

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY FOR)
APPROVAL OF MODIFICATIONS TO ITS) PSC DOCKET NO. 12-419F
GAS COST RATES (FILED AUGUST 31, 2012))

ORDER NO. 8310

AND NOW, this 5th day of March, 2013:

WHEREAS, on August 31, 2012, Delmarva Power & Light Company ("Delmarva" or "the Company") filed with the Delaware Public Service Commission (the "Commission") the above-captioned application (the "Application") seeking approval to modify its Gas Cost Rates ("GCR") effective on November 1, 2012, with proration, as follows: (1) revise the volumetrically applied GCR factors applicable to the RG, GG, GL, and non-electing MVG Service Classifications; (2) revise the demand charge for the non-electing MVG and LVG and Standby Service Classifications; and (3) reconcile and true-up actual versus estimated monthly Commodity Cost Rate assignments for sales under the LVG and so-called "electing" MVG Service Classifications; and

WHEREAS, by Order No. 8217 dated September 18, 2012, the Commission determined, pursuant to 26 Del. C. §§304 and 306, that the proposed GCR modifications and other requested revisions to the Company's tariffs should be permitted to become effective for usage on and after November 1, 2012, with proration and subject to refund, pending further review and final decision by the Commission; and

WHEREAS, Section XX D of the Company's gas tariff¹ requires that if, during a GCR year, an underrecovery in the GCR should exceed a 6% threshold, Delmarva should apply for an interim GCR increase; and

WHEREAS, Delmarva represents that as a result of above-normal temperatures experienced in December 2012 and the first half of January 2013, sales from November 2012 through January 2013 were almost 835,355 mcf less than those forecasted in the Application; and

WHEREAS, Delmarva states that the reduced sales have been partially offset by reduced purchases for send-out; and

WHEREAS, Delmarva has informed the Commission Staff and the Division of the Public Advocate that the January 2013 deferral amount exceeds the 6% threshold amount set forth in Section XX D of the Company's gas tariff and is currently at 6.3%, or \$4.7 million; and

WHEREAS, on February 25, 2013, Delmarva filed a letter application with the Commission (the "Letter Application") requesting a waiver of Section XX D of its gas tariff which requires the Company to request an interim GCR rate increase because:

... it appears that such a filing would not be in the best interests of Delmarva's customers for the following reasons: (1) An interim period modification of rates at this time would do little to reduce the size of the deferral by the next GCR period (which begins on November 1, 2013). (a) The

¹ See P.S.C. Del. No. 5 - Gas, Leaf No. 35-36, Third Revision, Revised January 18, 2002.

earliest that the rates could be adjusted would be with meter readings on and after approximately April 1, 2013. The heating season would be over before increased interim rates would take effect, and, as a result, there would be very little reduction in the under recovery by the time the GCR is established for the upcoming 2013-14 GCR year. (b) Any interim rate change must be set to collect the shortfall over the subsequent twelve (12) month period, rather than by the end of the existing GCR period and thus would only result in a minimal impact by the end of the current GCR period. (2) Pursuing an interim modification of the GCR for such little benefit to consumers would be an inefficient use of the valuable time and resources of the Commission, Staff, the Public Advocate and Delmarva. (a) Accomplishing an interim GCR modification would require (i) preparation and filing of the necessary application by Delmarva, (ii) review by Staff and its consultant (iii) review by the DPA and its consultant, and (iv) review and approval by the Commission. (b) If the Commission were to approve the interim increase, placing the increase into effect would also require (i) notification of customers through a separate letter and billing message, and (ii) programming of the new rates into Delmarva's billing and accounting systems...;

and

WHEREAS, Staff and the Public Advocate have reviewed the Letter Application and recommend that the Company's requested waiver be granted; and

WHEREAS, having reviewed the Letter Application and having considered the proffered reasons for the requested waiver as well as the Staff's and the Public Advocate's recommendations regarding the requested waiver, the Commission concludes that the

requested waiver should be granted for the reasons set forth in the Letter Application;

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

1. That Delmarva Power & Light Company's request for a waiver of the provisions of Section XX D of its gas tariff is granted.

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