

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF mE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION )  
OF DELMARVA POWER & LIGHT )  
COMPANY FOR APPROVAL OF A ) PSC Docket No. 17-1094  
PROGRAM FOR PLUG IN VEHICLE )  
CHARGING )  
(Filed October 19, 2017) )

PROPOSED SETTLEMENT

This\_ day of January 2019, Delmarva Power & Light Company ("Delmarva" or the "Company"), the Division of the Public Advocate ("DPA"), and the Delaware Public Service Commission Staff ("Staff), all of whom together are the "Settling Parties," each individually a "Settling Party," hereby propose a settlement of all issues that were raised in the above-captioned proceedings as follows (the "Settlement").

I. INTRODUCTION AND PROCEDURAL BACKGROUND

On October 19, 2017, Delmarva filed an application with the Delaware Public Service Commission (the "Commission") pursuant to 26 *Del. C.* § 201 seeking approval of its Application for the Approval of a Voluntary Program for Plug-In Vehicle ("PIV") Charging (the "Application").

By PSC Order No. 9150, the Commission required notice of Delmarva's Application through newspaper publication, established a deadline for interventions, and assigned the matter to Hearing Examiner R. Campbell Hay for evidentiary hearings and further proceedings. DPA intervened in this matter. Staff also participated in the case. Hearing Examiner Hay granted admission to Delaware Department of Natural Resources and Environmental Control ("DNREC"), Sierra Club, and Caesar Rodney Institute ("CRI")

as intervenors in this matter.

Pursuant to Hearing Examiner Ilay's directive, notice of public comment sessions to be held on January 16, 2018 in New Castle, Delaware, on January 17, 2018 in Dover, Delaware, and on January 18, 2018 in Millsboro, Delaware was published in the *News Journal*, the *Delaware State News*, and the *Cape Gazette*. Notice of these public comment sessions was also reflected on the procedural schedule published on Delafile. The public comment sessions were held as published.

On February 9, 2018, Delmarva filed an amended version of the Application (the "Amended Application"), which was accompanied by the pre-filed direct testimony of two witnesses.

Following the resignation of Hearing Examiner Hay from his position with the Commission, by PSC Order No. 9183, the Commission designated Mark Lawrence as Hearing Examiner to continue the assigned responsibilities in this docket, as may be necessary, to have a full and complete record concerning the justness and reasonableness of the proposed program.

Pursuant to the procedural schedule, the Settling Parties engaged in substantial discovery. On May 18, 2018, Staff and DPA both submitted direct testimony. On June 22, 2018, Delmarva requested an extension of the procedural schedule to allow for the production of an expert report on rebuttal and for discovery thereon. On July 3, 2018, the Hearing Examiner granted Delmarva's request, which the Commission upheld in PSC Order No. 9270. On August 22, 2018, Hearing Examiner Lawrence entered a revised procedural schedule that had been agreed upon by the parties. On September 7, 2018, Delmarva filed rebuttal testimony. On October 1, 2018, Staff, DPA, and CRI submitted

data requests regarding Delmarva's rebuttal testimony, to which Delmarva provided responses on October 22, 2018.

It is acknowledged that the Settling Parties hold differing views as to the proper resolution of many of the underlying issues in this proceeding and are preserving their rights to raise those issues in future proceedings on a prospective basis only, except as provided below. This Settlement reflects compromises made by the Settling Parties in an effort to resolve this proceeding.

## II. SETTLEMENT PROVISIONS

IT IS HEREBY STIPULATED AND AGREED by the Settling Parties that they will submit to the Commission for its approval the following terms and conditions for resolution of this proceeding:

### A. Settlement Terms

1. Until real-time pricing is allowed by state law, Delmarva is authorized to institute a new mandatory service classification applicable to second meters used solely to meter residential PIV charging usage. Participants in this new mandatory service classification will be solely responsible for any and all costs for and associated with the purchase and installation of the second meter. The new service classification will include a time-of-use Standard Offer Service ("SOS") rate designed to encourage nighttime charging.

2. Participants in the new mandatory service classification described in Paragraph above will have the option of receiving electricity consisting of 100% renewable energy in the form of a volumetric "adder," PIY-Green. Based on current procurement costs, the adder would increase the rate by \$0.00720 per kWh. The adder will

allow customers to have their energy supplied from 100% green energy and to claim zero tailpipe emissions when charging an all-electric vehicle.

