February 26, 2015

Via E-mail and DelaFile Submission

Ms. Alisa C. Bentley, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE  19904

RE: MONTHLY FILING - IN THE MATTER OF THE APPLICATION OF DELMARVA POWER AND LIGHT COMPANY FOR APPROVAL OF QUALIFIED FUEL CELL PROVIDER PROJECT TARIFFS

Dear Ms. Bentley:

Included with this filing, submitted via DelaFile, is Delmarva Power’s monthly computation of the Service Classification QFCP-RC charges, including current factors and reconciliation factors as required in Order No. 8136, dated April 17, 2012 in Docket 11-362 and outlined in Tariff Leaf No. 74d Section F. This filing computes rates based on the forecasted QFCP May operations which will be utilized in the April customer billing.

Summary:

The average monthly net impact over the life of the fuel cell project is $1.66, which remains consistent with what was projected by the PSC staff at the outset ($1.37) of the project. Included below is a comparison of the projected net monthly impact of the Qualified Fuel Cell Provider project (the “QFCP Project”) on the typical residential customer1 with the actual net monthly impact through May 2015. The analysis compares the projections from the original ICF report and the original PSC Staff report with the actual monthly QFCP filings through this forecast period, respectively. The Net Impact of the QFCP Project on the average residential customer is determined by subtracting the costs ratepayers were able to avoid because of the project (the “Avoided Cost Benefit”), from the monthly charges ratepayers paid to support the project (the “QFCP Project Charge”), and dividing the result by Delmarva’s monthly kilowatt-hour sales.2

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1 Typical residential customer is defined as having average monthly usage of 975 kwh.
2 All numbers are cumulative from the beginning to respective forecasted month.
QFCP Project Charge:

The monthly QFCP Project Charge is set forth in the monthly QFCP filings with the Delaware Public Service Commission. There are three major factors in computing the monthly charge to ratepayers. The fixed disbursement rate to the QFCP provider represents the largest component of the monthly charge. Because the disbursement rate was set as a fixed and known rate in the original QFCP legislation ($166.87 per megawatt-hour for the first 15 years; $102.00 for years 16-20; $30 for year 21), it has the effect of keeping the actual costs relatively close to the estimated costs contained in both the ICF report and the Staff report.

The other two main variables in the monthly charge calculation are 1) the fuel cost of the natural gas and 2) the revenues derived from PJM energy and capacity sales. Fluctuations in PJM energy pricing and natural gas costs will fundamentally offset each other and create a natural hedge. For example, if natural gas prices increase, the revenue resulting from the QFCP Provider selling energy to PJM should also increase and offset the higher gas commodity cost. As long as the gas and the energy markets are correlated, customers should be largely insulated from commodity volatility. This effect should serve to keep the actual costs closely aligned with the model estimated costs throughout the life of the project.

The QFCP Project Charge is shown on Line 1 of the table on page 3. The original ICF estimated QFCP Project Charge, averaged monthly from inception through the May 2015 forecast for the typical residential customer, was expected to be $3.00. The original PSC staff estimated QFCP Project Charge for the same period was expected to be $3.15. The actual monthly QFCP Project Charge was $2.86.

Therefore, for the period through May 2015, customers have been paying, on average, $0.14 less per month than projected by ICF and $0.29 less than projected by PSC staff.

Avoided Cost Benefit:

An Avoided Cost Benefit was estimated in both the original ICF report and the original Staff report. In order to estimate the Avoided Cost Benefit, it was necessary to estimate what Delmarva’s procurement costs for the Renewable Energy Credits (RECs/SRECs) necessary to comply with the RPS law would have been without the QFCP Project. To develop the estimate, it was assumed that Delmarva would have purchased 50% of its REC/SREC portfolio ahead of need and 50% on the spot market as required to meet RPS requirements.

The Avoided Cost Benefit is shown on Line 2 of the table on page 3. The original ICF estimated avoided cost benefit through the May 2015 forecast period was $2.46 for the average residential customer. The original PSC Staff estimated avoided cost benefit over the same period was $1.78. The actual monthly Avoided Cost Benefit through this filing is $1.20.³

³ While the actual avoided cost benefit is less than the original estimates, it is a conservative estimate of benefits to ratepayers as it does not take into account any benefit related to the reduction in regional capacity pricing as a result of the 30 MW of additional in-state generation and the reduction in the need to import power from elsewhere in the PJM region. It also does not reflect the avoided cost benefits from reduced line losses and any reduced need for future transmission upgrades resulting from the Project's close proximity to population centers, which ultimately translates into lower overall electricity prices.
Therefore, for the period through May 2015, the costs the average residential customer was able to avoid paying were $1.26 less than projected by ICF and $0.58 less than projected by the PSC Staff. The difference is driven primarily by actual REC and SREC prices being lower than originally anticipated.

**Net Impact:**

To determine the average monthly Net Impact to the residential customer, and provide a comparison between the original ICF and PSC Staff projections and the actual QFCP Project results, it is necessary to subtract the Avoided Cost Benefit (Line 2) from the QFCP Project Charge (Line 1).

The Net Impact is shown on Line 3 of the table below. The original ICF projected monthly Net Impact through the May 2015 forecast period was $0.54 for the average residential customer. The original PSC Staff projected monthly Net Impact over the same period was $1.37 for the average residential customer. The actual average monthly Net Impact to date was $1.66.

Therefore, for the period from the first QFCP filing in 2012 through the attached May 2015 QFCP rate forecast, the actual monthly Net Impact on the average ratepayer has been $1.12 higher than the 2011 ICF Model’s projected monthly Net Impact, and $0.29 more than the PSC Staff’s projected monthly Net Impact of $1.37.

<table>
<thead>
<tr>
<th>Average Cost &amp; Benefits Through May 2015</th>
<th>QFCP Filings</th>
<th>2011 ICF Model Projections</th>
<th>ICF Model Variance Actual to Model</th>
<th>2011 PSC Staff Projections</th>
<th>PSC Staff Variance Actual to Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>QFCP Project Charge (per month)</td>
<td>$2.86</td>
<td>$3.00</td>
<td>$0.14 under</td>
<td>$3.15</td>
<td>$0.29 under</td>
</tr>
<tr>
<td>Avoided Cost Benefit (per month)</td>
<td>$1.20</td>
<td>$2.46</td>
<td>$1.26 under</td>
<td>$1.78</td>
<td>$0.58 under</td>
</tr>
<tr>
<td>Net Impact for Typical Delmarva Residential Customer (per month) Line 1 minus line 2</td>
<td>$1.66</td>
<td>$0.54</td>
<td>$1.12 over</td>
<td>$1.37</td>
<td>$0.29 over</td>
</tr>
</tbody>
</table>

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4 It is important to note that the forecast by ICF was provided as an estimate over the 21-year life of the QFCP project. The results described in this letter and as shown in the chart reflect only the results from the project inception to date, which is only a small segment of the 21 year term of the QFCP project.
As required in the Order, this filing is made at least 30 days prior to applying the QFCP-RC charges to customer bills effective billing month April, which is scheduled to begin with customer meter read and billing cycle #1 on April 1st and finish with cycle #21 on April 30th. The approved monthly rates can be found on the Delmarva Power Website at "http://www.delmarva.com/my-home/choices-and-rates/delaware/tariffs" in the RPCR Table. Once this filing is approved by the Commission, the estimated Net cost for the April bill of a 975 KWH residential customer will be $2.29 per month; comprised of the QFCP cost at $4.34 and the avoided cost of ($2.05).

Please contact me or Robert Coan at (302) 283-5724 with any questions related to this matter.

Sincerely,

Todd L. Goodman

cc: Janis Dillard, DE Public Service Commission
Pam Knotts, DE Public Service Commission
Heather G. Hall, DPL
James B. Jacoby, DPL
Kristin McEvoy, DPL
STATE OF DELAWARE )
) SS.
COUNTY OF NEW CASTLE )

On this 25th Day of February, 2015, personally came before me, the subscriber, a Notary Public in and for the State and County aforesaid Gary R. Stockbridge, Vice President, Delmarva Power & Light Company, a corporation existing under the laws of the State of Delaware, party to this Application, known to me personally to be such, and acknowledged this Application to be his act and deed and the act and deed of such Corporation, that the signature of such Vice President is in his own proper handwriting, and that the facts set forth in this Application are true and correct to the best of his knowledge and belief.

[Signature]
Gary R. Stockbridge
President – Delmarva Power

SWORN TO AND SUBSCRIBED before me this 25th day of February, 2015,

[Signature]
Notary Public

My Commission expires: N/A
### Table 1: Forecasted QFCP Revenues and Costs

| May 2015 | 
| --- | --- |
| Contract Cost | $3,576,412 |
| Less Market-Based Revenue | $(656,455) |
| Above Market QFCP Costs (Margin) | $2,919,956 |

| Administrative and Other O&M charges | $9,000 |
| Less Plus Carrying Charge | $(70) |

- Net QFCP Project Charge: $2,928,886
- (Less) plus prior month(s) true-up: $(205,469)
- Monthly QFCP Project Charge: $2,723,417

| Checksum vs Forecast Tab should be 0 ===> -$ |

### Table 2: Voltage Level Loss (Energy & Capacity) - Adjustment Factor

<table>
<thead>
<tr>
<th>Rate Class</th>
<th>Loss Factor</th>
<th>Sales @ Customer (kWh)</th>
<th>Sales @ Bulk System - Including Losses</th>
<th>Allocation Factor</th>
<th>Allocated Revenue Requirements</th>
<th>QFCP Rate ($/kWh)</th>
<th>Revenue Conversion Factor</th>
<th>Inc Uncollectible</th>
<th>Final QFCP Rate ($/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>1.07438</td>
<td>135,427,684</td>
<td>145,500,795</td>
<td>0.2188 $</td>
<td>595,926 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Residential- Space Heating</td>
<td>1.07438</td>
<td>83,448,568</td>
<td>89,655,472</td>
<td>0.1348 $</td>
<td>367,201 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Residential Time-of-Use “R-TOU” (Deleted 5/1/2014)</td>
<td>1.07438</td>
<td>117,256</td>
<td>125,978</td>
<td>0.0002 $</td>
<td>516 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Small General Service - Sec Non-Demand &quot;SGS-ND&quot;</td>
<td>1.07438</td>
<td>10,806,392</td>
<td>11,610,717</td>
<td>0.0175 $</td>
<td>47,552 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Space Heating Sec Serv &quot;SGS-ND&quot; and &quot;MGS-S&quot;</td>
<td>1.07438</td>
<td>1,728,167</td>
<td>1,856,708</td>
<td>0.0028 $</td>
<td>7,604 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Water Heating Sec Serv &quot;SGS-ND&quot; and &quot;MGS-S&quot;</td>
<td>1.07438</td>
<td>99,784</td>
<td>107,205</td>
<td>0.0002 $</td>
<td>439 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Outdoor Recreational Lighting Svc - Sec &quot;ORL&quot;</td>
<td>1.07438</td>
<td>38,630</td>
<td>41,503</td>
<td>0.0001 $</td>
<td>170 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Medium General Service - Secondary &quot;MGS-S&quot;</td>
<td>1.07438</td>
<td>86,763,679</td>
<td>93,217,162</td>
<td>0.1402 $</td>
<td>381,788 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>Large General Service - Secondary &quot;LGS-S&quot;</td>
<td>1.07438</td>
<td>49,406,482</td>
<td>53,081,336</td>
<td>0.0798 $</td>
<td>217,405 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>General Service - Primary &quot;GS-P&quot;</td>
<td>1.04532</td>
<td>191,766,679</td>
<td>200,457,544</td>
<td>0.3015 $</td>
<td>821,011 $</td>
<td>0.004281 $</td>
<td>1.012433</td>
<td>0.004335 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>General Service - Transmission &quot;GS-T&quot;</td>
<td>1.02861</td>
<td>62,968,007</td>
<td>64,769,522</td>
<td>0.0974 $</td>
<td>265,276 $</td>
<td>0.004213 $</td>
<td>1.012433</td>
<td>0.004265 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>PL</td>
<td>1.07438</td>
<td>1,150,165</td>
<td>1,235,714</td>
<td>0.0019 $</td>
<td>5,061 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
<tr>
<td>SL</td>
<td>1.07438</td>
<td>3,060,882</td>
<td>3,288,550</td>
<td>0.0049 $</td>
<td>13,469 $</td>
<td>0.004400 $</td>
<td>1.012433</td>
<td>0.004455 $</td>
<td><strong>$0.004455</strong></td>
</tr>
</tbody>
</table>

Total kWh: 626,782,374
### May 2015 Projection (To be billed in April 2015)

