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 OF LONG-TERM DEBT
(FILED NOVEMBER 6, 2014)

ORDER NO. 8678

AND NOW, this 4th 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

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.
6. 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/ Harold B. Gray
Commissioner

/s/ Jeffrey J. Clark
Commissioner

/s/ Jaymes B. Lester
Commissioner

ATTEST:

/s/ Alisa Carrow Bentley
Secretary