

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

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
A CHANGE TO ITS TRANSMISSION) PSC Docket No. 10-226
SERVICE CHARGE FOR ITS ELECTRIC)
SUPPLY AND TRANSMISSION CUSTOMERS)
(FILED JUNE 21, 2010))

ORDER NO. 7989

This 21st day of June 2011, the Commission finds, determines, and Orders the following:

1. On June 21, 2010, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Delaware Public Service Commission (the "Commission") an application to increase its Transmission Service Charge for both its Standard Offer Service ("SOS") Fixed Price Service and SOS Hourly Priced Service from \$1.272484 per kW-month to \$1.6129 per kW-month and to amend Tariff Leaf Nos. 111 and 114 to reflect these increases. According to Delmarva, these adjustments are derived from the formula for establishing retail transmission rates set forth in paragraph F of the Settlement Agreement that we approved in PSC Docket No. 04-391, Order No. 6746 (Oct. 11, 2005). That settlement established a pass-through mechanism that permits Delmarva to develop transmission rates that mirror the transmission rates that PJM Interconnection, L.L.C. charges Delmarva under Federal Energy Regulatory Commission ("FERC") requirements.

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2. On July 22, 2010, we issued Order No. 7807 allowing the proposed rate and tariff changes to go into effect on August 20, 2010, on a temporary basis, with proration, and subject to refund, pending further analysis by Staff.

3. Staff conducted discovery on the Company's filing. During that discovery, Delmarva advised Staff that it had resubmitted its 2009 FERC Form 1 ("FF1") due to the inappropriate inclusion of non-operating expenses therein. The removal of these non-operating expenses caused the Network Integration Transmission Service Rate for the Delmarva Transmission Service Zone (the "Network Rate") to decrease by \$109,000. The Company has agreed to make an adjustment to reflect the impact of the FF1 revision, with associated interest, in its next annual update of the Network Rate.

4. Also during discovery, Staff identified certain issues that Delmarva contended were subject to the FERC Formula Rate Implementation Protocols (the "Protocols") and thus not subject to this Commission's authority to change. Staff sought our approval to meet with FERC representatives to discuss this issue, and we approved Staff's request at our May 10, 2011 meeting.

5. Staff reports that it met with FERC representatives on June 8, 2011. During that meeting, FERC's representatives advised Staff that pursuant to the Protocols, Delmarva's annual update is to be based on Delmarva's books and records consistent with FERC accounting policies. (Attachment H-3E, Formula Rate Implementation Protocols, Section 1f). Furthermore, the Protocols regarding discovery provide

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that discovery "shall be limited to what is necessary to determine if Delmarva has properly applied the Formula Rate and the [Protocol] procedures." (*Id.*, Section 2b). Staff reports that as a result of its meeting with FERC representatives, it does not appear that any further information on the issues that Staff identified during its review is available or that any further adjustments to Delmarva's Network Rate can be made. Consequently, Staff recommends that we approve Delmarva's proposed revised tariffs for Transmission Service Charges for its SOS Fixed Price and Hourly Priced services that have been in effect on a temporary basis since August 20, 2010, and that we require the Company to file revised Tariff Leaf Nos. 111 and 114 within 30 days of the order granting final approval of the Transmission Service Charges.

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

1. That, pursuant to 26 *Del. C.* §306(a)(1), the proposed rates for Transmission Service Charges for SOS Fixed Price Service and Hourly Priced Service offerings reflected on revised Tariff Leaf Nos. 111 and 114, filed by Delmarva Power & Light Company on June 21, 2010, are approved.

2. That Delmarva Power & Light Company shall, within thirty days of the date of this order, file revised tariff Leaf Nos. 111 and 114.

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

/s/ Jaymes B. Lester

Commissioner

/s/ Jeffrey J. Clark

Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley

Secretary