BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR AN INCREASE IN ELECTRIC BASE RATES AND OTHER TARIFF CHANGES (FILED DECEMBER 9, 2025)	)))))	PSC DOCKET NO. 25-1555

ORDER NO. 11037

WHEREAS, this 1st day of July 2026, by a vote of 4 with 1 abstention, the Delaware Public Service Commission ("Commission") determines and orders the following:

WHEREAS, on December 9, 2025, Delmarva Power & Light Company ("Delmarva" or the "Company") filed an application (the "Application") with the Commission seeking approval of an increase in electric base rates and other tariff changes; and

WHEREAS, in its Application, Delmarva sought approval of an increase in annual distribution revenues of $67.8 million, which included approximately $23.2 million in revenues currently collected through the Distribution System Improvement Charge ("DSIC"); and

WHEREAS, on January 28, 2026, in PSC Order No. 10949, the Commission exercised its authority to suspend the proposed rate increase and tariff changes pursuant to 26 *Del. C.* § 306(a)(1), pending full and complete evidentiary hearings into the justness and reasonableness of the proposed rate increase; and

WHEREAS, on May 21, 2026, Delmarva filed a DSIC application seeking approval to increase its DSIC rate from 7.05% to 7.50% effective July 1, 2026; and

WHEREAS, on June 1, 2026, Delmarva filed Updates to Actuals 9+3 Supplemental Direct Testimony, with accompanying schedules, to update the overall annual distribution revenue requirement increase to $68.6 million; and

WHEREAS, on June 9, 2026, pursuant to 26 *Del. C.* § 306(b), Delmarva submitted a petition with proposed tariff sheets (the "Petition") seeking to implement an interim rate increase of $51,821,505, consisting of $28,621,104 in incremental revenues and $23,200,401 in DSIC revenues,[1] effective July 9, 2026, which is when seven months will have elapsed from the date of the filing of the Application; and

WHEREAS, for a typical residential customer using an average of 826 kWh per month, the average monthly total bill impact is estimated to be $3.39, or 2.13%, of their total bill;[2] and

WHEREAS, at the Commission meeting on June 24, 2026, after Delmarva presented its Petition, Commission Staff ("Staff") and the Division of the Public Advocate ("DPA") requested the Commission to defer its decision on the Petition to the July 1, 2026 Commission meeting pending the fate of Senate Bill 326 ("SB 326") that would, among other things, limit the interim increase to 50% of a utility's proposed rate change after 7 months and 75% of the proposed rate change after 12 months; and

WHEREAS, the DPA also requested the Commission to reject Delmarva's requested interim rate request in its entirety; and

WHEREAS, Delmarva took the position that SB 326, if passed, would not apply to its Petition; and

WHEREAS, the Commission deferred its decision on the Petition to its July 1, 2026 meeting; and

WHEREAS, the Commission received a letter from Governor Matt Meyer in which Governor Meyer urged the Commission to exercise authority under 26 *Del. C.* § 310 to deny

[1] Delmarva's overall proposed distribution rate increase is $68.6 million.
[2] Total bill includes both the distribution (delivery) and supply portions of the customer bill.

Delmarva's Petition to implement interim rates and to reject Delmarva's Application for a rate increase; and

WHEREAS, DPA filed a comment with the Commission on June 26, 2026, in which the DPA argued that SB 326, if passed by the Delaware General Assembly, would apply to the Petition and the Commission should exercise authority under 26 *Del. C.* §§ 309, 310, and 311 to deny the Petition; and

WHEREAS, Delmarva responded to the DPA's comment on June 30, 2026, arguing that DPA's late submission was prejudicial to Delmarva; SB 326 would not apply to the Petition; 26 *Del. C.* § 306 does not give the Commission discretion to deny the Petition; and denying the Petition would harm both Delmarva and customers; and

WHEREAS, the Delaware General Assembly passed SB 326 on June 30, 2026; and

WHEREAS, at the Commission meeting on July 1, 2026, Delmarva presented an amended petition ("Amended Petition") in which it voluntarily reduced its requested interim rate increase as follows: (1) an increase of $45,915,563, consisting of $22,715,162 in incremental revenues (50% of its rate increase less the DSIC revenue) plus the $23,200,401 in DSIC revenue, effective July 9, 2026; and (2) an increase of $57,273,144, consisting of $34,072,743 in incremental revenues (75% of its rate increase less the DSIC revenues) plus the $23,200,401 in DSIC revenues, effective December 9, 2026, unless the Commission has issued a final order in this proceeding; and

WHEREAS, Staff recommended that the Commission accept the Amended Petition because the Amended Petition reflected a compromise from Delmarva to reduce its requested 7-month interim rate increase in accordance with the legislative intent demonstrated by SB 326; and

WHEREAS, the DPA asked the Commission to exercise its authority under 26 *Del. C.* §§ 309, 310, and 311 to deny the Amended Petition, or, alternatively, apply SB 326 to the Amended

Petition and grant Delmarva $34,300,000 in interim rates, consisting of 50% of Delmarva's full requested rate increase of $68,600,000, to be effective July 9, 2026; and a 12-month interim rate increase of $51,450,000 effective December 9, 2026, comprising 75% of Delmarva's total requested rate increase of $68.6 million; and

WHEREAS, Staff requested that Delmarva file its "Amended Petition" and accompanying proposed schedules in Delafile; and

WHEREAS, Delmarva's Amended Petition remains in compliance with the 30-day notice requirements of Order No. 10949; and

WHEREAS, the Commission having reviewed the Petition and Amended Petition, the letter from the governor, customer complaints, and the written comments from both Delmarva and the DPA; heard arguments from Staff, DPA, and Delmarva; and publicly deliberated at its July 1, 2026 meeting, hereby finds as follows:

1. The Commission is well aware of the financial burdens that increased electricity prices have imposed on Delaware consumers over the past several years and is sympathetic to the requests of the Governor and the DPA that the Commission deny Delmarva's requested interim rate increase. The Commission would have liked Delmarva to follow the lead of its sister-utility PECO and withdraw this rate case in its entirety, or, failing that, to withdraw its request to implement interim rates. The Commission believes doing so would have demonstrated that it is as concerned about affordability as it claims. It has not done so, however, and so the Commission is required to address Delmarva's request.

2. The Commission has considered the DPA's and the Governor's contentions that it has the authority to reject Delmarva's request to implement interim rates pursuant to 26 *Del. C.* §§ 309, 310, and 311, which permit the Commission to adjust rates when it determines that any existing rate is unjust, unreasonable, imprudent, insufficient, or unjustly discriminatory or

preferential, or when the rates of a utility are producing in excess of a reasonable rate of return on its rate base. The Commission agrees with the DPA and the Governor that Delmarva's requested 10.5% return on equity, which is a substantial factor in the magnitude of its requested rate increase, may well be deemed unjust and unreasonable when the Commission has considered all the evidence to be presented at an evidentiary hearing. And while the Commission agrees that those statutes generally provides the Commission with authority over utility rates, the fact is that those statutes would not prevent the implementation of the interim rates as provided by 26 *Del. C.* § 306, which constrains our authority in these circumstances.

3. Section 306 provides:

> **§ 306. Effective date of rate change; refund bond.**
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> (a) The Commission, upon the filing of a petition for a proposed change to any rate, may within 60 days after said filing:
>
> (1) Suspend the operation of such rate change for a period not to exceed 7 months after said filing; provided, however, that if the Commission has not reached its decision within said 7 months after filing, the public utility may place their rate into effect under bond in accordance with subsection (b) of this section;
>
> (2) Determine that a portion of such change shall become effective not later than 60 days after the filing of the petition on a temporary basis pending the final decision of the Commission.
>
> (b*) Upon termination of the 7 months as set forth in paragraph (a)(1) of this section the proposed rate change shall automatically become effective* if the public utility files with the Commission a bond in a reasonable amount approved by the Commission with sureties approved by the Commission, conditioned upon the refund, in a manner to be prescribed by order of the Commission, to the persons entitled thereto of the amount of the excess, if the rate so put into effect is finally determined to be excessive; or there may be substituted for such bond other arrangements satisfactory to the Commission for the protection of the parties interested. In no event shall a public utility put a rate into effect under bond as authorized in this subsection that would constitute an increase in excess of 15 percent of the public utility's gross intrastate operating revenues.
>
> (c) Notwithstanding subsections (a) and (b) of this section, 60 days after said filing, a public utility may put a rate into effect under bond as authorized in subsection (b)

> of this section, provided that the increase does not constitute an increase in excess of 15 percent of the public utility's annual gross intrastate operating revenues or $2,500,000 annually, whichever is less. This subsection shall not apply to any proposed rate change sought by a public utility under regulations adopted pursuant to § 304(b) of this title.

26 *Del. C.* §306 (emphasis added).

4. Under Section 306(a), the Commission may suspend the operation of a proposed rate change for a period not to exceed seven months from the date of the filing of the case. The Commission exercised its discretion to do so in this case. *See* Order No. 10949 (January 28, 2026). Delmarva chose not to request permission to implement interim rates after 60 days pursuant to Section 306(c). But when Delmarva sought to implement interim rates after the expiration of seven months, under Section 306(b), the Commission had no discretion to prevent it from doing so. That is because Section 306(b) explicitly states that "the proposed change *shall automatically become effective*" if certain conditions are met.[3] Sections 309, 310, and 311 do not provide the Commission with authority to bypass the automatic implementation of the interim rate as required under Section 306(b).[4] Thus, the interim rates go into effect by operation of law once the conditions set forth under Section 306(b) are met – the Commission has no authority to declare otherwise.

