

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF REQUEST FOR APPROVAL)
OF DELMARVA POWER & LIGHT COMPANY'S)
STANDARD OFFER SERVICE RATES,) PSC DOCKET NO. 18-0179
PROCUREMENT COST ADJUSTMENT AND RARM)
FILING (FILED MARCH 22, 2018))

ORDER NO. 9205

This 24th day of April, 2018, the Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on March 22, 2018, Delmarva Power & Light Company ("Delmarva") submitted revised electric tariffs and requested approval of the 2018 Standard Offer Service ("SOS") Rates, Procurement Cost Adjustment ("PCA"), and Reasonable Allowance for a Retail Margin ("RARM") (collectively, the "2018 SOS-PCA-RARM Filing"). The 2018 SOS-PCA-RARM Filing included revised tariff leafs 39 to 41; 43 to 47; 50; 112; and 114. Additionally, Delmarva filed work papers supporting the proposed tariff changes as well as the monthly bill impact information that showed a proposed decrease of approximately \$4.93 (or a decrease of 4.16%) for a typical residential (Non-Space Heating) customer using 840 kWh on an annual average basis; and

WHEREAS, as discussed further below, Commission Staff ("Staff") has begun its review of the 2018 SOS-PCA-RARM Filing. At this time, and pending further review, Staff recommends that the Commission approve Delmarva's proposed rate changes on a temporary basis, subject to refund with interest effective with usage on and after June 1, 2018, and with the appropriate public notice; and

WHEREAS, on December 22, 2009, via Order No. 7703, the Commission approved a Settlement Agreement in PSC Docket No. 09-9 ("RARM Settlement") providing that where the change in the total RARM rate exceeds 5.25%, Delmarva is required to submit a formal filing for review. According to the 2018 SOS-PCA-RARM Filing, the RARM rate for fixed price customers decreased by 19.61% from the RARM rate currently in effect. Therefore, Delmarva considers the RARM component to be a formal filing, and the RARM factor will change. Delmarva included work papers supporting the results of the RARM factor on an actual basis for the reporting year ending December 31, 2017 and on an estimated basis for the rate effective period. The RARM component will be subject to formal discovery; and

WHEREAS, on October 7, 2008, pursuant to 26 Del. C. § 1007(c)(1) and the Commission's jurisdiction in PSC Docket No. 04-391, the Commission issued Order No. 7461 which approved Delmarva's request to utilize in its annual SOS procurement process a reverse auction process conducted by World Energy Solutions Inc.; and

WHEREAS, on November 27, 2017, and January 29, 2018, Delmarva conducted its thirteenth annual SOS procurement for supply contracts commencing on June 1, 2018. The procurement, which was conducted in two "tranches," secured one-year supply contracts¹ for one-third of the residential SOS load and one-year contracts for 100% of the load for

¹ This was the transition year from the three-year contracts to two-year contracts per Order No. 9064 in Docket No. 14-0283.

PSC Docket 18-0179, Order No. 9205 Cont'd

other "fixed price" types of service. Liberty Consulting Group, Inc. ("Liberty"), along with Staff, observed and evaluated the supply procurement in each tranche; and

WHEREAS, at the Commission's February 20, 2018, meeting,² Liberty presented its final report dated February 22, 2018, which discussed the details of each procurement and the successful bids for the 2017-2018 SOS RFP. The 2018 SOS-PCA-RARM Filing reflects the results of the successful bids, as well as the PCA and RARM; and

WHEREAS, as discussed in its report, Liberty found that the auction resulted in bids that were consistent with expectations based on market conditions; and

WHEREAS, Staff recommends that the Commission approve Liberty's final report as presented on February 20, 2017, and that the revised rates and revised tariff provisions set forth in the 2018 SOS-PCA-RARM Filing, as amended, be permitted to take effect on a temporary basis with usage on and after June 1, 2018;

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

1. The "Technical Consultant's Final Report - To the Delaware Public Service Commission - Delmarva Power & Light [Company] 2018 Request for Proposals for Full Requirements Wholesale Electric Supply

² Due to the date of the Commission meeting the report was presented to the Commission in Executive Session because bidding information could not be released until February 22, 2018. The report was released on February 22, 2018.

PSC Docket 18-0179, Order No. 9205 Cont'd

for Standard Offer Service" dated February 22, 2018, as prepared and given to the Commission by Liberty, is hereby accepted.

2. Pursuant to 26 Del. C. § 306(a)(1), the Commission hereby approves on a temporary basis, subject to usage on and after June 1, 2018, the 2018 SOS-PCA-RARM Filing, as amended, including the revised rates and revised tariff sheets. Such rates shall be subject to refund, with interest, if the Commission determines in a final order that such rates are, in whole or in part, unjust or unreasonable.

3. Delmarva shall publish the form of notice attached as Exhibit "A" in the following newspapers, on the designated dates, in two-column format outlined in black:

April 30, 2018 - The News Journal; and

April 30, 2018 - Delaware State News

Delmarva shall cause the affidavits of publication of the above notices to be filed in this docket within two weeks of becoming available.

4. Interested persons may file petitions for intervention, written comments, or objections to the proposed rates and tariff changes **on or before June 29, 2018**. If material written comments or objections are filed, or if Staff recommends changes to the proposed rates or tariff revisions temporarily approved by this Order, the Commission will determine, by further Order, the course of any further proceedings. If material written comments or objections are not filed and Staff recommends final approval of the rates and revised tariff

leafs, then the Commission may enter a final order at a duly-noticed public hearing.

5. Delmarva is hereby notified that it will be charged the costs of this proceeding under 26 *Del. C.* § 114(b)(1).

6. 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:

Chair

Commissioner

Commissioner

Commissioner

Commissioner

ATTEST:

Secretary

E X H I B I T "A"

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF REQUEST FOR APPROVAL)
OF DELMARVA POWER & LIGHT COMPANY'S)
STANDARD OFFER SERVICE RATES,) PSC DOCKET NO. 18-0179
PROCUREMENT COST ADJUSTMENT AND RARM)
FILING (FILED MARCH 22, 2018))

**PUBLIC NOTICE OF CHANGES TO
FIXED PRICE STANDARD OFFER SERVICE RATES
AND PROCUREMENT COST ADJUSTMENT AND REASONABLE ALLOWANCE FOR
RETAIL MARGIN RATE FACTORS**

**TO: ALL CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY TAKING
STANDARD OFFER SUPPLY**

On March 22, 2018, Delmarva Power & Light Company ("Delmarva" or the "Company") filed with the Delaware Public Service Commission (the "Commission") an application requesting changes to its Electric Tariff related to its Standard Offer Supply ("SOS") service offerings including:

(a) Changes in the rates for "fixed" price SOS to reflect the bid prices from the recent "fixed price" SOS wholesale procurement process;

(b) Revision of the "Procurement Cost Adjustment" factors applicable to both fixed price SOS and hourly prices (SOS and returning customer) services; and

(c) Revision of the Reasonable Allowance for Retail Margin applicable to both fixed price SOS and Hourly Prices (SOS and returning customer) services.

According to the Company's calculations, not including the Qualified Fuel Cell Provider Project ("Bloom") or RPS Charge, the monthly bill for a residential customer using 840 kWh on an annual average basis will decrease by approximately \$4.93 (or a decrease of 4.16%).

On April 24, 2018, in PSC Order No. 9205, the Commission allowed the proposed rates and tariff changes, as amended, to go into effect with usage on or after June 1, 2018, on a temporary basis, but subject to refund with interest if the Commission later determines in a final order that such rates and charges are incorrect, unjust, or unreasonable.

Interested persons may file written comments or objections to the proposed rates and tariff changes **on or before June 29, 2018**. If you wish to formally participate as a party in this matter, with the right to present evidence and be represented by counsel, you must file with the Commission a written petition asking for leave to intervene in accordance with the requirements of the Commission's Rules of Practice and Procedure (26 Del. Admin. C. § 1001-2.9) **on or before June 29, 2018**. All written comments, objections, or petitions for leave to intervene should be sent to the Commission's address:

PSC Docket 18-0179, Order No. 9205 Cont'd

Public Service Commission
861 Silver Lake Blvd.
Cannon Bldg., Suite 100
Dover, DE 19904
Attn: PSC Docket No. 18-0179

Petitions filed after the deadline of June 29, 2018, will not be considered except for good cause shown.

You are invited to review Delmarva's filing and supporting documents to determine how your interests may be affected. You may review documents posted on the Commission's website in the DelaFile E-filing system located at <https://delafile.delaware.gov/> using docket number 18-0179. If you would like to review documents at the Commission's offices, please contact Donna Nickerson at donna.nickerson@state.de.us to arrange a time for your review. You may also review copies of Delmarva's filing and supporting documents at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801, or 29 South State Street, Dover, Delaware 19901. Please call (302) 577-5077 (Wilmington) or (302) 241-2545 (Dover) to arrange for a time to review the documents at those locations.

If you wish to request copies of documents in this matter, please submit a Freedom of Information Act Request Form. This form may be found at <https://delaware.gov/topics/foia>.

There is also a link to the Freedom of Information Act Request Form on the Commission's website at

PSC Docket 18-0179, Order No. 9205 Cont'd

https://delaware.gov/help/foia_request.shtml?subj=DOS

http://delaware.gov/help/foia_request.shtml?subj=PSC. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 Del. C. ch. 100.

If you have a disability and wish to participate or to review the materials in this matter, please contact the Commission to discuss any auxiliary aids or services you might need to help you. You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means.

If you have questions about this matter, you may call the Commission at 1-800-282-8574 (toll-free in Delaware) or (302) 736-7500 (voice and text telephone). You may also send questions regarding this matter by Internet e-mail addressed to clishona.marshall@state.de.us.