

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. 12-284
SERVICE CHARGE FOR ITS ELECTRIC)
SUPPLY AND TRANSMISSION CUSTOMERS)
(FILED JUNE 15, 2012))

ORDER NO. 8193

This 17th day of July 2012, the Delaware Public Service Commission (the "Commission") finds, determines, and Orders the following:

WHEREAS, on June 15, 2012 Delmarva Power & Light Company ("Delmarva" or the "Company") filed with 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 \$1.721561 per kW-month to \$1.796934 per kW-month and to revise 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 the Commission approved in PSC Docket No. 04-391, Order No. 6746 (Oct. 11, 2005). That settlement established a pass-through mechanism that permits Delmarva to establish transmission rates for retail customers that mirror the transmission rates that PJM Interconnection, L.L.C. charges Delmarva under Federal Energy Regulatory Commission ("FERC") requirements.

WHEREAS, review of the FERC-approved formula rate is subject to the Federal Energy Regulatory Commission's ("FERC") Formula Rate Implementation Protocols ("Protocols"). The Protocols regarding discovery provide that they "shall be limited to what is necessary to

determine if Delmarva has properly applied the Formula Rate and the [Protocol] procedures."¹ Pursuant to the Protocols, the annual update is to be "based upon Delmarva's FERC Form No. 1 data ... and ... be based upon the books and records of Delmarva consistent with FERC accounting policies."²

WHEREAS, Staff issued discovery in this docket primarily intended to confirm whether Delmarva's proposed formula rate was in compliance with the Protocols. In response to this discovery, the Company has confirmed that the formula rate is in compliance with the protocols.³

WHEREAS, Staff states that it cannot confirm with specificity the elements of the costs that are included in the formula rate and recovered in the Network Rate. However, Staff concludes that in the absence of a modification to the FERC Protocols to provide greater access to the underlying cost elements and/or a standard for costs to be included in the formula rate, implementing the proposed Annual Update to the Network Rate on a temporary basis to allow for more thorough discovery to support a potential challenge to the formula rate would not be productive. Given the Company's confirmation that the formula rate is in compliance with the Protocols, Staffs recommends that the Commission approve the proposed Annual Update to the Network Rate.

¹ Attachment H-3E, Formula Rate Implementation Protocols, §2b.

² *Id.*, §1f.

³ As a result of Staff's discovery, one minor adjustment (credit of \$21,148) was identified that will be reflected in 2013 rate update filing.

**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 which Delmarva Power & Light Company filed on June 15, 2012, are approved, effective August 15, 2012.

2. 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/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jeffrey J. Clark
Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary