

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION )  
OF DELMARVA POWER & LIGHT COMPANY )  
FOR APPROVAL OF A MODIFIED FIXED ) PSC DOCKET NO. 09-277T  
VARIABLE RATE DESIGN FOR NATURAL GAS )  
CUSTOMERS(FILED JUNE 25, 2009) )  
)  
)  
)

ORDER NO. 7731

AND NOW, this 28th day of January, 2010;

WHEREAS, on January 6, 2010, Delmarva Power & Light Company ("Delmarva") filed a Motion to Stay the Procedural Schedule ("Motion") in the above-captioned docket;

WHEREAS, Delmarva argued in its Motion that the issues in this docket could be considered more economically and efficiently by all the parties when it filed a base rate gas case later in 2010;

WHEREAS, the Commission opened this docket on August 4, 2009 pursuant to PSC Order No. 7619 and on that date approved a procedural schedule for this matter;

WHEREAS, on January 11, 2010 the Commission Staff and the Division of the Public Advocate<sup>1</sup> filed answers to the Motion stating that they would agree to the stay only on three conditions; those being that:

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<sup>1</sup> Although Chesapeake Utilities Corporation ("Chesapeake") is a party to this docket and they were forwarded all of the pertinent correspondence, Chesapeake submitted no response to Delmarva's Motion for a Stay of the Procedural Schedule.

(1) The Company would file proposed tariff sheets on or before January 20, 2010;

(2) The parties would hold a workshop in the near future to begin working on how best to educate consumers about a revenue-decoupled rate design; and

(3) The current docket may be consolidated with a natural gas base rate case if the parties agree on an acceptable revenue-decoupled rate design. However, if the parties could not agree, a new procedural schedule should be established.

**WHEREAS**, Delmarva responded on January 14, 2010 that it would agree with the conditions and noted that the parties already had scheduled a January 29, 2010 workshop on the issues;

**WHEREAS**, the Hearing Examiner recommends granting the Motion and imposing a stay of the procedural schedule based upon the parties' compliance with the conditions set forth above;

**AND WHEREAS**, the Hearing Examiner further has recommended in her Report and Recommendations (attached hereto as "Attachment A") that the Commission order the parties to file a status report with the Commission on or before June 30, 2010 and September 30, 2010 stating specifically what steps have been undertaken to comply with each of the three conditions, particularly the condition relating to an acceptable revenue-decoupled rate design and Delmarva's progress for preparing and filing a gas base rate case in the fourth quarter of 2010;

**AND WHEREAS**, for the reasons provided in the Report, the Commission accepts the Hearing Examiner's recommendations;

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

1. That, by and in accordance with the affirmative vote of a majority of the Commissioners, the Commission hereby adopts the Report and Recommendations of the Hearing Examiner, appended to the original hereof as "Attachment A."

2. That the Commission orders a Stay of the Procedural Schedule ordered in PSC Order No. 7619 until such time that it takes further action on this docket;

3. That the Commission orders the parties in this matter to file a status report on or before June 30, 2010 and September 30, 2010 stating specifically what steps have been undertaken to comply with each of the three conditions, particularly the condition relating to an acceptable revenue-decoupled rate design and Delmarva's progress for preparing and filing a gas base rate case in the fourth quarter of 2010; and

3. That the Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae\_\_\_\_\_  
Chair

/s/ Joann T. Conaway\_\_\_\_\_  
Commissioner

PSC Docket No. 09-277T, Order No. 7731 Con't

/s/ Jaymes B. Lester\_\_\_\_\_  
Commissioner

/s/ Dallas Winslow\_\_\_\_\_  
Commissioner

/s/ Jeffrey J. Clark\_\_\_\_\_  
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley\_\_\_\_\_  
Secretary



STATE OF DELAWARE  
**THE PUBLIC SERVICE COMMISSION**  
861 SILVER LAKE BOULEVARD, SUITE 100  
CANNON BUILDING  
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7500  
FAX: (302) 739-4849

January 19, 2010

**VIA E-MAIL. NO HARD COPY TO FOLLOW.**

To: The Parties of PSC Docket No. 09-277T\*

**Re: IN THE MATTER OF THE APPLICATION OF  
DELMARVA POWER & LIGHT COMPANY  
FOR APPROVAL OF A MODIFIED FIXED  
VARIABLE RATE DESIGN FOR NATURAL  
GAS RATES (FILED JUNE 25, 2009);  
PSC DOCKET NO. 09-277T**

Dear Parties:

On January 6, 2010, Delmarva Power & Light Company (“Delmarva”) filed a Motion to Stay the Procedural Schedule (“Motion”) in the above matter. Delmarva asserted that the issues in this case could be considered when it filed a base rate case for natural gas, perhaps later in 2010, or another type of application to implement MFVRD. Delmarva noted that consolidating this proceeding until consideration of its natural gas decoupling proceeding would be beneficial to all the parties because it would, among other things, allow the parties to place their time, financial resources, and personnel on the current electric base rate case, PSC Docket Nos. 09-414 and 09-276 (Consolidated). Further, a stay of this matter would avoid the unnecessary expenditure of conducting two separate litigated natural gas cases that will duplicate, in some part, the issues.

On January 11th, I received responses to the Motion from the Commission Staff (“Staff”) and the Division of the Public Advocate (“DPA”). Staff and DPA expressed various concerns but concluded that they would not oppose a stay if the Company would agree to three conditions:

1. The Company would file proposed tariff sheets on or before January 20<sup>th</sup>;
2. The parties would hold a workshop in the near future to begin working on how best to educate consumers about a revenue-decoupled rate design; and
3. The current docket may be consolidated with a natural gas base rate case if the parties agree on an acceptable revenue-decoupled rate design. However, if the parties could not agree, a new procedural schedule should be established.

By letter dated January 14<sup>th</sup>, Todd Goodman, counsel for Delmarva, responded that the conditions were acceptable to the Company. Mr. Goodman stated that Delmarva was already preparing the proposed tariff sheets and other information for Staff's consultant. In addition, Mr. Goodman advised that the parties have already scheduled a workshop for January 29<sup>th</sup>.

Although the Motion and the responses were sent to the Intervenor, Chesapeake Utilities, Inc., I have not received a response from them. Consequently, I conclude that Chesapeake has no objection to the conditions agreed upon by the parties.

Pursuant to PSC Order No. 7619 (Aug. 4, 2009)<sup>2</sup>, the Commission opened this docket and approved a procedural schedule that called for, among other things, evidentiary hearings on February 24-25, 2010 and Commission deliberations May 4, 2010 on the Hearing Examiner's Report. Based upon the foregoing arguments of the parties, the parties' proposed agreement on the Motion to Stay the Procedural Schedule and the fact that the parties have already begun to act in good faith upon the terms of the settlement agreement, I recommend that the Commission grant the Motion. Further, I will prepare a form of order for the Commission's signature approving granting the Motion and recommending to the Commission that this matter be stayed until the parties have agreed upon a revenue decoupled rate design. To provide the Commission with adequate feedback on the status of this matter, I will recommend that the parties submit a status report to the Commission on or before June 30, 2010 and September 30, 2010 concerning the parties' progress on meeting each of the conditions stated above as well as the Company's intent to file a base rate natural gas case.

Thank you for your consideration.

Very truly yours,

Ruth Ann Price  
Senior Hearing Examiner

cc: Service List

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<sup>2</sup> For the Commission's reference, a copy of PSC Order No. 7619 is attached to this Report as "Exhibit A."