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92DC42
500 N. Wakefield Drive
Newark, DE 19702

March 6, 2020

Ms. Donna Nickerson, Secretary
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, DE 19904

Re: PSC Docket No. 20-0149 – Application of Delmarva Power & Light Company
for an Increase in Electric Base Rates – Public Testimony

Dear Secretary Nickerson,

Attached for filing with the Commission is Delmarva Power & Light Company's Application for an Increase in Electric Base Rates, along with Appendix A (Revised Tariff Leafs), Appendix B (Merger-Related Reports pursuant to Docket No. 14-193), and Appendix C (Merger-Related Reports pursuant to Docket No. 17-0977). The following items are also filed in support of the Application: a Briefing Sheet, data required by the Minimum Filing Requirements, Public Versions of Direct Testimony (with schedules), and Work Papers.

A check for the filing fee was delivered to the Commission on February 24, 2020 (FedEx tracking No. 777821063987) and hard copies of this filing will be delivered to the Commission as well for its convenience.

Should you have any questions, please feel free to contact me at 302-429-3143 or Diane Goff at 302-451-5339.

Respectfully,

A handwritten signature in blue ink, appearing to read "DKC", written over a light blue horizontal line.

Dawn Kurtz Crompton

Attachments

cc: Clark Stalker, Esquire
Pamela Scott, Esquire
Courtney Schultz, Esquire
Raj Barua, PhD
Andrew C. Slater
James Mc.C. Geddes, Esquire
Regina Iorii, Esquire

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

IN THE MATTER OF THE APPLICATION OF)	
DELMARVA POWER & LIGHT COMPANY)	Docket No. 20-0149
FOR AN INCREASE IN ELECTRIC)	
BASE RATES AND OTHER MISCELLANEOUS)	
TARIFF CHANGES)	
(Filed March 6, 2020))	

**DELMARVA POWER & LIGHT COMPANY’S APPLICATION
FOR AN INCREASE IN ELECTRIC BASE RATES
AND OTHER MISCELLANEOUS TARIFF CHANGES**

Delmarva Power & Light Company (“Delmarva Power” or the “Company”) hereby files this application (“Application”) with the Public Service Commission of the State of Delaware (the “Commission”) seeking a change in electric base rates pursuant to 26 *Del. C.* §§201, 301, 304, 306, 315 and other applicable authorities. In support of this Application, Delmarva Power hereby submits the following:

Applicant

1. Delmarva Power is a Delaware corporation with its principal place of business located at 500 N. Wakefield Drive, Newark, Delaware 19702. Delmarva Power is a wholly owned subsidiary of Pepco Holdings, LLC (“PHI”), which is a wholly owned indirect subsidiary of Exelon Corporation, a Pennsylvania corporation. Delmarva Power’s Electric Division operating center is located at 401 Eagle Run Road, Newark, Delaware 19702.

Need For Electric Base Rate Change

2. The most significant factor supporting the requested electric base rate increase is the need to recover costs associated with infrastructure, technology, and other investments made by the Company, and anticipated to be made prior to the rate effective period, to maintain reliability, improve reliability where necessary, improve customer service, comply with Merger-

related commitments, and comply with applicable provisions of state and federal law.

3. The current level of rates must be increased so that Delmarva Power can recover the costs it is incurring to provide safe and reliable service to its electric customers in a timely manner. A fair return on investment is necessary to attract additional capital at reasonable terms. As such, an increase in the Company's electric base rates is necessary.

4. Delmarva Power's last request to increase its electric base rates was filed with the Commission on August 17, 2017, in Docket No. 17-0977. By Order No. 9248 (dated August 21, 2018), the Commission approved a settlement agreement in that case, resulting in a revenue decrease of \$6,850,000, which incorporated the 2017 Tax Cut and Jobs Act tax benefits.

5. On June 14, 2018, Governor Carney signed into law Senate Substitute 1 for Senate Bill 80 (now 26 *Del. C.* §315), which replicated and extended to electric and gas utilities the same authority that had previously been granted to water utilities to implement an interim rate mechanism known as the Distribution System Improvement Charge ("DSIC"). Implementation of the DSIC has allowed the Company to begin recovery, in a timely manner, of certain eligible distribution system improvements not covered in the Company's last general rate case filing, thus avoiding the need to file a rate case since August of 2017.

6. The provisions of 26 *Del. C.* §315(b)(9) provide that the "DSIC Rate will be reset to zero as of the effective date of the new base [distribution] rates that provide for the prospective recovery of the annual costs theretofore recovered under the DSIC rate." As a result of the implementation of the DSIC, Delmarva Power will not be seeking an interim rate increase to be effective sixty (60) days from the date of the filing of this Application as is permitted by 26 *Del. C.* §306(a)(2). Rather, the Company will instead be implementing rates within seven (7) months of the date of the filing of this Application as permitted by 26 *Del. C.* §306(a)(1).

Summary of Application

7. By this Application, the Company is requesting a \$21.1 million increase in base distribution revenue,¹ based on a March 31, 2020 test period and a rate of return on equity of 10.30%, as supported in the Direct Testimony of Company Witness Hevert. The Company is also requesting that \$3.2 million of revenues currently recovered through the DSIC be transferred from the DSIC surcharge into base distribution rates. For a typical residential customer using an average of 845 kWh per month, the average monthly total bill impact is estimated to be \$3.68 or 3.42%, of their total bill.

8. At current rates and based on a partially-forecasted test period of six (6) months of actuals and six (6) months of forecasted data ending March 31, 2020, the fully adjusted Delaware electric distribution rate of return (“ROR”)² is 5.22%, which translates to a fully adjusted Return on Equity (“ROE”) of 6.46%. This compares to an earned ROE of 7.41%. Even with the DSIC revenues included, the Company’s ROEs are both below the 9.70% ROE level approved by the Commission in Docket No. 17-0977, and are further below the 10.30% ROE being requested in this Application and supported by Company Witness Hevert.

9. Appendix A, appended hereto, sets forth the full proposed tariff leafs that reflect the requested electric distribution base rate increase. Delmarva Power requests that the Commission, pursuant to 26 *Del. C.* §306(a)(1), permit the full proposed changes in electric base rates to become effective for services rendered on and after October 6, 2020, with proration, and subject to refund.

10. In preparing its Application, Delmarva Power has followed Commission rate

¹ The requested increase is based on six (6) months of actual data for the period ending September 2019 and six (6) months of forecasted data ending March 2020.

² The adjusted rate of return does not include the \$3.2 million of DSIC revenues the Company proposes to move to base distribution rates which is necessary to design rates for the overall revenue requirement.

making precedent. Where precedent is not directly followed, Delmarva Power sets forth the bases for its position and deviation from precedent in the accompanying Direct Testimony.

Maintaining Delmarva Power's Financial Strength

11. Financial strength has always been important to utilities and their customers. Financial strength ultimately benefits customers by enabling the Company to attract capital on reasonable terms. As discussed in the Direct Testimony of Company Witnesses McGowan, O'Donnell, and Hevert, maintaining investment grade credit ratings is important to the financial health of Delmarva Power and critical to its ability to access capital markets for financing capital projects on reasonable terms. If Delmarva Power is unable to earn its authorized rate of return, the Company could be subject to negative credit rating actions. Over the long term, a company that is viewed as a more risky investment will: (1) pay more for capital (therefore increasing its cost of capital); and (2) have greater challenges accessing needed funds on reasonable terms. In such a situation, Delmarva Power would face increased debt and equity costs, which increased costs would flow through to customers through higher rates. The electric base rate increase Delmarva Power seeks in this case enables the Company to maintain its current investment grade ratings on its securities, and to compete for capital.

Tariff Changes

12. The Company proposes to include an additional eleven (11) Light Emitting Diode ("LED") Street Lighting Rates to the tariff as a result of customer requests and the Company's standards department expanding the LED offerings to customers.

13. The Company is performing a detailed analysis of how customers are assigned to various commercial service classifications. In its 9+3 Update (as defined below), the Company will propose a recommendation pertaining to the transfer of customers to a different service classification, as well as propose any recommendations for tariff updates or rate changes.

Effective Date, Rate Implementation, Update to Actuals, and Bond Waiver Request

14. Pursuant to 26 *Del. C.* §306(a)(2) and (c), Delmarva Power is permitted to put a portion of rates into effect, on an interim basis, sixty (60) days after the filing of its Application, subject to certain requirements. However, as previously addressed herein, with the implementation of the DSIC, Delmarva Power will not be seeking an interim rate increase. Instead, the electric rates set forth in Appendix A (as updated with its 9+3 Update) will become effective for services rendered on and after October 6, 2020, as permitted by 26 *Del. C.* §306(a)(1) and (b), at which time, the DSIC rate currently in effect would be reset to zero pursuant to 26 *Del. C.* §315(b)(9).

15. This filing includes a projected test period which includes six (6) months actual data (Q2 and Q3 2019) and six (6) months projected data (Q4 2019 and Q1 2020). The Company closed its accounting for Q4 2019 and submitted its audited 2019 financials to the Securities and Exchange Commission on February 11, 2020. Accordingly, pursuant to 26 *Del. Admin. C.* §1002A-1.2.3.1,³ Delmarva Power will provide three (3) additional months of actual Company data including the audited data for Q4 2019 (the “9+3 Update”) to Commission Staff and all parties within sixty (60) days thereof, *i.e.*, on or before April 13, 2020. The Company submits that, by utilizing audited actuals for Q4 2019, the 9+3 Update will include the most accurate data possible, which will enable Commission Staff and all interested parties to complete their analysis of the Application and begin discovery in a prompt and orderly manner.

16. The Company respectfully requests that the Commission waive the

³ “If the filed test period is other than the test year (historic period), three additional months of projected total company data as filed shall be updated to actual total company data and provided to Staff and all parties within sixty days after the close of the quarter, unless a later date for submitting this additional data is otherwise ordered by the Hearing Examiner.” 26 *Del. Admin. C.* §1002A-1.2.3.1 (Part I – Instructions, 1.2.3.1 – Updating Projected Test Periods).

requirements of 26 *Del. C.* §306(b) that upon the expiration of seven (7) months from the date of the filing of the Application, a bond be filed with surety. Delmarva Power submits that its long-standing history within the State and its commitment herein to abide by any Commission refund order is sufficient to protect the rights of interested parties which may be entitled to any refunds, if ordered, for the full proposed rates to be in effect on October 6, 2020.

17. The following table, which includes transferring DSIC to base rates, shows the per class proposed distribution revenue increases and the total proposed revenue increase percentage at the time of filing the Application, which will be updated with the 9+3 Update as detailed in Paragraph 15 above.

Service Classification	Full Proposed Request (Incl. DSIC) (\$)	Percent Increase (Incl. DSIC) (%)
RES-TOU	\$6,020	4.3%
RES	\$10,390,855	4.1% ⁴
RSH	\$5,748,064	4.8%
SGS-S	\$702,319	4.0%
MGS-S	\$2,219,596	2.9%
GS-SH	\$29,144	2.0%
GS-WH	\$773	2.6%
ORL	\$1,657	3.2%
LGS-S	\$1,142,447	6.4%
GS-P	\$3,260,601	7.2%
GS-T	\$35,270	6.1%
OL	\$758,339	5.8%

Minimum Filing Requirements

18. The Company’s Application includes compliance with the Commission’s Minimum Filing Requirements as set forth in 26 *Del. Admin. C.* §1002A (“MFR(s)”). Delmarva Power requests that, in the initial order opening the docket for this proceeding, the

⁴ Since the DSIC rates are already currently in effect, the incremental increase over current rates for a Residential customer using 845 kWh/month would be 3.42%.

Commission waive compliance with the following four (4) sections⁵ of the MFRs for electric base rate increases:

- Part II – General Information, 2.2.1 – Plant Capacity and Service – The Company requests a waiver of this provision since generation information is not relevant in this proceeding.
- Part V – Net Operating Income, 5.2.5 and 5.2.6 – The basis and assumptions underlying the forecast, and detail for adjustments to test period revenues – Schedule 3A will be provided only in .excel file format due to constraints with file-type conversion, and a printed version will not be included in the MFRs that accompany this Application.
- Part V – Net Operating Income, 5.3.8 – Purchased Power Data and Deferred Fuel Cost Accounting – The Company requests a waiver of this provision since generation information is not relevant in this proceeding.
- Part V – Net Operating Income, 5.3.14 – Operating Expenses requires information to be filed relating to certain affiliate transactions – The Company requests a waiver of this provision since the information has already been submitted to the Commission in compliance with Order No. 5469 in Docket No. 99-582. Pursuant to that Order, the year 2018 report was previously filed with the Commission on October 24, 2019 (DelaFile Report No. 19-DE-1313-NDS), amended on February 20, 2020 (DelaFile Report No. 20-DE-0175-NDS), and the year 2019 report will be filed during the course of this proceeding.

Notice

19. Notice of the proposed changes to rates will be given through bill inserts, as well as through notices published in *The News Journal* and the *Delaware State News*. A proposed form of public notice is attached to this Application. The Company requests that the date of publication be set shortly after the Company's submittal of its 9+3 Update to ensure the most accurate presentation of proposed rates to customers.

Merger-Related Reports

20. The Company's Application includes and incorporates filing reports

⁵ As set forth in Paragraph 15 herein, the Company submits that its timing for filing the 9+3 Update is compliant with 26 *Del. Admin. C.* §1002A-1.2.3.1, and that a waiver of this MFR is not required. In the event that Staff disagrees with the Company's interpretation of this MFR, Delmarva Power hereby requests a waiver of 26 *Del. Admin. C.* §1002A-1.2.3.1 so that it may submit its 9+3 Update on or before April 13, 2020 as set forth in Paragraph 15.

associated with affiliate transactions, as required by Order No. 8952, paragraph 10, in Docket No. 14-193, and as set forth in the Commission-approved settlement agreement approving the merger of Exelon and PHI. *See* Appendix B⁶ appended hereto.

21. The Company's Application includes and incorporates merger-related reports as required/approved by Order No. 9248, in Docket No. 17-0977, paragraph 3 of the Settlement Agreement. *See* Appendix C appended hereto. The Company has identified several exceptions to the merger-related reports in Appendix C as follows:

- Provision (a): for the "synergies" component of this provision, this report will be provided only in .excel file format due to constraints with file-type conversion, and a printed version will not be included in Appendix C to the Application;
- Provision (b): the Company is providing the merger costs by FERC account and month. However, the Company does not record synergies on the general ledger, and therefore, the Company cannot provide the synergies by FERC account; and
- Provision (f): similar to the waiver requested for MFR 5.3.14, Affiliate Transaction reports have already been submitted to the Commission in compliance with Order No. 5469 in Docket No. 99-582. The Company is also requesting an exception from providing monthly information for the years 2013-2015, as the Company does not have this information available on a monthly basis. For the years 2016 forward, the monthly information is provided in Appendix B, provision (c).

Witnesses

22. The proposed increased revenue requirement and proposed rates described in this Application are supported by the Direct Testimony and schedules of the following witnesses for the Company:

- **Kevin M. McGowan:** provides an overview of the Company's Application for an increase in base distribution rates for its Electric Division, which is predominantly driven by the need to make continued investments to maintain reliability and safety, improve customer service and address customer requests, and also describes other proposed tariff changes.

⁶ Portions of Appendix B pertaining to the Company's cost allocation model are confidential and are being submitted pursuant to the provisions of 26 *Del. Admin. C.* §1001-1.11. Counsel hereby attests, pursuant to the provisions of Section 1.11.1, that certain information in Appendix B is not subject to inspection by either the public or by other parties unless an appropriate proprietary agreement has been executed.

- **Elizabeth Morgan Downs O'Donnell:** discusses Delmarva Power's proposed capital structure and proposed rate of return and explains why it is important for Delmarva Power's customers that the Company is financially healthy and has access to capital on reasonable terms.
- **Robert B. Hevert:** presents evidence and provides the Commission with a recommendation regarding the Company's ROE and provides an assessment of the capital structure to be used for rate making purposes.
- **Daniel W. Guy:** discusses the Company's electric distribution investments since the last rate case required to maintain a safe and reliable system, and addresses Delmarva Power's reliability metrics.
- **Jay C. Ziminsky:** explains the basis for the development of the Company's Delaware electric distribution-related revenue requirement request, provides the per book Earnings and Rate Base for use in this filing along with the quantification and support of certain Adjustments, and also summarizes the Adjustments being proposed by all the witnesses as well as the revenue requirement request of the Company.
- **Kenneth J. Barcia:** explains and supports certain Adjustments included in the overall revenue requirement proposed by Company Witness Ziminsky and sponsors a new lead/lag study to determine the cash working capital requirement in this filing.
- **Lance C. Schafer:** presents and explains the Class Cost of Service Study ("CCOSS") for the distribution cost function of Delaware.
- **Michael T. Normand:** provides the rate design supporting the Company's proposed increase in electric revenue and proposes to move the DSIC revenue requirement into base distribution rates, incorporates the results from the CCOSS, and provides support for certain rate making Adjustments.

Communications

23. All communications and notices concerning this proceeding should be sent to:

Diane Goff, Jay Ziminsky, and Pamela Long, *Delmarva Power Regulatory Affairs*

(by U.S. Mail)
 Delmarva Power
 P.O. Box 6066 Mailstop 92DC56
 Newark, DE 19714-6066

(by courier)
 Delmarva Power
 Regulatory Affairs
 500 North Wakefield Drive
 Newark, DE 19702

(by email)
 diane.goff@pepcoholdings.com
 jay.ziminsky@pepcoholdings.com
 pamela.long@pepcoholdings.com

Clark M. Stalker and Dawn Kurtz Crompton, Counsel for Delmarva Power

(by U.S. Mail)
Delmarva Power
P.O. Box 6066 Mailstop 92DC56
Newark, DE 19714-6066

(by email)
clark.stalker@exeloncorp.com
dawn.crompton@exeloncorp.com

(by courier)
Delmarva Power
Office of Associate General Counsel
500 North Wakefield Drive
Newark, DE 19702

Pamela J. Scott and Courtney L. Schultz, Counsel for Delmarva Power

(by U.S. Mail)
Saul Ewing Arnstein & Lehr
P.O. Box 1266
Wilmington, DE 19899-1266

(by email)
pam.scott@saul.com
courtney.schultz@saul.com

(by courier)
Saul Ewing Arnstein & Lehr
1201 North Market Street, Ste. 2300
Wilmington, DE 19801

WHEREFORE, Delmarva Power respectfully requests that the Commission:

- A. grant the proposed changes in rates as filed by Delmarva Power effective October 6, 2020, with proration and subject to refund;
- B. approve the requested tariff changes;
- C. approve the filing of the 9+3 Update on or before April 13, 2020;
- D. defer publication of notice of the proposed rate changes until after the filing of the 9+3 Update;
- E. waive MFR filing and bonding with sureties requirements; and
- F. order that a notice of hearing be published.

Respectfully submitted,



Clark M. Stalker
Dawn Kurtz Crompton (#5579)
Delmarva Power & Light Company
500 N. Wakefield Drive
Newark, DE 19702

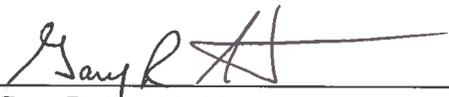
Pamela J. Scott
Courtney L. Schultz
Saul Ewing Arnstein & Lehr LLP
P.O. Box 1266
Wilmington, DE 19899-1266

*Counsel for Delmarva
Power & Light Company*

Dated: March 6, 2020

STATE OF DELAWARE)
) SS.
COUNTY OF NEW CASTLE)

On this 2nd day of March, 2020, personally came before me, the subscriber a Notary Public in and for the State and County aforesaid Gary R. Stockbridge, Vice President of 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 said 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.

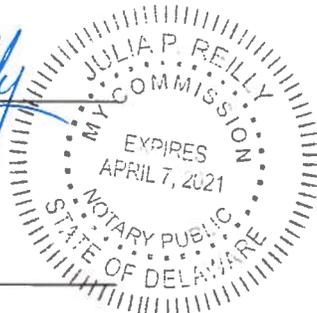


Gary R. Stockbridge
Vice President

SWORN TO AND SUBSCRIBED before me this 2nd day of March, 2020.



Notary Public
My Commission Expires:
4/7/2021



[NOTE: As set forth in Paragraph 15 of the Application, the chart below will be replaced with updated information as reflected in the 9+3 Update]

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY) Docket No. 20-0149
FOR AN INCREASE IN ELECTRIC)
BASE RATES AND OTHER MISCELLANEOUS)
TARIFF CHANGES)
(Filed March 6, 2020))**

PUBLIC NOTICE OF FILING

**TO: ALL ELECTRIC CUSTOMERS OF DELMARVA
POWER & LIGHT COMPANY**

On March 6, 2020, Delmarva Power & Light Company (“Delmarva Power”) filed an Application with the Delaware Public Service Commission (“Commission”). The Application includes the following per class proposed distribution revenue increases and the total proposed revenue increase percentages, both of which include the transfer of the Distribution System Improvement Charge (“DSIC”) to base rates.

Service Classification	Full Proposed Request (Incl. DSIC) (\$)	Percent Increase (Incl. DSIC) (%)
RES-TOU	\$6,020	4.3%
RES	\$10,390,855	4.1%
RSH	\$5,748,064	4.8%
SGS-S	\$702,319	4.0%
MGS-S	\$2,219,596	2.9%
GS-SH	\$29,144	2.0%
GS-WH	\$773	2.6%
ORL	\$1,657	3.2%
LGS-S	\$1,142,447	6.4%
GS-P	\$3,260,601	7.2%
GS-T	\$35,270	6.1%
OL	\$758,339	5.8%

The Commission has suspended the proposed rates for seven (7) months and will consider the request for proposed electric base rate changes and other modifications to become effective as of October 6, 2020, subject to refund after evidentiary hearings and further proceedings to be presided over by a Commission Hearing Examiner. Delmarva Power does not intend to exercise its statutory right to put into effect an interim rate increase of \$2.5 million, which would have been effective May 6, 2020.

For a typical residential customer using an average of 845 kWh per month, the average monthly total bill impact is estimated to be \$3.68 or 3.42% of their total bill.

Any person or group wishing to participate formally as a party in this docket (PSC Docket No. 20-0149), with the right to submit evidence and to be represented by counsel must, in accordance with Rule 11, petition the Commission for and be granted leave to intervene in the proceedings in this docket by the Hearing Examiner. To be timely, all such petitions must be filed with the Delaware Public Service Commission at 861 Silver Lake Boulevard, Suite 100, Cannon Building, Dover, Delaware 19904 on or before _____, 2020. Petitions received thereafter will not be considered except for good cause shown. Written comments may also be submitted electronically at <https://delafile@state.delaware.gov/>.

The Hearing Examiner will consider the Application, including any settlement that might be reached by the parties to the proceeding, in hearings to be held at the times and locations to be determined by the Hearing Examiner.

You are invited to review Delmarva Power's Application 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 20-0149. If you would like to review documents at the Commission's offices, please contact Donna Nickerson at donna.nickerson@delaware.gov to arrange a time for your review. You may also review copies of Delmarva Power'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).

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://alpha.delaware.gov/foia/>.

There is also a link to the Freedom of Information Act Request Form on the Commission's website at <https://sos.delaware.gov/foia-requests/>. The Commission will respond to your request in accordance with the Delaware Freedom of Information Act, 29 *Del. C. ch.* 100.

Any individual with a disability desiring to participate in these proceedings or to review the filings should contact the Commission to discuss any auxiliary aids or services needed. The Commission Staff can also provide additional information about this docket. 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 (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 psc@delaware.gov; include "PSC Docket No. 20-0149" as the subject.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY) Docket No. 20-0149
FOR AN INCREASE IN ELECTRIC)
BASE RATES AND OTHER MISCELLANEOUS)
TARIFF CHANGES)
(Filed March 6, 2020))**

[PROPOSED] ORDER NO. _____

AND NOW, to-wit, this _____ day of _____, 2020 Delmarva Power & Light Company (“Delmarva Power”) having, on March 6, 2020, filed the above-captioned Application with the Commission seeking approval of a change in electric base rates; and

WHEREAS, by such Application, Delmarva Power is requesting a \$21.1 million increase in base distribution revenue;

