

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

IN THE MATTER OF THE APPLICATION)
OF DELMARVA POWER & LIGHT COMPANY)
FOR AN CHANGE IN NATURAL GAS BASE) PSC DOCKET NO. 12-546
RATES AND MISCELLANEOUS TARIFF)
CHANGES (FILED DECEMBER 7, 2012))

ORDER NO. 8406

AND NOW, this 2nd day of July, 2013;

WHEREAS, on December 7, 2012, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Delaware Public Service Commission (the "Commission") an application (the "December 2012 Application") seeking approval of: (a) an increase in its natural gas base rates; (b) miscellaneous tariff changes; and (c) a waiver of Section 5.3.14 of the Minimum Filing Requirements requiring expense information to be filed relating to certain affiliated transactions; and

WHEREAS, in its December 2012 Application, Delmarva seeks approval of an increase in annual operating revenues of \$12,174,435, or 7.87% over total revenues; and

WHEREAS, pursuant to its authority under 26 *Del. C.* §306(a)(1), the Commission reviewed the December 2012 Application and determined in PSC Order No. 8271 (January 7, 2013) that the proposed rate and tariff changes should be suspended pending full and complete evidentiary hearings into their justness and reasonableness; and

WHEREAS, by PSC Order No. 8271, the Commission also granted the Company's request, pursuant to 26 *Del. C.* §306(c), to implement interim rates intended to produce an annual increase in intrastate operating revenues of \$2.5 million on February 5, 2013, with

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proration and subject to refund, in the event the Commission suspends the proposed rate increase; and

WHEREAS, as of July 7, 2013, seven months have elapsed from the date of the filing of the Company's application for a rate increase; and

WHEREAS, on June 7, 2013, Delmarva submitted an Application with proposed tariff sheets (the "June 2013 Application") seeking to implement under bond an interim rate increase of \$10,498,971, as permitted by 26 *Del. C.* §306(b); and

WHEREAS, the Company did not file the bond with the June 2013 Application, as required by 26 *Del. C.* §306, but stated that consistent with past practice, a rate refund bond will be filed upon Commission approval of rates in whatever manner the Commission may require; and

WHEREAS, Commission Staff reviewed the June 2013 Application and recommends that the Commission approve the Company's request; and

WHEREAS, it appears that the proposed rates set forth in the June 2013 Application will result in total additional revenue to Delmarva of less than or equal to 15% of its annual gross intrastate operating revenues, thus not exceeding the 15% ceiling set forth in 26 *Del. C.* §306(b); and

WHEREAS, the Commission having reviewed the June 2013 Application to implement an interim rate increase under refund bond without surety and the supporting information demonstrating that the proposed

increase is within the limits established by 26 *Del. C.* §306(b) and otherwise complies therewith for the collection of rates under bond;

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

1. That the Commission finds, pursuant to 26 *Del. C.* §306(b), that Delmarva Power & Light Company has the statutory right, after the expiration of seven months from the filing of its rate increase application (or on July 7, 2013), to place into effect an interim rate increase, subject to refund, so long as said rates will not produce an increase in excess of 15% of the Company's annual gross intrastate operating revenues.

2. That the proposed temporary rates set forth in the tariff sheets filed by Delmarva Power & Light Company in its June 2013 Application are reasonably designed to produce, on an annual basis, equal to or less than 15% of the gross annual intrastate operating revenues of Delmarva Power & Light Company and may therefore be placed into effect on July 7, 2013, under 26 *Del. C.* §306(b), with proration for usage on and after July 7, 2013, subject to refund with interest.

3. That, within ten days, Delmarva Power & Light Company shall submit to the Commission a rate refunding bond, without surety, in the amount of **TEN MILLION FOUR HUNDRED NINETY EIGHT THOUSAND NINE HUNDRED SEVENTY ONE DOLLARS (\$10,498,971)**.¹ Such rate refunding bond shall further guarantee repayment of the increased interim rates to be collected on and after July 7, 2013 pursuant to 26 *Del. C.* §306(b)

¹ \$10,498,971 is cumulative of the \$2,500,000 put into effect on February 5, 2013 in accordance with PSC Order No. 8271. By the June 2013 Application, Delmarva seeks to put an additional \$7,998,971 into effect.

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should the Commission, after notice and hearing, approve less than the rate increase requested by Delmarva Power & Light Company in its December 2012 Application. The Commission reserves the right to subsequently increase the principal amount of the rate refunding bond, or require surety on any such amount, should the circumstances warrant.

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

BY ORDER OF THE COMMISSION:

/s/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

Commissioner

Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary