

**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 \$500 MILLION ) PSC DOCKET NO. 14-0510  
OF LONG-TERM DEBT )  
(FILED NOVEMBER 6, 2014) )

**ORDER NO. 8678**

**AND NOW**, this 4<sup>th</sup> day of December, 2014, the Public Service Commission (the "Commission") determines and orders the following:

**WHEREAS**, on November 6, 2014, 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 \$500 million of secured and unsecured long-term debt securities (the "Debt Securities") at any time through December 31, 2017; 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 (Application, ¶7); and

**WHEREAS**, in 1997, Delmarva issued \$14 million of unsecured medium-term notes (the "1997 Notes"); in 1987 and 1988, Delmarva issued \$26 million of secured tax-exempt bonds (the "Tax-Exempt Bonds"). In 2005, Delmarva issued \$100 million of unsecured notes (the "2005 Notes"), and in 2006, Delmarva issued \$100 million of first mortgage bonds (the "2006 First Mortgage Bonds"). The stated maturity of the 1997 Notes and the Tax-Exempt Bonds is 2017, the stated

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maturity of the 2005 Notes is 2015 and the 2006 First Mortgage Bonds mature in 2016 (Application, ¶5); and

**WHEREAS**, up to \$240 million of Debt Securities will refinance the 1997 Notes, the Tax-Exempt Bonds, the 2005 Notes, and the 2006 First Mortgage Bonds, and up to \$260 million of Debt Securities will be used as permanent long-term financing to 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 2015-2017 capital budget for the Construction Program is \$1,069 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**, 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 and investigating the Company's Application and supporting documentation, the Commission Staff ("Staff") has concluded that the proposed issuance of the 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 including any copies of fully executed note agreements relating to this Application with the Commission;

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE  
VOTE OF NO 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 6, 2014, for the approval of the issuance of up to \$500 million of Debt Securities and finds that such issuance 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; (f) copies of fully executed note agreements relating to this Application; and (g) 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, 2017.

