

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

IN THE MATTER OF THE APPLICATION OF )  
DELMARVA POWER & LIGHT COMPANY )  
FOR APPROVAL TO ISSUE UP TO \$600 MILLION ) PSC DOCKET NO. 12-483  
OF DEBT SECURITIES )  
(FILED NOVEMBER 20, 2012) )

**ORDER NO. 8243**

**AND NOW**, this 29th day of November, 2012, the Public Service Commission (the "Commission") determines and orders the following:

**WHEREAS**, on October 24, 2012, Delmarva Power & Light Company ("Delmarva") submitted to the Commission an application (the "Application") pursuant to 26 *Del. C.* §215 seeking approval to issue up to \$600 million of long-term secured or unsecured debt securities (the "Debt Securities") at any time through December 31, 2014; and

**WHEREAS**, by way of background, Delmarva explains that the Debt Securities will finance a construction program ("Construction Program") Delmarva has undertaken which is designed to improve and extend its facilities to enable it to better serve the public; and

**WHEREAS**, in 2004, Delmarva issued \$100 million of unsecured notes (the "2004 Notes"), and in 2008, it issued \$250 million of first mortgage bonds (the "2008 First Mortgage Bonds"). The stated maturity of the 2004 Notes is 2014, and the stated maturity of the 2008 First Mortgage Bonds is 2013. Application, ¶5; and

**WHEREAS**, up to \$350 million of Debt Securities will refinance the 2004 Notes and the 2008 First Mortgage Bonds, and up to \$250 million of Debt Securities will be used as permanent long-term financing to

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repay short-term debt issued to temporarily finance the Company's Construction Program. Application, ¶6; and

**WHEREAS**, the Company states that the Debt Securities may include secured first mortgage bonds, unsecured notes, tax-exempt-bonds, and secured or unsecured bank loans with maturities between 12 months and 40 years from the date of issuance and may be issued in one or more series. Application, ¶¶9-12; and

**WHEREAS**, Delmarva states that it will make "every effort" to issue the Debt Securities in the most cost-effective manner, but the actual type of Debt Securities issued will depend on the market conditions at the time of issuance. Application, ¶13; and

**WHEREAS**, Delmarva states that its projected 2013-14 capital budget for the Construction Program is \$617 million. Application, ¶7; and

**WHEREAS**, Delmarva's counsel has issued a legal opinion stating that upon the occurrence of six different conditions, "all requisite action necessary to make the Debt Securities a valid, legal and binding obligation of the Company" will have been taken. Application, Exhibit 1; and

**WHEREAS**, the Commission Staff ("Staff") reviewed and investigated Delmarva's Application. As part of its investigation, Staff sent data requests to Delmarva to request the clarification of certain matters of the Application; and

**WHEREAS**, Delmarva responded to Staff's questions on November 12, 2012, by sending an amended Exhibit 2 and subsequently provided

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additional information responsive to Staff's inquiries. The amended Exhibit 2 shows an increased capital budget of \$676 million, as opposed to the \$617 million budget originally filed in the Application; and

**WHEREAS**, on November 15, 2012, counsel to Staff advised Staff that the Application failed to comply with 26 *Del. C.* §215(c) and 26 *Del. Admin. C.* §1001-1.7.2 because it lacked a verification by oath or affirmation signed by a bona fide officer of Delmarva.<sup>1</sup> Therefore, Staff requested that Delmarva file a proper verification for the Application; and

**WHEREAS**, Delmarva filed such proper verification on November 20, 2012, which completed the filing of the Application; and

**WHEREAS**, pursuant to 26 *Del. C.* §215(a)(2), no public utility, without having first obtained the approval of the Commission, shall issue any stocks, stock certificates, or notes, bonds or other evidences of indebtedness payable in more than 1 year from the date thereof; and

**WHEREAS**, after reviewing the Company's Application, supporting documentation, and responses to Staff's requests for additional information, Staff has concluded that the proposed issuance of the

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<sup>1</sup> 26 *Del. C.* §215(c) provides that an "[a]pplication for any such approval or authorization shall be made to the Commission in writing, verified by oath or affirmation, and be in such form and contain such information as the Commission requires." In addition, 26 *Del. Admin. C.* §1001-1.7.2 provides that "[a]ll petitions and other filings that allege facts not otherwise in the record must be accompanied by a signed, sworn verification. Where the filer is a corporation or an association, the verification shall be signed by a bona fide officer thereof." Delmarva failed to provide such verification signed by one of its corporate officers.

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Debt Securities satisfies the requirements of 26 *Del. C.* §215 because it will be made in accordance with law, for a proper purpose, and consistent with the public interest. Hence, Staff recommends that the Commission approve the Application. Staff recommends that, as a condition of its approval, the Commission order the Company to file, within 30 days of the closing of any issuances of the Debt Securities, a written report setting forth the actions taken in connection with each such issuance. Finally, in light of the economy and current market conditions, and Delmarva's large proposed capital spending program, Staff recommends that the Commission closely monitor Delmarva's financing activities;

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

1. That, pursuant to 26 *Del. C.* §215, the Commission hereby grants the request of Delmarva Power & Light Company in its application filed on November 20, 2012 (the "Application"), for the approval of the issuance of up to \$600 million of new long-term secured or unsecured debt securities ("Debt Securities") and finds that such issuance of the Debt Securities will be in accordance with law, for a proper purpose, and consistent with the public interest.

2. That nothing in this Order shall be construed as a guarantee, warranty, or representation by the State of Delaware or by any of its agencies, commissions, or departments with respect to the Debt Securities that may be issued pursuant to this Order.

3. That this Order is not to be construed as approving the capitalization ratios that result for any purposes or procedures involving ratemaking, nor are the Commission's rules relative to proving the merits of any related issue hereby waived. Furthermore, this Order shall not be construed as approving any ratemaking treatment in any future proceeding involving Delmarva Power & Light Company.

4. That, as a condition of this approval, the Commission hereby orders that Delmarva Power & Light Company file, within 30 days of the closing of any issuance of Debt Securities, a written report setting forth the actions taken in connection with each such issuance, including: (a) the specific type of Debt Securities issued; (b) the date of the issuance; (c) the amount of the issuance; (d) the term of the Debt Security; (e) the interest rate of the Debt Security; and (f) any other term or condition of the issuance that was not set forth in the Application.

5. The authority granted in this Application shall expire on December 31, 2014.

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:**

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Chair

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/s/ Joann T. Conaway  
Commissioner

/s/ Jeffrey J. Clark  
Commissioner

/s/ Jaymes B. Lester  
Commissioner

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Commissioner

ATTEST:

/s/ Alisa Carrow Bentley  
Secretary