,000	\$811,463	\$0	\$61,203,537		\$3,885,169
Tax-Exempt Variable Rate Bonds									
	1.91%	6/24/09	4/15/14	\$18,200,000	\$72,153	\$0	\$18,127,847	2.19%	\$396,511
	1.94%	6/24/09	7/15/17	\$4,400,000	\$33,757	\$0	\$4,366,243	2.61%	\$113,778
Total Tax Exempt Variable Rate Bonds				\$22,600,000	\$105,910	\$0	\$22,494,090		\$510,289
Medium-Term Notes Series C									
	7.68%	8/23/95	8/23/16	\$2,000,000	\$3,764	\$0	\$1,996,236	7.78%	\$155,282
	7.68%	8/23/95	8/24/15	\$15,000,000	\$22,032	\$0	\$14,977,968	7.78%	\$1,165,392
	7.63%	8/29/95	8/29/14	\$7,000,000	\$6,075	\$0	\$6,993,925	7.72%	\$539,748
Total Medium-Term Notes Series C				\$24,000,000	\$31,872	\$0	\$23,968,128		\$1,860,422
Unamortized Debt Reacquisition Costs							(9,937,661)		\$1,071,776
Total Long-Term Debt Balance				\$852,215,000	\$5,641,594	\$1,341,043	\$835,294,702	6.41%	\$53,575,326
Potomac Electric Power Company									
First Mortgage Bonds									
	4.95%	11/24/03	11/15/13	\$200,000,000	\$237,352	\$76,696	\$199,686,953	5.12%	\$10,223,921
	4.65%	3/24/04	4/15/14	\$175,000,000	\$265,807	\$26,454	\$174,707,739	4.79%	\$8,368,501
	5.75%	3/24/04	4/15/34	\$100,000,000	\$872,403	\$54,451	\$99,073,146	5.84%	\$5,785,872
	5.40%	6/1/05	6/1/35	\$175,000,000	\$1,637,200	\$468,031	\$172,894,769	5.51%	\$9,526,502
	6.50%	11/16/07	11/15/37	\$250,000,000	\$2,741,971	\$521,316	\$246,736,713	6.62%	\$16,333,970
	6.50%	3/24/08	11/15/37	\$250,000,000	\$2,865,303	\$7,270,806	\$239,863,891	6.84%	\$16,406,690
	7.90%	12/10/08	12/15/38	\$250,000,000	\$4,239,911	\$0	\$245,760,089	8.06%	\$19,808,263
	3.05%	4/4/12	4/1/22	\$200,000,000	\$3,407,879	\$555,013	\$196,037,107	3.31%	\$6,488,828
Total First Mortgage Bonds				\$1,600,000,000	\$16,267,826	\$8,972,768	\$1,574,759,406		\$92,942,547
Tax Exempt Fixed Rate Bonds									
	6.20%	3/17/09	9/1/22	\$109,500,000	\$1,037,785	\$0	\$108,462,215	6.33%	\$6,865,658
Total Tax Exempt Fixed Rate Bonds				\$109,500,000	\$1,037,785	\$0	\$108,462,215		\$6,865,658
Long-Term Debt Balance				\$1,709,500,000	\$17,305,611	\$8,972,768	\$1,683,221,621		\$99,808,205
Unamortized Debt Reacquisition Costs							(\$28,356,605)		\$2,981,007
Total Long-Term Debt Balance				\$1,709,500,000	\$17,305,611	\$8,972,768	\$1,654,865,016	6.21%	\$102,789,212

Potomac Capital investments
Long-Term Debt
As of September 30, 2012

Long-Term Debt		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Security Issue	Maturity	Principal Amount	Offering Price	Expense of Issuance	Net Amount to Company	Net Amount per unit	Nominal Rate	Effective Rate	Cost of Money
					(2) - (3)	(4)/(2)*100		((5)-(4))*100	(7)/(1)
Long-Term Debt:									
Private Placement and Non-Recourse									
6.59%	4/21/2004	4,526,000	4,526,000		\$4,526,000	100.00	6.59%	6.59%	\$298,263
6.69%	4/21/2004	6,586,000	6,586,000		\$6,586,000	100.00	6.69%	6.69%	\$440,603
Total Long-Term Debt		11,112,000	\$11,112,000		\$11,112,000	100.00		6.65%	\$738,867

Pepco Holdings Inc - Parent

COUPON	DATE ISSUED	AMOUNT OUTSTANDING	PRINCIPAL MATURITY DATE
7.45%	09/06/02	\$184,865,000	08/15/32
5.90%	12/12/06	\$190,000,000	12/12/16
6.125%	06/08/07	\$81,089,000	06/01/17
2.700%	10/01/10	\$250,000,000	10/15/15
		<u>\$705,954,000</u>	

Pepco Holdings, Inc. (Consolidated)
Calculation of the Effective Cost of Preferred Stock by Series

Parent Schedule
Schedule No. 4-D
Ref. Part 6, Para. 5.1
Page 1 of 1
Witness: McGowan

Not Applicable; none currently outstanding

Schedule No. 5

Delmarva Power & Light Company
Revenue Conversion Factor
Delaware Gas Retail

(1) Line No.	(2) <u>Particulars</u>	(3) <u>Factor</u>	
1	<u>Tax Rates</u>		
2	Federal Income Tax	0.35000	
3	State Income Tax	0.08700	
4			
5	Regulatory Tax	0.00300	
6			
7	<u>Conversion Factor</u>		
8	Revenue Increase	X	
9			
10	Regulatory Tax	0.00300	X
11	Total Other Tax	0.00300	X
12			
13	State Taxable Income	0.99700	X
14	State Income Tax	0.08674	X
15			
16	Federal Taxable Income	0.91026	X
17	Federal Income Tax	0.31859	X
18			
19	Total Additional Taxes	0.40833	X
20			
21	Increase in Earnings (1 - additional taxes)	0.59167	X
22			
23	Revenue Conversion Factor (1/Incr in Earnings)	1.69013	X