BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION )
OF DELMARVA POWER & LIGHT ) PSC DOCKET NO. 13-115
COMPANY FOR AN INCREASE IN )
ELECTRIC BASE RATES )
(FILED MARCH 22, 2013) 

ORDER NO. 8549

AND NOW, this 2nd day of April, 2014:

WHEREAS, on March 22, 2013, Delmarva Power & Light Company
("Delmarva" or the "Company") filed with the Delaware Public
Service Commission (the "Commission") an application (the
"Application") to increase electric distribution base rates,
which Application was docketed as Docket No. 13-115; and

WHEREAS, by Order No. 8337 dated April 9, 2013, the
Commission opened this docket to consider Delmarva’s Application;
designated Senior Hearing Examiner Lawrence to conduct any
necessary evidentiary hearings and to submit his proposed
findings and recommendations to the Commission; and authorized
Delmarva to implement an annual $2.5 million increase in
intrastate operating revenues effective June 1, 2013, pursuant to
26 Del. C. §306(c); and

WHEREAS, the Commission Staff, the Division of the Public
Advocate ("DPA"), the Delaware Department of Natural Resources
and Environmental Control ("DNREC"), the Delaware Energy Users
Group ("DEUG") and the Caesar Rodney Institute (collectively, the
"Parties") intervened or otherwise participated in the
proceedings; and
WHEREAS, on October 22, 2013, Delmarva placed an additional interim rate increase of $25,155,265 into effect pursuant to 26 Del. C. §306(a); and

WHEREAS, evidentiary hearings were held before Senior Hearing Examiner Lawrence on November 13, 14 and 18, 2013; and

WHEREAS, Senior Hearing Examiner Lawrence issued proposed Findings and Recommendations (the “Hearing Examiner’s Report”) regarding the Application on March 4, 2014; and

WHEREAS, Delmarva, Staff, the DPA and DEUG filed exceptions to certain matters addressed in the Hearing Examiner’s Report; and

WHEREAS, the Commission met in public session on April 1 and 2, 2014, to hear oral argument and conduct deliberations on the issues addressed in the Hearing Examiner's Report and consider the exceptions taken to the Hearing Examiner’s Report; and

WHEREAS, the Commission has resolved the issues in this matter as set forth below;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE UNANIMOUS VOTE OF ALL COMMISSIONERS:

1. That as a result of the Commission’s deliberations referenced above, the Commission hereby approves an overall increase in Delmarva Power & Light Company’s electric
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distribution rates of $15,096,574, the components of which are set forth below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Base</td>
<td>$619,566,495</td>
</tr>
<tr>
<td>Overall Rate of Return</td>
<td>7.26%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>9.7%</td>
</tr>
<tr>
<td>Cost of Long-Term Debt</td>
<td>4.91%</td>
</tr>
<tr>
<td>Required Operating Income at Present Rates</td>
<td></td>
</tr>
<tr>
<td>$44,980,528</td>
<td></td>
</tr>
<tr>
<td>Gross Revenue Conversion Factor</td>
<td>1.70606</td>
</tr>
<tr>
<td>Operating Income Deficiency</td>
<td>$8,848,794</td>
</tr>
<tr>
<td>Total Revenue Requirement Increase</td>
<td>$15,096,574</td>
</tr>
</tbody>
</table>

These amounts are subject to verification by all parties and may be changed by further Order of the Commission upon such verification. A full Findings, Opinion and Order setting forth the Commission’s reasons for its decisions on the various contested issues will follow at a later date.

2. That the Commission orders that new compliance tariff leaves be developed and filed with the Commission Staff no later than April 15, 2014, which shall include the new electric distribution rates and which shall become effective with service on and after May 1, 2014.
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3. Since the new rates are less than the existing distribution rates placed into effect on October 22, 2013, pursuant to 26 Del. C. §306(a)(1), customers will be entitled to a refund of overpayments since Delmarva Power & Light Company’s full requested rate increase was placed into effect, with interest on the deferred amounts as calculated in accordance with Regulation Docket No. 11, which shall reflect Delmarva Power & Light Company’s short-term borrowing costs.

4. The method and manner of such refund shall be approved by the Commission in a further Order.

5. That the Commission reserves the jurisdiction and authority to issue such further Orders as it deems necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Dallas Winslow
Chair

/s/ Joann T. Conaway
Commissioner

/s/ Jaymes B. Lester
Commissioner

/s/ Jefrey J. Clark
Commissioner
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Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary