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 GAS COST RATES (FILED AUGUST 28, 2013)	)))))	PSC DOCKET NO. 13-349F

ORDER NO. 8578

AND NOW, 8th day of July, 2014;

WHEREAS, the Delaware Public Service Commission (the "Commission") has received and considered the Findings and Recommendations of the Hearing Examiner, which is attached hereto as "**Attachment A**," issued in the above-captioned docket, which was submitted after duly-noticed public evidentiary hearings; and

WHEREAS, the Hearing Examiner recommends that the Commission approve the Proposed Settlement (submitted into evidence as Exhibit 9 at the April 24, 2014 evidentiary hearing), which is endorsed by all the parties, and which is attached hereto as "**Attachment B**;" and

WHEREAS, having reviewed the record evidence in this case and the Hearing Examiner's Report as well as the Proposed Settlement Agreement; and having been notified that the parties in this case have waived any right to file exceptions to the Report; and having heard the oral argument from the participants at its regularly-scheduled July 8, 2014 meeting; and having deliberated in public at that meeting; and

WHEREAS, the Commission finds that the proposed rates and tariff changes are just and reasonable and that adoption of the Proposed Settlement Agreement is in the public interest;

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

1. The Commission hereby adopts the June 19, 2014 Findings and Recommendations of the Hearing Examiner, attached hereto as "**Attachment A.**"

2. The Commission approves the Proposed Settlement Agreement and the proposed rates therein, attached hereto as "**Attachment B.**"

3. The rates approved herein, which went into effect on November 1, 2013 subject to proration and refund, will become effective on a final basis with usage on or after the date of this Order.

4. 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

/s/ Harold Gray
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary

A T T A C H M E N T "A"

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	)	PSC DOCKET NO. 13-349F
TO ITS GAS COST RATES	)	
(FILED AUGUST 28, 2013)	)	

FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER

DATED: June 19, 2014

R. CAMPBELL HAY, ESQUIRE
HEARING EXAMINER

TABLE OF CONTENTS

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	**)**	**PSC DOCKET NO. 13-349F**
TO ITS GAS COST RATES	**)**	
(FILED AUGUST 28, 2013)	**)**	

FINDINGS AND RECOMMENDATIONS OF THE HEARING EXAMINER

R. Campbell Hay, Esquire, duly appointed Hearing Examiner in this Docket pursuant to 26 Del. C. §502 and 29 Del. C. ch. 101 and by Commission Order No. 8491 dated December 5, 2013, reports to the Commission as follows:

I. APPEARANCES

On behalf of the Applicant, Delmarva Power & Light Company ("Delmarva" or "the Company"):

By: PAMELA J. SCOTT, ESQUIRE, ASSISTANT GENERAL COUNSEL

ROBERT W. BRIELMAIER, MANAGER OF GAS OPERATIONS
JAMES B. JACOBY, MANAGER, GAS SUPPLY
SUSAN A. DEVITO, MANAGER OF REGULATORY COMPLIANCE PRICING, PHI Service Company

On behalf of the Public Service Commission Staff ("Staff"):

By: JULIE DONOGHUE, ESQUIRE, DEPUTY ATTORNEY GENERAL
MALIKA DAVIS, PUBLIC UTILITIES ANALYST

On behalf of the Division of the Public Advocate ("DPA"):
By: REGINA A. IORII, ESQUIRE, DEPUTY ATTORNEY GENERAL,
DAVID L. BONAR, PUBLIC ADVOCATE
ANDREA B. MAUCHER, PUBLIC UTILITIES ANALYST

II. BACKGROUND

A. DELMARVA'S 2013-2014 GCR APPLICATION

1. On August 28, 2013 Delmarva filed with the Delaware Public Service Commission ("Commission") an application ("Application") seeking approval to modify its Gas Cost Rates ("GCR") effective November 1, 2013, with proration, as follows: (1) revise the volumetrically applied GCR factors applicable to RG, GG, GL, and non-electing MVG Service Classifications; (2) revise the demand charge for the non-electing MVG, electing MVG and LVG, and Standby Service Classifications: (3) revise the GCR Commodity charge applicable to MVG and LVG Service Classifications; and (4) reconcile and true-up actual versus estimated monthly Commodity Cost Rate assignments for sales under LVG service and for electing customers taking service under the MVG Classification. (Applic.,Exh.2)[1] The Company proposed the following revised rates:

Rate Schedules	**Current**	**Proposed**	**Change from Current**
RG, GG, GL	68.967¢/ccf	62.106¢/ccf	(6.861)¢/ccf
Electing LVG and MVG Demand	$11.6589/Mcf of MDQ	$11.9198/Mcf of MDQ	$0.2609/Mcf
Non-Electing MVG Commodity	$5.1051/Mcf	$4.2536/Mcf	($0.8515)/Mcf
LVG and Electing MVG Commodity	Varies Monthly	Varies Monthly	N/A

2. If the above rates are approved as filed, a typical residential customer will experience a 9.9% decrease in their GCR. A

[1] Exhibits entered into the evidentiary record will be cited herein as "Exh. __". References to the transcript for the evidentiary hearing will be cited as "Tr. __ at pg. __." Schedules from the parties' filings will be cited as "Sch. __ description."

residential space heating customer using 120 ccf in a winter month would experience a decrease of $8.23, or 5.5%, in their total bill. Customers served on Service Classifications GG, MVG and LVG will experience decreases of between 4.7% and 11.7%, depending on their load and usage characteristics.

3. With its Application, Delmarva also submitted prefiled testimony from three (3) witnesses: (1) Robert W. Brielmaier, Manager of Gas Operations; (2) James B. Jacoby, Manager of Gas Supply; and (3) Susan A. DeVito, Manager of Regulatory Compliance Pricing for PHI Service Company, a subsidiary of PEPCO Holdings, Inc.

4. In Order No. 8457, dated September 26, 2013, the Commission authorized the proposed GCR modifications and other revisions to the Company's tariffs to become effective for usage on and after November 1, 2013, with proration and subject to refund, pending further review and final decision. The Commission designated Mark Lawrence as Hearing Examiner and directed him to: (1) schedule and conduct all necessary and appropriate public evidentiary hearings to develop a full and complete record concerning the matter; (2) report his proposed findings and recommendations based on the evidence presented to the Commission; (3) grant or deny petitions to intervene; and (4) determine the content, form and manner of any further required public notice. The Commission further directed Delmarva to twice publish notice of its Application with the proposed rate changes and the Commission's actions in Order No. 8457 in The News Journal newspaper in early October, 2013, and to submit proof of such publication no later than the commencement of the evidentiary hearings concerning

this matter. Delmarva published such notice on October 3 and 7, 2013 in The News Journal newspaper. Finally, the Commission notified Delmarva that it would be charged the costs incurred in this proceeding pursuant to 26 Del. C. §114(b)(1).

5. In Order No. 8491, dated December 5, 2013, the Commission appointed me as Hearing Examiner in this matter and directed me to assume the duties listed in Order No. 8457.

6. The DPA exercised its statutory right of intervention on September 18, 2013.

B. THE PUBLIC COMMENT SESSION

7. On November 4, 2013, Mr. Lawrence conducted a duly noticed public comment session at 7:00 p.m. in the Auditorium of the Carvel State Office Building located at 820 North French Street in Wilmington, Delaware. Notice of the public comment session was published in The News Journal newspaper on October 3 and 10, 2013, in accordance with PSC Order No. 8457. No members of the public attended. In addition, the Commission received no written comments relating to the Company's Application.

III. SUMMARY OF EVIDENCE – THE PARTIES' TESTIMONY

8. The testimonies of Ms. Susan DeVito, Mr. Robert W. Brielmaier, and Mr. James B. Jacoby from Delmarva were included in the Application filed on August 28, 2013. On February 26, 2014, Staff submitted Direct Testimony from Staff Public Utility Analyst Malika Davis on its own behalf only. In addition, Staff filed direct testimony from Consultant Jerome D. Mierzwa of Exeter Associates, Inc.

on behalf of Staff and the DPA. Their testimonies are summarized in the following section.

A. DELMARVA

9. **James B. Jacoby.** Delmarva's Manager of Gas Supply, James Jacoby, presented Delmarva's development of the total estimated gas supply costs for the 2013-14 GCR period, consisting of all gas commodity costs, interstate pipeline transportation demand costs, storage demand and capacity costs, storage withdrawal/injection costs, variable transportation commodity costs, fuel costs, and an estimate of capacity release and off-system sales revenue credits. He also discussed Delmarva's natural gas hedge plan. (Exh. 4 at 2) He stated that Delmarva will begin the 2013-14 GCR period with 185,085 Mcf of peak design day supply deliverability available to meet firm sales customer requirements. (*Id.* at 2 and Sch. JBJ-1) However, based on the contract terms of Transco PS3 Contract 1005012, the daily Mcf of 1,600 will not be renewed as of May 31, 2014. (*Id.* at 2-3) This will reduce the design day supply deliverability to 183,485 Mcf available after May 31, 2014. (*Id.* at 2 and Sch. JBJ-1)

10. Mr. Jacoby identified the major differences between the 2013-2014 GCR period projected transportation and storage demand costs versus the prior GCR period's projections. He noted that Delmarva expected its fixed costs to increase by $1,043,265 (3.7%) due to increased Pipeline Capacity & Supply costs totaling $1,242,760 offset by a decrease of $199,836 in Storage and Seasonal Services Costs. (*Id.* at 3) The increase in Pipeline Capacity and Supply Charges was due primarily to the Transco proposed rate increase for FT contract

1003684, which was partially offset by the Transco Sentinel Meter upgrade and the Columbia FTS contract. Although there was an increase in Storage and Seasonal costs attributable to higher Transco GSS costs, this was offset by lower Columbia Firm Storage Service and SST Contract costs. (*Id.* at 4 and Sch. JBJ-2)

11. Mr. Jacoby described the development of the systems gas requirements forecast. He testified that firm sendout is based upon (a) a monthly forecast of firm billed sales, adjusted for (b) company use, (c) a 2.8% percentage factor for lost and unaccounted-for-gas (LAUF), and (d) a cycle billing effect. Non-firm sendout is assumed to be zero based on Delmarva's recent experience with very few sales under its Flexibly Priced Citygate Sales Service ("FPS"). (*Id.* at 5 and Sch. JBJ-3)

12. Mr. Jacoby testified as to Delmarva's development of its projected demand, supply and price forecasts. He explained that Delmarva structures its gas procurement process to acquire supply at the best possible cost, considering supply reliability, operational considerations, and contract obligations. Delmarva used the NYMEX gas futures closing prices on August 8, 2013, as its spot (wholesale) natural gas price. Mr. Jacoby testified that these closing prices were reasonable and that Delmarva did not believe a different methodology would provide a more accurate GCR forecast. This methodology is also consistent with Commission Order No. 6956, dated July 11, 2006. (*Id.* at 5-6)

13. Mr. Jacoby identified the major components of Delmarva's $46,052,062 projected natural gas commodity costs for the 2013-2014

GCR period as: (1) natural gas expected to be withdrawn from storage; (2) gas that is currently hedged for the 2013-2014 determination period; and (3) spot gas purchases. He testified that Delmarva intends to hedge a portion of the spot gas according to the non-discretionary hedging program approved in PSC Docket No. 08-266F. (*Id.* at 6 and Table 2)

14. Mr. Jacoby compared the projected 2013-2014 commodity costs to the 2012-2013 forecasted commodity costs. Delmarva projected its 2013-2014 GCR period wholesale gas commodity costs to be $8,588,466 lower than the 2012-2013 GCR period costs. Mr. Jacoby explained that the storage withdrawal costs are expected to be $924,400 lower than the last GCR filing because of lower natural gas market prices during injection months (April through October); the hedged purchase costs are $4,057,726 lower mainly due to the expiration of legacy hedges which were entered into prior to the new hedging program; and the spot purchases are expected to occur at an average price of $3.81 per Mcf which is higher than the $3.44 per Mcf expected in last year's GCR filing. (*Id.* at 7-8 and Table 3)

15. Mr. Jacoby described how Delmarva projected storage withdrawal costs by taking actual inventory cost of August 8, 2013, and projecting the volume and total cost of gas expected to be injected between August 9, 2013, and October 31, 2013. The total cost of injected gas into Delmarva's storage facilities includes all transportation commodity and storage charges in addition to the underlying market cost of natural gas at the time of injection. (*Id.* at 9)

16. Mr. Jacoby outlined the guidelines of the Company's natural gas hedging program as approved by the Commission in Order No. 7658 dated October 6, 2009. The program requires Delmarva to hedge fifty percent (50%) of its projected monthly gas requirements on a non-discriminatory basis over a twelve (12) month period. Hedges are entered into on a pro-rata basis (1/12th each month) over the 12 months preceding the month in which the physical gas is delivered to customers. Delmarva created a method to track the quantity of hedges it needs to execute by month in order to comply with the foregoing guidelines. This tracking mechanism is shared and discussed with Staff and the DPA on a quarterly basis. At this time, Delmarva proposes no changes to its natural gas hedging program. (*Id.* at 9)

17. Mr. Jacoby next testified that the objective of the Gas Hedging Program is to reduce gas commodity price volatility while limiting the firm sales customers' exposure to increases in the market price of natural gas. To ensure reliability, Delmarva secures by long-term contracts the needed pipeline and storage services to serve its core customers' firm requirements. (*Id.* at 10)

18. Mr. Jacoby stated that in order to reduce fixed pipeline and storage costs, Delmarva enters into off-system sales and capacity release transactions to obtain at least market value for the interstate pipeline transportation capacity it has under long-term contract that it does not need to serve firm sales customers. Delmarva estimates it will earn approximately $3.557 million from off-system sales and capacity releases in the 2013-2014 GCR period. In addition, Mr. Jacoby stated that Delmarva expects to continue to

capitalize on spread differentials between supply sources and the market area to earn off-system sales margins and expects to achieve value from releasing pipeline capacity on a monthly and seasonal basis, while continually evaluating its transportation and storage portfolios in an effort to reduce costs while maintaining reliability. (*Id.* at 10-11) He noted that Delmarva had canceled Transco FT contract 1005012 with daily deliverability of 1,600 Mcf, which directly affects Delmarva's firm deliverability to the city gate. Delmarva had two Columbia contracts which were set to expire October 31, 2013 and October 31, 2014, respectively, but it has extended both contracts to March 31, 2018. (*Id.* at 11-12, and Sch. JBJ-5)

19. In comparing Delmarva's firm supply deliverability with the forecasted design-day customer demand, Mr. Jacoby noted that Delmarva's firm supply deliverability for the 2013-2014 GCR period is 185,085 Mcf which is 7.6% higher than the projected design-day requirement of 172,077 Mcf. He testified that Delmarva expects its design-day reserve to change over the next three (3) years based on its strategic planning. (*Id.* at 11 and Sch. JBJ-5)

20. Mr. Jacoby explained that Delmarva continually reviews its array of pipeline and storage services for possible capacity reductions or changes in its composition of its portfolio and has not entered into any new Asset Management Agreements as part of its portfolio. (*Id.* at 12 and Sch. JBJ-6)

21. **Robert W. Brielmaier.** Delmarva's Manager of Gas Operations, Robert W. Brielmaier, testified as to the overall development of Delmarva's gas sales, transportation, sendout volume forecasts, LAUF,

the modification to the methodology for calculating the GCR customer loss factor, and a credit to be applied to the Deferred Fuel balance. (Exh. 3 at 2)

22. Mr. Brielmaier stated that Delmarva forecasted Firm Bundled Sales of 12,365,627 Mcf and Firm Transportation volume of 6,368,506 Mcf for a total Firm Throughput of 18,734,133 Mcf. (*Id.* at 2 and Schedule RWB-1) A comparison of the current forecasted results with the forecast filed in last year's GCR, PSC Docket No. 12-419F, shows that forecasted Firm Bundled Sales decreased by 3.8%, Firm Transportation was essentially unchanged (-0.3%) and Firm Throughput was down 2.7%. The decrease in firm bundled sales forecast was primarily attributable to a 10.7% decrease in Commercial Gas Services Sales. When compared to last year's GCR forecast, the forecasts were: RES (-4.7%), GG (-10.7), GVFT (+11.3%), MVFT (+1.4%), MVIT (-4.8%), RSH (+0.5%), MVG (-11.3%), LVFT (-2.4%) and LVIT (-10.2%). (*Id.* at 3)

23. Mr. Brielmaier also explained that Delmarva used the same forecasting methodology used in prior GCR filings and the same 30-year average weather normalization approved in PSC Order No. 6327 in PSC Docket No. 03-127. (*Id.* at 4)

24. Mr. Brielmaier testified that the Company had revised the LAUF from 3% to 2.8% based upon calculating LAUF for 12 month, 24 month and 36 month periods ending June 30, 2013. (*Id.* at 5)

25. Mr. Brielmaier provided an update on the status of the investigation of LAUF associated with serving a large volume gas transportation customer ("LG Customer") which was part of the Settlement Agreement in PSC Docket No. 12-419F. He advised that the

parties had jointly engaged the services of a qualified independent technical expert to investigate the source(s) and actual quantity of LAUF on the pipeline segment shared by the parties. A completed report by the independent expert was expected sometime during the 4th quarter of 2013. (*Id.* at 5-6)

26. Mr. Brielmaier discussed Delmarva's Annual Customer Communications Plan in which Delmarva proposes to inform customers about the GCR and ways to use energy more efficiently. The Communications Plan includes various forms of communications and customer education, such as website messaging, customer newsletter messaging, community speakers bureau meetings, on-line home energy audit tools ("My Account") and employee education programs. The Plan also includes a timetable for meeting with various interest groups who serve the needs of people who are most sensitive to energy costs. (*Id.* at 7)

27. Mr. Brielmeier also discussed the status of the Budget Billing Plan. As of August 13, 2013, Delmarva had 124,753 gas customers, of which 13,791 (approximately 11%) were enrolled in the Budget Billing Program. The Budget Billing Plan includes activities such as bill inserts, e-mails to customers, and articles in Delmarva's newsletters designed to raise customers' awareness of the Program. He testified that Delmarva also supports and sponsors such programs as the Good Neighbor Energy Fund and the Low Income Summit Meeting and offers flexible payment arrangements to help customers better manage payment requirements. (*Id.* at 7-8)

28. **Susan A. DeVito.** Susan A. DeVito, Manager of Regulatory Pricing for PHI, testified about: (1) the development of the GCR based on the Gas Service Tariff; (2) the reconciliation of actual versus estimated system weighted average commodity cost of gas ("WACCOG") assigned to LVG and electing MVG customers; (3) the audit of the 2012-2013 GCR year; (4) the revision of the Balancing Charge rate applicable to Gas Transportation Customers; and (5) the status of compliance with the provisions of the Settlement Agreement in PSC Docket No. 12-419F, Commission Order No. 8397. (Exh. 5 at 3)

29. Ms. DeVito explained that Delmarva derived the estimated firm gas expenses for the period November 2013 through October 2014 by: First, crediting the gas cost associated with Company Use against the total estimated gas commodity costs. Next, the revenues from Transition Charges from customers who switched from Firm Sales to a Transportation Service, No-Notice Swing Charges, and Balancing Charges were credited against estimated demand expenses at 100% of their value. Margins related to Interruptible Transportation are shared with customers on an 80%/20% basis, with 80% returned to firm customers through revenue credits and 20% retained by Delmarva. Margins from Capacity Release and Off-Systems Sales up to $3 million for the 12 month period ending every June are shared at 80% until the following July, and are credited against the estimated gas demand expenses. (*Id.* at 5; Exh. 4 at Sch. JBJ-3)

30. Ms. DeVito explained that margins associated with Interruptible Gas Transportation Customers are also shared on an 80%/20% basis with 80% credited to firm and full requirements

customers through development of the Demand Factor for the GCR. These margins include customer charges and delivery charges increased by those customers. (*Id.* at 5)

31. Mr. DeVito discussed the under-recovered gas costs position of $5,949,307 (exclusive of interest) expected at October 31, 2013. This under-recovery was based on nine months of historical data and three months of updated estimates. (*Id.* at 6)

32. Ms. DeVito testified that the Company calculated interest on the under-recovered gas costs in accordance with Leaf No. 36 of Delmarva's Gas Service Tariff. (*Id.* at 6 and Sch. SAD-7) The overall interest expense added to the under-recovered gas cost balance is $211,765. (*Id.* at 6 and Sch. SAD-7)

33. Ms. DeVito described the derivation of the proposed Commodity Cost Rate ("CCR") factors for the 2013-2014 GCR application period. Delmarva will typically allocate total estimated firm commodity costs between Annual CCR (RG, GG, GL and Non-Electing MVG customers) and Monthly CCR (LVG and Electing MVG) customers. This method sets monthly commodity revenues equal to expenses for Monthly CCR customers. All remaining estimated firm commodity expenses are assigned to the Annual CCR customers. Since there were no projected Monthly CCR customers for this GCR application period, there was no allocation between Monthly and Annual CCR customers. (*Id.* at 7 and Sch. SAD-1, Page 3 of 6)

34. Ms. DeVito described the derivation of the proposed Demand Cost Rate factors for 2013-2014 GCR period. Demand-related costs are allocated and recovered through two separate and distinct mechanisms

in accordance with past practice. First, Delmarva allocates firm gas demand charges, which involves calculating average and excess daily loads. All remaining firm demand expenses are allocated based on excess loads, which are calculated by subtracting the average daily loads, by class, from the design day loads. The addition of the average and excess load allocations result in the firm demand costs, which are collected from the volumetric (RG, GG and GL) and Demand Metered (MVG and LVG) classes. (*Id.* at 7-8) Firm gas demand expenses not allocated to the non-volumetric Demand Cost Rate (DCR) customers are used for calculating the volumetric DCR factor. (*Id.* at 8 and Sch. SAD-1)

35. Ms. DeVito explained that a true-up of demand related cost differences was applied to all sales customers. This true-up was achieved by comparing the estimated monthly demand costs to the actual demand costs for the period of August 2012 through July 2013. The total true-up (variance plus interest) of ($720,669) was allocated among the volumetric and non-volumetric customers in the development of the volumetric and non-volumetric DCR factor calculations. (*Id.* at 9 and Sch. SAD-4)

36. Ms. DeVito reviewed Schedules SAD-9 through SAD-11. Schedule SAD-9 detailed actual and estimated monthly sales for 12 months ended October 31 in 2012, 2013 and 2014. Schedule SAD-10 compared the actual and estimated gas costs and regulatory credits for the 12 months ended October 31, 2012, 2013 and 2014. Schedule SAD-11 provided the actual recovery results for the 12 month reconciliation period ended July 31, 2013. (*Id.* at 9)

37. Ms. DeVito stated that Delmarva's Internal Auditing Department is in the process of completing the GCR audit for the year ended 2012, which includes the review of a sampling of customer billing and both regulatory and accounting records concerning sales, gas costs and gas cost revenue. The final audit report concerning the year ended 2012 was completed and filed with the Commission in October 2013. (*Id.* at 9-10)

38. Ms. DeVito also discussed the proposed change to the Gas Transportation Balancing Charge. The proposed balancing charge that went into effect on November 1, 2013, was a decrease of 0.3%, due to a reduction in estimated upstream balancing costs. (*Id.* at 10 and Sch. SAD-12)

39. Ms. DeVito identified the components of the GCR as Commodity Related Items, Demand Related Items, and the Under Recovered Balance. The Commodity component is primarily composed of the cost of natural gas as quoted by the NYMEX on August 8, 2013. The Demand component is the per-unit cost of Delmarva's transportation and storage assets. Transportation assets are needed to deliver natural gas to the Delmarva's citygate for customer consumption and storage assets are necessary for reliability. (*Id.* at 11)

40. Gas costs included in the proposed GCR represent approximately 52.3% of the total bill under the proposed GCR. (*Id.* at 11)

41. Ms. DeVito also provided an update on the status of compliance with the terms of the Settlement Agreement approved in PSC Docket No. 12-419F, per Order No. 8397. She addressed the Company's

agreement to continue to execute its Natural Gas Hedging Program, the status of the resolution of the LAUF issues, and Delmarva's commitment to improve the GCR process. In that regard, Delmarva met with Staff and provided Staff with some options to consider for improving the GCR process. Staff agreed that the Company should continue to use the same methodology for the GCR as has been used in the past. (*Id.* at 12)

42. Ms. DeVito also discussed the tariff revisions proposed by Delmarva in its application, those being 53rd Revised Leaf No. 37, 49th Revised Leaf No. 38 and 27th Revised Leaf No. 39. (*Id.* at 12)

B. STAFF'S TESTIMONY.

43. **Malika Davis.** Ms. Davis testified that she offered the following recommendations in this proceeding: (1) that the Commission should approve, as final, the GCR rates approved on a temporary basis in PSC Order No. 8457; (2) that the Company should continue with its actions to mitigate increases in fixed costs with regard to pipeline charges, storage services and peaking sources; (3) that the Company is complying with the Settlement Agreement in PSC Docket No. 12-419F; and (4) that the costs incurred by the Company related to hiring a technical expert in relation to the LAUF issue should not be recovered in the GCR. (Exh. 6 at 2-3)

44. Ms. Davis provided a summary of the Company's GCR Application, stating that the Application showed a projected under-recovery balance of $5,949,307 or 8.1% for the period ending October 31, 2013. The rates effective November 1, 2013, were based on a

projected sales data and gas costs for the 12 month period ending November 1, 2013, through October 31, 2014. (*Id.* at 4)

45. Ms. Davis further discussed the Company's changes to the current GCR which included revisions to the GCR demand and commodity charge applicable to Service Classification MVG and LVG, and revisions of the volumetrically applied GCR factors applicable to Service Classifications RG, GC, GL and non-electing MVG, effective on November 1, 2013 with proration. (*Id.* at 4)

46. Ms. Davis advised that she reviewed the Company's Application, including testimonies and exhibits, prior GCR dockets, orders and quarterly hedge reports as well as the Company's natural gas demand supply plan and strategic gas supply plan. She further testified that Jerome D. Mierzwa, was retained by the Commission to assist Staff and the DPA in reviewing the filing. (*Id.* at 5)

47. Ms. Davis advised that prior to the filing of the Application, she performed a monthly audit of the Company's gas costs. (*Id.* at 6)

48. Ms. Davis also provided a summary of the provisions of the Settlement Agreement reached in the previous year's GCR, PSC Docket No. 12-419F, pursuant to Order No. 8397, dated June 18, 2013. First, the parties agreed that Delmarva would implement the rates proposed in the filing. Second, the parties agreed that Delmarva would continue to execute its Gas Hedging Program in accordance with the settlement approved in PSC Docket No. 08-266F and hold quarterly meetings to discuss and review the program. Third, the parties agreed to increase the LAUF factor to be applied to GCR customers from 2% to 3%.

49. In this regard, as Delmarva continues to investigate the LAUF issue with the LG Customer, it will provide the parties with regular updates at least every two months regarding the on-going investigation. Once the actual LAUF costs are finally determined, the Deferred Fuel Balance will be trued up with interest in the immediately subsequent GCR filing. Within thirty (30) days after the actual LAUF costs are finally determined, the Company will file a report with the Commission which identifies the definitive findings of its investigation and the actual LAUF costs. Fourth, the parties agreed to work together to improve the GCR process. Last, Delmarva agreed to continue to regularly evaluate its pipeline capacity and storage portfolio with the goal of mitigating increases in fixed costs whenever feasible. (*Id.* at 7-9)

50. Ms. Davis reviewed the projected sales forecast for the November 2013 through October 2014 GCR period and indicated that the Company used the same methodology as in PSC Docket No. 12-419F. (*Id.* at 9)

51. Ms. Davis stated that as to the costs associated with hiring a technical expert for the LAUF issue, Tariff Leaf No. 32 only specific costs can be recovered through the GCR. Thus, Staff does not believe that these costs are permitted to be recovered through the GCR. Staff recommended that the Company include the costs in its next base rate case. (*Id.* at 11-12)

52. Ms. Davis also discussed how Delmarva developed the forecasted spot purchase costs, and the Company's projected fuel costs for the November 2013 through October 2014 GCR. As to the fuel cost,

Ms. Davis recommended that the Company continue to take steps to mitigate increases in its fixed costs while managing its pipeline capacity and storage portfolio. (*Id.* at 12-14)

53. Ms. Davis indicated that the Company is complying with the margin sharing parameters in accordance with PSC Order No. 7658 and agreed with the Company's request to modify the GCR factors. (*Id.* at 15)

54. **Jerome D. Mierzwa, Consultant from Exeter Associates, Inc.** Mr. Mierzwa was retained by Staff and the DPA to review the Company's GCR Application and to evaluate the reasonableness of Delmarva's gas procurement practices and policies on behalf of Staff and the DPA. He testified that he offered the following findings and recommendations in this proceeding. First, Delmarva's termination of its Firm Transportation Peaking Service contract with Transcontinental Gas Pipeline effective May 31, 2014 will reduce the design peak day supply deliverability available to meet firm sales customer requirements of 183,485 Mcf. Based on the most recent daily demands of firm sales customers, Mr. Mierzwa concluded that this level of capacity appeared to be reasonable. Second, he recommended that the Balancing Fee be assessed on all transportation customer throughput rather than excess volumes as Delmarva is currently doing. (Exh. 7 at 3-4)

55. Mr. Mierzwa determined that Delmarva's capacity entitlements and reserve margin were reasonable. (*Id.* at 6)

56. Mr. Mierzwa reviewed the manner in which Delmarva calculates its Balancing Fees, by assessing it on a daily basis on the imbalance between the consumption of a transportation customer and the

deliveries to Delmarva on behalf of that customer. He testified that the Balancing Fees should be assessed upon the billing determinants upon which it was designed, that is, total throughput. (*Id.* at 8)

IV. <u>THE EVIDENTIARY HEARING</u>

57. I received a copy of the parties' settlement agreement via e-mail on April 22, 2014. On April 24, 2014, I conducted a duly-noticed evidentiary hearing in the Third Floor Conference Room at the Carvel State Office Building in Wilmington. At this hearing Delmarva, Staff and DPA jointly submitted a proposed settlement agreement (the "Settlement Agreement"), and each proffered a witness to testify as to why the settlement is just and reasonable and in the public interest. Each witness was subject to cross-examination. Delmarva, Staff and the DPA also stipulated to the admission of nine (9) exhibits into evidence. At the conclusion of the hearing, I closed the evidentiary record, consisting of nine (9) exhibits and forty-six (46) pages of hearing transcript.

58. Robert W. Brielmaier summarized the Company's Application and the terms of the Settlement Agreement. Mr. Brielmaier testified as to why the Settlement Agreement was just and reasonable and in the public interest. Mr. Brielmaier stated that the Company's filing proposed a reduction of 9.9% in the GCR rates, a reasonable price. The Company agreed to provide monthly updates as to the status of the investigation involving the LAUF issue, which was a carryover from the Settlement Agreement in PSC Docket No. 12-419F, Order No. 8397 dated

June 18, 2013.[2] The parties have further agreed to work to improve the GCR process and to continue the quarterly hedging analysis. Finally, Delmarva agreed to review the manner in which it calculates balancing fees and to make a regulatory filing on or before October 1, 2014, to propose such changes. (Tr. at 24-27)

59. Public Utilities Analyst Andrea B. Maucher testified on behalf of the DPA. Ms. Maucher testified that she had verified the Company's calculations of the proposed GCR rates and had determined that they were accurate and in compliance with the Company's tariff. Since the rates are simply a pass-through and they had been calculated correctly, she opined that the proposed rates were just and reasonable. (Tr. at 32) Ms. Maucher also provided a summary of the terms and conditions of the Settlement Agreement. She concluded that the Settlement Agreement successfully resolved concerns raised by the parties and resulted in just and reasonable rates; therefore, she recommended that the Commission approve it. (*Id.* at 36-37) She also adopted the prefiled testimony of Jerome D. Mierzwa as her own. (*Id.* at 30)

---

[2] The provisions of Paragraph 13 of the Settlement Agreement approved by Order No. 8397, in PSC Docket No. 12-419F provides as follows: **Lost and Unaccounted for Gas (LAUF):** The Parties agree to the proposed increase in the LAUF factor to be applied to GCR customers from 2% to 3%. The parties further agree to approve the reduction in the Deferred Fuel Balance initially by $2 million for the LAUF costs associated with serving a large volume gas transportation customer ("LG Customer") which were improperly charged to GCR customers. As Delmarva continues to investigate the LAUF issue involving the LG Customer, Delmarva will provide the Parties with regular updates at least every two months regarding the on-going investigation. Once the actual LAUF costs are finally determined, the Deferred Fuel Balance will be trued-up with interest in the immediately subsequent GCR filing. Within thirty days after the actual LAUF costs are finally determined, the Company will file a report with the Commission which identifies the definitive findings of its investigation and the actual LAUF costs. The report must also address whether the GCR customers were improperly assessed LAUF costs during the period when the LG Customer's facilities were owned by Conectiv Delmarva Generation, LLC. The Parties agree that regardless of the results of the negotiations between Delmarva and the LG Customer, and subject to applicable law and tariff provisions, GCR customers will not be responsible for any of the LAUF costs associated with serving the LG Customer, whether such costs were incurred before or after the time when the LG Customer's facilities were owned by Conectiv Delmarva Generation, LLC.

60. Public Utilities Analyst Malika Davis testified on behalf of Staff. Ms. Davis stated that the proposed GCR rates were just and reasonable and that they were calculated correctly and in accordance with the Company's tariffs. (*Id.* at 40) Ms. Davis also testified that the Settlement Agreement resulted in just and reasonable rates and was in the public interest because: a) the proposed GCR rates were correctly calculated; b) the Company agreed to continue the Natural Gas Hedging Program and to review any potential modifications to the Program with all of the parties; c) the Settlement Agreement requires the Company to provide monthly updates regarding the LAUF investigation and to file a report within 30 days after the actual costs are finalized; d) the Company agreed not to seek recovery of any of the costs related to the technical expert retained for the LAUF issue in any future GCR case; e) the parties agreed to continue to work together to investigate ways to improve the GCR process; and, f) the Company agreed to make a regulatory filing on or before October 1, 2014 which would propose changes to the balancing fees associated with the GCR. (*Id.* at 40-42)

V. PROPOSED SETTLEMENT AGREEMENT

61. On April 24, 2013, Delmarva, Staff and the DPA (the "Parties") presented me with the fully-executed Settlement Agreement (Exh. 9) resolving the issues in this docket. The parties agreed to the following:

- The proposed GCR rates should be approved;
- Delmarva will continue to execute its Gas Hedging Program in accordance with the Settlement approved in PSC Docket No. 08-266F, and will continue to hold

quarterly hedge meetings to review and discuss the hedging program, and upon consensus, make any potential modifications to the hedging program mechanics;

- The Company will provide the Parties with monthly written updates as to the status of the investigation of the LAUF costs associated with serving a large volume gas customer which was identified in PSC Docket No. 12-419F, until such time as the investigation is complete. Once the investigation of this matter is complete and the actual amount of LAUF costs in question have been determined, the Company will take the steps set forth in the provisions of Paragraph 13 of the Settlement Agreement in PSC Docket No. 12-419F approved by the Commission in Order No. 8397, dated June 18, 2013. The Company will not seek to recover in any future GCR filings costs it incurs related to retaining a technical expert to investigate the LAUF issue.

- The Parties will work together to investigate a framework for future GCR filings that would improve the GCR process, including but not necessarily limited to, modifications to existing tariff provisions that will minimize unrecovered costs carried into subsequent GCR filings; and

- On or before October 1, 2014, the Company will submit a regulatory filing to the Commission in which the Company will propose changes to the Balancing Fees associated with its Gas Cost Rate.

(Exh. 9 at 3-4.)

VI. DISCUSSION AND RECOMMENDATIONS

62. Pursuant to the Commission's instructions, I hereby submit for consideration these proposed Findings and Recommendations and proposed Order.