5. Whether SB 326 applies to the Petition is moot since Delmarva has voluntarily reduced the amount of its requested interim rate increase. Nevertheless, Delmarva has waived that argument by voluntarily reducing the amount of its interim rate request. The Commission notes

[3] One of those conditions is the utility posting a bond – but in Order No. 10949, the Commission already excused Delmarva from complying with that provision. "That based on Delmarva's current financial condition and creditworthiness, its long-standing history with the State, and its commitment to abide by a Commission refund order, the Commission finds that sufficient surety exists to meet the bond requirements of 26 *Del. C.* §306(b) and therefore will not require a bond in connection with the implementation of interim rates on July 9, 2026." Ordering ¶3.

[4] The Commission notes that proceeding under Sections 309, 310, or 311 would require the Commission to hold a hearing, with notice requirements as articulated under the Delaware Administrative Procedures Act ("APA") in Title 29, Chapter 101. The Delaware APA requires at least 20 days' prior notice to such proceedings, which under these circumstances, would make any hearing under Sections 309, 310, or 311 to take place well after July 9th, the day in which the interim rates at issue would automatically be implemented by virtue of Section 306(b).

in this regard that the General Assembly did not amend the language of the statute to give the Commission discretion to reject a request for an interim rate increase; rather, it reduced the amount of the interim rate increases that can be implemented at 7 and 12 months.

6. Finally, the DPA and Delmarva disagree as to the amount to which the 50% and 75% limitations apply. For purposes of the interim rates to become effective on July 9, 2026, Delmarva argues that the interim rate increase should consist of: (1) the full amount of DSIC revenues being transferred into rates (which is $23,200,401); and (2) 50% of the remaining incremental increase being requested (which is $22,715,162), for a total of $45,915,563. The DPA argues that the interim rate increase to become effective on July 9, 2026 should be 50% of the total requested rate increase of $68.6 million, or $34.3 million. Another 25% interim rate increase will become effective December 9, 2026.

7. Delmarva bases its argument on 26 *Del. C.* §315(b)(9), which states that "[t]he DSIC rate shall be reset to zero as of the effective date of new base rates that provide for the prospective recovery of the annual costs theretofore recovered under the DSIC rate." The DSIC will be reset to zero on July 9, 2026; therefore, Delmarva reasons, the entire DSIC amount must be included in the interim rate recovery, and 50% (and then 75%) of the incremental increase must also be included. But that is not what Section 306(b) says. Section 306(b) refers to "the proposed rate change," which the Commission believes refers to the *entire* rate change. The entire rate change is $68.6 million. Thus, the Commission agrees with the DPA's interpretation of Section 306(b) as amended.

ORDER

8. Delmarva may place into effect, effective July 9, 2026, an interim rate increase of $34,315,363, consisting of 50% of Delmarva's entire requested rate increase of $68,630,724, and

a 12-month interim rate increase, effective December 9, 2026, of $51,473,044 consisting of 75% of $68,630,724.

9. Delmarva shall file amended tariff sheets to reflect the interim rate increase as ordered by the Commission within 30 days of the date of this Order.

10. The rates set forth in this Order are designed to place into effect an interim rate increase of $34,315,363 by July 9, 2026 and $51,473,044 by December 9, 2026, and are reasonably designed to produce, on an annual basis equal to or less than 15% of the gross annual intrastate operating revenues of Delmarva and may therefore be placed into effect pursuant to 26 *Del. C.* § 306(b), with proration for usage on and after July 9, 2026, and December 9, 2026, subject to refund and with interest on the refunded amount.

11. Pursuant to 26 *Del. C.* §306(b), Delmarva guarantees repayment of the increased interim rates to be collected on and after July 9, 2026, and December 9, 2026, should the Commission, after notice and hearing, approve less than the interim rate increases ordered by the Commission. The Commission reserves the right to require surety on any such amount, should the circumstances warrant.

12. Delmarva's electric DSIC rate will be reset to 0.00% effective July 9, 2026, when the interim rate increase goes into effect.

13. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary and proper.

Dated: August 5, 2026

BY ORDER OF THE COMMISSION:

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Harold Gray, Chairman

Dr. Anthony DePrima, Commissioner

Regina A. Iorii, Commissioner

Robert C. Wheatley, Commissioner

ABSTAINING:

I am abstaining from voting on this matter and am staying open to the possibility of a petition being filed under Sections 309, 310 or 311 with respect to Delmarva's proposed interim rate request.

Michael Richard, Commissioner

ATTEST:

Crystal Beenick, Commission Secretary