

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF DELAWARE

IN THE MATTER OF THE REVIEW OF A RETAIL	)	
COMPETITION RESTRUCTURING PLAN FILED BY	)	
DELMARVA POWER & LIGHT COMPANY AND THE	)	PSC DOCKET NO. 99-163
DETERMINATION OF TRANSITION PERIOD RATES	)	
PURSUANT TO 26 DEL. C. 1005(a) AND	)	
1006(a)(1) (OPENED APRIL 15, 1999)	)	

ORDER NO. 5206

AND NOW, this 31st day of August, A.D. 1999;

WHEREAS, pursuant to Section 3 of the Electric Utility Restructuring Act of 1999 (the "Act"), adding 26 Del. C. 1005, Delmarva Power & Light Company (the "Company" or "Delmarva"), d/b/a Conectiv Power Delivery, submitted to the Commission a detailed plan for implementing electric retail choice in Delmarva's Commission-designated electric service territory; and

WHEREAS, pursuant to Commission Order No. 5066 dated April 27, 1999, this docket was opened to undertake the review of the restructuring plan filed by the Company and to determine the appropriate rates (unbundled) applicable to the transition period as required by 26 Del. C. 1005(a) and 1006(a)(1), respectively; and

WHEREAS, pursuant to the Commission's April 27, 1999 Order and as modified by its June 8, 1999 Order, the Hearing Examiners were instructed to hold evidentiary hearings and file written findings and recommendations no later than August 9, 1999, to which exceptions were due to be filed August 16, 1999, and the matter was set for hearings before the Commission on August 23 and 24, 1999; and

WHEREAS, the Act requires the Commission to take action on the Company's restructuring plan no later than August 31, 1999. The Commission, after consideration of the various positions taken by the parties, the Hearing Examiners' Report, and the arguments made during the Commission's hearings, issues the following Order which shall be supplemented by a written opinion in due course; now, therefore,

IT IS ORDERED:

1. That the rates reflected in Exhibit "A" attached hereto shall be the unbundled regulated wire charges and the supply charges that shall be in effect during the transition period for Delmarva, subject to adjustment for actual fuel costs for 12 months ended September 30, 1999. The rates reflected in Exhibit "A" include shopping credits which represent the retail supply price for Electric Supply Service against which customers may shop. These credits, combined with the wire charges, represent the unbundled components of the bundled rates previously approved by the Commission as just and reasonable. In addition, they reflect a reduction of 7.5% for residential customers during the transition period. 26 Del. C. 1006(a)(1)(ii).

2. That pursuant to 1006(a)(1)(ii) of the Act, and in recognition that the transition period and rate reduction for residential customers extends through September 30, 2003, the Commission finds that if, for the 12 months beginning October 1, 2002, Delmarva's average fuel costs (defined as the actual fuel or raw material used for the generation

of electricity), is estimated on a then-current basis to be greater than 115% of the actual average fuel costs for the 12 months ended September 30, 1999, that is included in residential rates, the Company may seek to recover that difference above 115% as an extraordinary cost subject to Commission review and approval.

3. That no customer taking service under rate classification SGS, irrespective of whether they are space or water heating customers, shall be subject to any "Competitive Transition Cost" ("CTC") charges.

4. That in connection with the Code of Conduct, the Commission finds that the existing Code shall remain in place and a new docket shall be opened to consider what changes to the Code are necessary to address deregulation of generation services in the State of Delaware. Said docket shall be completed no later than June 30, 2000.

5. That the Commission adopt the Hearing Examiners' conclusion and finding that the Company will not be required to divest its generation assets since it was not contemplated by the Act nor appears to be warranted based on the evidence in this record.

6. That regarding the issue of potential gaming related to customers switching back and forth on the Company's system for generation supply, the Commission finds that for customers whose usage is greater than 300 kw, that such customers, if they return to Delmarva's system for generation services during the transition period, shall be required to commit to a 12 month period at the transition period rate or shall pay market prices based on the incremental costs of PJM supply during the transition period. Thereafter, these customers shall take service at the standard offer rate or shall pay market prices based on the incremental costs of PJM supply. For customers whose usage is less than 300 kw, there shall be no minimum retention period and they shall have the ability, with proper notice, to leave and come back on the Delmarva system during the transition period and thereafter until further Order of the Commission.

7. That the Commission adopt the Hearing Examiners' conclusion that existing contracts with individual customers are not abrogated or amended by the Act, and the finding that any complaint regarding the interpretation of such a contract in light of the Act is better raised by the individual customer.

8. That Delmarva's proposals regarding direct access for electric supplies, actual time of use rates, and standards to measure and ensure service reliability are approved.

9. That the proposed "Partial Settlement," attached to the Hearing Examiners' Report as Attachment "A," which was recommended for approval by the Hearing Examiners, is hereby approved including bifurcating some unresolved issues into a separate docket that will accommodate implementing Electric Retail Choice in Delaware without any material delay. Such unresolved issues are identified in Section II.C and Exhibit "B" attached to the Partial Settlement.

10. That the Commission, except as specifically modified herein, approves Delmarva's electric restructuring plan which will implement Electric Retail Choice in Delmarva's Commission-designated electric service territory beginning October 1, 1999.

11. That the Commission recognizes the so-called "Side Letter" as a partial settlement whose economic issues have been incorporated into the Commission's decision.

12. That the Commission will enter a formal findings and

opinion at a later date.

13. 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:

Chairman

/s/ Joshua M. Twilley  
Vice Chairman

/s/ Arnetta McRae  
Commissioner

/s/ John R. McClelland  
Commissioner

Commissioner

ATTEST:

/s/ Karen J. Nickerson  
Secretary