63. After having reviewed the entire record, I conclude that the Settlement Agreement is in the public interest, results in just and reasonable rates, and should be approved.

64. First, 26 Del. C. §512(a) provides that "[i]nsofar as practicable, the Commission shall encourage the resolution of matters brought before it through stipulations and settlements." This Settlement Agreement falls within the legislative intent of the statute.

65. Second, I note that each of the Settlement's signatories represents a different constituency and comes to the case with different interests. Delmarva's interest is in recovering all of its actual gas costs as 26 Del. C. §303(b) permits. Staff is required to balance the utility's and ratepayers' interests. Finally, 29 Del. C. §8716(d)(2) charges the DPA with advocating the lowest reasonable rates for consumers consistent with maintaining adequate utility service and an equitable distribution of rates among all the utility's customer classes. Despite these disparate interests and responsibilities, the parties have reached agreement. This, in my view, is a significant factor weighing in favor of approving the Settlement Agreement.

66. Third, the witnesses for both Staff and the DPA testified that they had reviewed Delmarva's forecasts, methodologies and calculations of the proposed GCR rates and found them to be in compliance with previous Commission Orders, as well as reasonable and accurate. Therefore, the proposed GCR rates were not challenged.

67. Fourth, the Company will continue to meet with Staff and the DPA on a quarterly basis to discuss its hedging program, pipeline capacity and storage purchases, LAUF and other issues affecting the GCR. The Company has also agreed to provide Staff and the DPA with

monthly reports on the status of the resolution of the LAUF costs associated with serving the LG Customer, which was first raised in PSC Docket No. 12-419F. Furthermore, the Company has agreed to submit a filing in which it will propose changes to the manner in which it calculates its Balancing Fees.

68. Fifth, the Settlement Agreement is in the public interest because it avoids the cost of unnecessary rebuttal testimony and a litigated evidentiary hearing.

69. For the foregoing reasons, I have determined that the Settlement Agreement, attached as Exhibit "1", results in just and reasonable rates and is in the public interest, and recommend that it be approved by the Commission. I attach a proposed Commission Order implementing my recommendations as Exhibit "2".

Respectfully submitted,

/s/ R. Campbell Hay
R. Campbell Hay
Hearing Examiner

A T T A C H M E N T "B"

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 GAS COST RATES (FILED AUGUST 28, 2013)	))))	PSC DOCKET NO. 13-349F

PROPOSED SETTLEMENT

Delmarva Power & Light Company ("Delmarva" or the "Company"), the Delaware Public Service Commission Staff ("Staff"), and the Division of the Public Advocate ("DPA"), individually each a "Party," and collectively, the "Parties," hereby propose a complete settlement of all issues in this proceeding as follows.

I. INTRODUCTION AND PROCEDURAL BACKGROUND

1. On August 28, 2013, Delmarva filed an application (the "Application") with the Delaware Public Service Commission (the "Commission") to modify its Gas Cost Rate ("GCR") factors, effective on and after November 1, 2013, with proration, and with such revised factors to continue in effect until October 31, 2014. The Application also requested approval of the Company's proposal to reconcile and true-up actual versus estimated weighted average Commodity Cost of gas assignments for sales under the Large Volume Gas service classification ("LVG") and for so-called "electing" customers taking service under the Medium Volume Gas service classification ("MVG"), and a revision of the demand charge applicable to non-electing MVG or LVG and Standby Classification.

2. In its Application, Delmarva proposed the following rate adjustments:

	Prior Demand Charge	Prior Commodity Charge	Proposed Demand Charge	Proposed Commodity Charge
RG, GG, and GL	N/A	$0.68967/Ccf	N/A	$0.62106/Ccf
Non-electing MVG	$11.6589/Mcf Billing MDQ	$5.1051/Mcf	$11.9198/MCF Billing MDQ	$4.2536/Mcf
Electing MVG and LVG	$11.6589/Mcf Billing MDQ	Varies	$11. 9198/MCF Billing MDQ	Varies
Standby Service	$11. 6589/Mcf Standby MDQ	N/A	$11. 9198/Mcf Standby MDQ	N/A

3. The rates proposed in the Application, if approved, would result in a GCR decrease of 9.9% for RG, RSH, and GL customers. Residential space heating customers using 120 ccf in a winter month would experience decreases of $8.23 or 5.5% in their total bill. Customers served on Service Classifications GG, MVG and LVG would experience decreases of between 4.7% and 11.7% on their winter bills.

4. On September 26 2013, the Commission issued Order No. 8457, allowing the GCR factors to become effective with usage on and after November 1, 2013, with proration, on a temporary basis subject to refund, pending evidentiary hearings and a final decision by the Commission.

5. During the course of this proceeding, the Parties conducted substantial written discovery in the form of both informal and formal data requests.

6. Additionally, throughout the year, as well as during the proceeding, the Parties met on several occasions to discuss various issues, including hedging, natural gas markets,

capacity, and other issues related to the acquisition of natural gas supply for Delmarva's natural gas customers. The Parties intend to continue these meetings on a regular basis.

7. The Parties have conferred and have agreed to enter into this Proposed Settlement on the terms and conditions contained herein because they believe that resolving the matter by stipulation will serve the interest of the public, while meeting the statutory requirement that rates be both just and reasonable. Subject to the recommendation of the Hearing Examiner, the Parties agree that the terms and conditions of this Proposed Settlement will be presented to the Commission for the Commission's approval.

II. SETTLEMENT PROVISIONS

8. **GCR Rates**: The Parties agree that the proposed GCR rates filed by Delmarva in its Application should be approved.

9. **Natural Gas Hedging Program**: The Parties agree that Delmarva will continue to execute its Gas Hedging Program in accordance with the Settlement approved in Docket No. 08-266F, and further agree to continue to hold quarterly hedge meetings to review and discuss the hedging program, and, upon consensus, make any potential modifications to the hedging program mechanics.