3. Delmarva is authorized to install two Smart Level II chargers in neighborhoods within Delmarva's Delaware service territory to be determined by Delmarva, Staff, DPA, and DelDOT, and to institute a new service classification for the use of such chargers. The equipment will be owned and maintained by Delmarva and will provide electricity through 100% renewable energy sources. Any money received by Delmarva from use of the charging stations described in this paragraph will be an income line item for accounting purposes going forward.

4. Delmarva is authorized to install two Direct Current Fast Chargers along main transportation corridor sites in Delmarva's Delaware service territory in locations to be determined by Delmarva, Staff, DPA, and DelDOT, and to institute a new service classification for the use of such chargers. The equipment will be owned and maintained by Delmarva and will provide electricity through 100% renewable energy sources. Any money received by Delmarva from use of the charging stations described in this paragraph will be an income line item for accounting purposes going forward.

5. Delmarva can record the costs incurred as a result of Paragraphs 1 through 4 above as a regulatory asset. The Company will seek recovery of the regulatory asset in its next base rate case; the reasonableness and amount of the regulatory asset will be subject to review and challenge by any other party. Delmarva is entitled to earn a return on the amount of the regulatory asset equivalent to the Company's authorized rate of return approved by the Commission in its next base rate case; however, if the amortization of the regulatory asset approved by the Commission in the next base rate case is less than eighteen

months, Delmarva is only entitled to earn a return on the amount of the regulatory asset equivalent to the Company's authorized cost of debt approved by the Commission in its next base rate case. The amount of the approved regulatory asset shall be recovered through an EV rider, which rider shall be removed from the Company's tariff when the entire approved amount of expenses deferred in the regulatory asset has been recovered. The Company shall notify the Commission Staff and the DPA when the regulatory asset has been fully recovered and the EV rider is removed. Delmarva will provide an accounting of the administrative costs incurred in implementing Paragraphs 1 through 4 above to Staff and DPA.

6. The Settling Parties specifically agree that the Benefit Cost Analysis for Electric Vehicle Adoption in the Delaware DPL Territory, prepared by Gabel Associates, Inc., any discovery and filings related thereto, and any Commission Orders or ruling thereon, form no basis, whether express or implied, for the resolution of this proceeding, this Settlement, and any determination by this Commission or Hearing Examiner approving this Settlement.

7. A working group will be established consisting of representatives from Delmarva, Staff, and DPA (the "Working Group"), with representatives of other state agencies such as De!DOT and DNREC participating where appropriate. This Working Group will meet quarterly to evaluate PIV issues, market conditions, and new offerings going forward. Delmarva will provide the Working Group with usage data resulting from the initiatives described in Paragraphs 3 and 4 above. The scope of data to be provided and the frequency with which Delmarva will provide such data will be determined by Delmarva, Staff, and DPA through the Working Group process.

B. Miscellaneous Provisions

8. This Settlement shall be subject to the approval of the Commission. The provisions of this Settlement are not severable. The Settling Parties will work expeditiously and in good faith to achieve Commission approval, pursuant to 26 Del. C. § 512. In the event this Settlement is not approved in its entirety by the Commission, then this Settlement shall be deemed an offer of compromise pursuant to Uniform Rule of Evidence 408 and no Settling Party's approval of or adoption of this Settlement shall prohibit or prejudice such Settling Party from taking any position before the Hearing Examiner and/or the Commission concerning the pending Docket. The Settling Parties further agree that this Settlement is expressly conditioned upon Commission approval of this Settlement without the need for a fully litigated evidentiary hearing and that only if this Settlement is rejected will a fully litigated evidentiary hearing on the merits be subsequently held.

9. This Settlement is the product of extensive negotiations and reflects a mutual balancing of various issues and positions. This Settlement represents a compromise for the purposes of settlement and shall not be regarded as a precedent with respect to cost recovery or any other principle in any future case. No Settling Party necessarily agrees or disagrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Settlement, other than as specified herein.

10. To the extent opinions or views were expressed or issues were raised at any point in these proceedings, whether as part of a document filed or otherwise, that are not specifically addressed in this Settlement, no findings, recommendations, or positions with

respect to such opinions, views, or issues should be implied or inferred.

11. This Agreement may be executed in counterparts.

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

  
\_\_\_\_\_  
Delmarva Power & Light Company

Date: 12.11.11

  
\_\_\_\_\_  
Division of the Public Advocate

Date: 11/11/11

  
\_\_\_\_\_  
Delaware Public Service Commission Staff

Date: 1/25/19