**RJC-2**  
**Delmarva Power & Light Company**  
**Fuel Cell – Renewable Capable Power Production**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Contract Price</strong></td>
<td>$166.87</td>
<td>$166.87</td>
<td>$166.87</td>
<td>$166.87</td>
<td>$166.87</td>
<td>$166.87</td>
</tr>
<tr>
<td>2. <strong>Total Contract Costs</strong></td>
<td>$3,203,103</td>
<td>$3,190,688</td>
<td>$2,915,553</td>
<td>$3,290,009</td>
<td>$3,195,894</td>
<td>$3,277,594</td>
</tr>
<tr>
<td>3. <strong>Gas Supply Costs</strong></td>
<td>$39,441</td>
<td>$39,441</td>
<td>$39,441</td>
<td>$39,441</td>
<td>$39,441</td>
<td>$39,441</td>
</tr>
<tr>
<td>4. <strong>Gas Monthly Fixed Costs</strong></td>
<td>$5.64</td>
<td>$9.14</td>
<td>$9.51</td>
<td>$3.53</td>
<td>$2.20</td>
<td>$1.65</td>
</tr>
<tr>
<td>5. <strong>Total Administrative and Other O&amp;M costs</strong></td>
<td>$9,090</td>
<td>$9,090</td>
<td>$9,090</td>
<td>$9,090</td>
<td>$9,090</td>
<td>$9,090</td>
</tr>
<tr>
<td>6. <strong>Total Capacity Revenue per month</strong></td>
<td>$853,723</td>
<td>$1,387,218</td>
<td>$1,277,088</td>
<td>$578,635</td>
<td>$365,695</td>
<td>$298,818</td>
</tr>
<tr>
<td>7. <strong>Total PJM Energy Revenue per month</strong></td>
<td>$889,179</td>
<td>$1,266,152</td>
<td>$1,168,213</td>
<td>$843,741</td>
<td>$644,344</td>
<td>$626,610</td>
</tr>
<tr>
<td>8. <strong>PJM Capacity Revenue</strong></td>
<td>$18,905</td>
<td>$18,905</td>
<td>$17,076</td>
<td>$18,905</td>
<td>$18,296</td>
<td>$18,905</td>
</tr>
<tr>
<td>9. <strong>Total Capacity Revenue per Month</strong></td>
<td>$20,764</td>
<td>$20,074</td>
<td>$20,076</td>
<td>$20,076</td>
<td>$20,076</td>
<td>$20,076</td>
</tr>
<tr>
<td>10. <strong>Monthly PJM Project Charge</strong></td>
<td>$125,733</td>
<td>$(164,130)</td>
<td>$265,543</td>
<td>$(23,233)</td>
<td>$9,453</td>
<td>$(205,469)</td>
</tr>
<tr>
<td>11. <strong>(Less) plus prior month(s) true-up</strong></td>
<td>$23</td>
<td>$(3)</td>
<td>$69</td>
<td>$(19)</td>
<td>$(1)</td>
<td>$(70)</td>
</tr>
<tr>
<td>12. <strong>Monthly QFCP Project Charge</strong></td>
<td>$3,272,558</td>
<td>$3,126,776</td>
<td>$3,271,023</td>
<td>$2,980,806</td>
<td>$2,906,462</td>
<td>$2,723,417</td>
</tr>
</tbody>
</table>

### Revenues

- **PJM Energy Revenue**
- **PJM Capacity Revenue**
- **Total Capacity Revenue per Month**
- **Total PJM Energy Revenue per month**
- **Monthly PJM Project Charge**
- **(Less) plus prior month(s) true-up**
- **Monthly QFCP Project Charge**

### Costs

- **Fuel Cell – Renewable Capable Power Production**
- **Contract Price**
- **Total Contract Costs**
- **Gas Supply Costs**
- **Gas Monthly Fixed Costs**
- **Total Administrative and Other O&M costs**
- **Total Capacity Revenue per month**
- **Total PJM Energy Revenue per month**
- **PJM Capacity Revenue**
- **Total Capacity Revenue per Month**
- **Monthly PJM Project Charge**
- **(Less) plus prior month(s) true-up**
- **Monthly QFCP Project Charge**

### Other Costs

- **Total Gas Monthly Fixed Costs**
- **Estimated Max Monthly Output (MWh)**
- **Forecasted Monthly Output**
- **Total PJM Energy Revenue per month**
- **Monthly PJM Project Charge**
- **(Less) plus prior month(s) true-up**
- **Monthly QFCP Project Charge**

### Additional Information

- **Contract Price**
- **Total Contract Costs**
- **Gas Supply Costs**
- **Gas Monthly Fixed Costs**
- **Total Administrative and Other O&M costs**
- **Total Capacity Revenue per month**
- **Total PJM Energy Revenue per month**
- **PJM Capacity Revenue**
- **Total Capacity Revenue per Month**
- **Monthly PJM Project Charge**
- **(Less) plus prior month(s) true-up**
- **Monthly QFCP Project Charge**

### Calculations

- **Total Gas Monthly Fixed Costs**
- **Estimated Max Monthly Output (MWh)**
- **Forecasted Monthly Output**
- **Total PJM Energy Revenue per month**
- **Monthly PJM Project Charge**
- **(Less) plus prior month(s) true-up**
- **Monthly QFCP Project Charge**

### Notable Figures

- **Maximum Monthly Hours of Production**
- **Projected Project Charge**
- **RJC-2**
- **Delmarva Power & Light Company**
- **Fuel Cell – Renewable Capable Power Production**

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**May 2015 Forecast / April 2015 Billing**