10. **Lost and Unaccounted for Gas (LAUF):** The Company continues to work on the resolution of the issue of the LAUF costs associated with serving a large volume gas customer, which was first identified as an issue in Docket No. 12-419F. The Company will provide the Parties with monthly written updates as to the status of this matter until such time as the investigation is complete. Once the investigation of this matter is complete and the actual amount of LAUF costs in question have been determined, the Company will take the steps set forth in the provisions of Paragraph 13 of the Settlement Agreement in Docket No. 12-419F

approved by the Commission in Order No. 8397, dated June 18, 2013.[3] The Company agrees that it will not seek to recover in any future GCR filings costs it incurs related to retaining a technical expert to investigate the LAUF issue.

11. **Improving the GCR Process:** The Parties agree to work together to investigate a framework for future GCR filings that would improve the GCR process, including but not necessarily limited to modifications to existing tariff provisions that will minimize unrecovered costs carried into subsequent GCR filings.

12. **Balancing Charges:** On or before October 1, 2014, the Company will submit a regulatory filing to the Public Service Commission in which the Company will propose changes to the balancing fees associated with its Gas Cost Rate.

III. ADDITIONAL PROVISIONS

13. The provisions of this Proposed Settlement are not severable.

14. This Proposed Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to any ratemaking or any other principle in any future case. No Party to this Proposed Settlement necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue

---

[3] Paragraph 13 of the approved Settlement Agreement for PSC Docket No. 12-419F provides, in pertinent part, as follows: "The parties further agree to approve the reduction in the Deferred Fuel Balance initially by $2 million for the LAUF costs associated with serving a large volume gas transportation customer ("LG Customer") which were improperly charged to GCR customers. As Delmarva continues to investigate the LAUF issue involving the LG Customer, Delmarva will provide the Parties with regular updates at least every two months regarding the on-going investigation. Once the actual LAUF costs are finally determined, the Deferred Fuel Balance will be trued-up with interest in the immediately subsequent GCR filing. Within thirty days after the actual LAUF costs are finally determined, the Company will file a report with the Commission which identifies the definitive findings of its investigation and the actual LAUF costs. The report must also address whether the GCR customers were improperly assessed LAUF costs during the period when the LG Customer's facilities were owned by Conectiv Delmarva Generation, LLC. The Parties agree that regardless of the results of the negotiations between Delmarva and the LG Customer, and subject to applicable law and tariff provisions, GCR customers will not be responsible for any of the LAUF costs associated with serving the LG Customer, whether such costs were incurred before or after the time when the LG Customer's facilities were owned by Conectiv Delmarva Generation, LLC."

in agreeing to this Proposed Settlement other than as specified herein, except that the Parties agree that the resolution of the issues herein taken as a whole results in just and reasonable rates.

15. To the extent opinions or views were expressed or issues were raised in the pre-filed testimony that are not specifically addressed in this Proposed Settlement, no findings, recommendations, or positions with respect to such opinions, views or issues should be implied or inferred.

16. The Parties agree that this Proposed Settlement will be submitted to the Commission for a determination that it is in the public interest and that no Party will oppose such a determination. Except as expressly set forth herein, none of the Parties waives any rights it may have to take any position in future proceedings regarding the issues in this proceeding, including positions contrary to positions taken herein or in previous cases.

17. This Proposed Settlement will become effective upon the Commission's issuance of a final order approving it and all of its terms and conditions without modification. After the issuance of such final order, the terms of this Proposed Settlement shall be implemented and enforceable notwithstanding the pendency of a legal challenge to the Commission's approval of this Proposed Settlement or to actions taken by another regulatory agency or Court, unless such implementation and enforcement is stayed or enjoined by the Commission, another regulatory agency, or a Court having jurisdiction over the matter.

18. The obligations under this Proposed Settlement, if any, that apply for a specific term set forth herein shall expire automatically in accordance with the term specified and shall require no further action for their expiration.

19. The Parties may enforce this Proposed Settlement through any appropriate action before the Commission or through any other available remedy. Any final Commission order

related to the enforcement or interpretation of this Proposed Settlement shall be appealable to the Superior Court of the State of Delaware, in addition to any other available remedy at law or in equity.

20. If a Court grants a legal challenge to the Commission's approval of this Proposed Settlement and issues a final non-appealable order that prevents or precludes implementation of any material term of this Proposed Settlement, or if some other legal bar has the same effect, then this Proposed Settlement is voidable upon written notice by any Party to the other Parties.

21. This Proposed Settlement resolves all of the issues specifically addressed herein and precludes the Parties from asserting contrary positions during subsequent litigation in this proceeding or related appeals; provided, however, that this Proposed Settlement is made without admission against or prejudice to any factual or legal positions which any of the Parties may assert (a) if the Commission does not issue a final order approving this Proposed Settlement without modifications; or (b) in other proceedings before the Commission or another governmental body so long as such positions do not attempt to abrogate this Proposed Settlement. This Proposed Settlement is determinative and conclusive of all of the issues addressed herein and, upon approval by the Commission, shall constitute a final adjudication as to the Parties of all of the issues in this proceeding.

22. This Proposed Settlement is expressly conditioned upon the Commission's approval of all of the specific terms and conditions contained herein without modification. If the Commission fails to grant such approval, or modifies any of the terms and conditions herein, this Proposed Settlement will terminate and be of no force and effect, unless the Parties agree in writing to waive the application of this provision. The Parties will make their best efforts to support this Proposed Settlement and to secure its approval by the Commission.

23. It is expressly understood and agreed that this Proposed Settlement constitutes a negotiated resolution of the issues in this proceeding.

24. This Proposed Settlement may be executed in two or more counterparts, each of which together shall be deemed an original, but all of which together shall constitute one and the same instrument. If any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the person or entity executing it (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, intending to bind themselves and their successors and assigns, the undersigned Parties have caused this Proposed Settlement to be signed by their duly-authorized representatives.

DELAWARE PUBLIC SERVICE COMMISSION STAFF

By: /s/ Connie S. McDowell______________ Date: _4/23/14_______________

DELMARVA POWER & LIGHT COMPANY

By: /s/ Robert W. Brielmaier______________ Date: 4/23/14____________________

DIVISION OF THE PUBLIC ADVOCATE

By: /s/ David Bonar_____________________ Date: _4/22/14_________________