WHEREAS, Delmarva Power is also requesting that \$3.2 million of revenues currently recovered through the Distribution System Improvement Charge (“DSIC”) be transferred from the DSIC surcharge into base distribution rates;

WHEREAS, Delmarva Power will forego the implementation of interim rates as permitted by 26 *Del. C.* §306(a)(2) and (c);

WHEREAS, upon the expiration of seven (7) months from the filing of this Application, on October 6, 2020, the Commission, pursuant to the provisions of 26 *Del. C.* §306 shall by an appropriate order, permit the proposed electric base distribution rates to become effective for usage on and after October 6, 2020, subject to refund pending evidentiary hearings and further review by the Commission; and

WHEREAS, at such time, the DSIC rate currently in effect would be reset to zero pursuant to 26 *Del. C.* §315(b)(9).

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

1. That pursuant to 26 *Del. C.* §306(a)(1), the rate changes and tariff revisions proposed in the Application filed by Delmarva Power & Light Company on March 6, 2020 are hereby suspended pending further review and a final decision by the Commission for a period not to exceed seven (7) months after the filing of the Application.

2. That _____ is designated as Hearing Examiner for this docket pursuant to the terms and provisions of 26 *Del. C.* §502 and 29 *Del. C.* ch. 101 to schedule and conduct such public evidentiary hearings as may be necessary to develop a full and complete record concerning this matter, and to report to the Commission proposed findings and recommendations based on the evidence presented. _____ is designated as Rate Counsel for this matter.

3. That Delmarva Power shall file three (3) additional months of actual Company data for Q4 2019 (October 2019 through December 2019; the “9+3 Update”) on or before April 13, 2020.

4. That Delmarva Power shall give public notice of the filing of this Application and of the Commission action thereon by publishing notice in the form attached hereto as Exhibit A in two-column format, outlined in black in the legal classified sections of *The News Journal* and the *Delaware State News* subsequent to the filing of the 9+3 Update, on or before _____, 2020, with proof of such publication to be provided to the Commission no later than the commencement of the evidentiary hearings concerning this matter.

5. That the waivers requested by Delmarva Power, including its request to consider and approve the Company’s current financial condition and credit worthiness as a satisfactory substitute and sufficient surety to meet the bond requirements of 26 *Del. C.* §306(b), are granted, conditioned on Delmarva Power’s commitment to provide information upon request that would otherwise be

included as part of the Minimum Filing Requirements, and Delmarva Power's representation that it will abide by any Commission refund order.

6. That Delmarva Power is hereby put on notice that it will be charged the costs incurred in connection with this proceeding under the provisions of 26 *Del. C.* §114(b)(1).

7. 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

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

Attest:

Secretary

Docket Number 20-0149
Delmarva Power & Light Company
Briefing Sheet

Before the Delaware Public Service Commission
Application for an Increase in Electric Base Rates
PSC Docket No. 20-0149
Briefing Sheet

Subject: Delmarva Power & Light Company's ("Delmarva Power" or the "Company") Application for an Increase in Electric Rates, filed March 6, 2020.

Increase Sought: Delmarva Power seeks approval of a proposed \$21.1 million increase in electric distribution revenue and transfer of \$3.2 million of Distribution System Improvement Charge ("DSIC") into distribution rates.

Reasons for Filing: The proposed increase will allow the Company to recover costs that have increased since 2017. The Company has made significant investments in infrastructure and technology to maintain reliability and improve customer service and to comply with applicable regulations.

Effective Date: The Company is requesting that the full proposed increase become effective October 6, 2020.

Rate Design: The proposed apportionment of the increase will move the class rates of return toward unity.

Rate of Return: 7.15% overall; 10.30% on Common Equity

Test Year: Actual Data for the 12 months ending September 2019

Test Period: Twelve months ending March 2020
6 months actual data and 6 months forecast

Capital Structure: As of September 2019 – Pro Forma

<u>Type of Capital</u>	<u>Ratio</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long Term Debt	49.57%	3.94%	1.96 %
Common Equity	50.43%	10.30%	5.19 %
Total	100.00%		7.15 %

**Before the Delaware Public Service Commission
Application for an Increase in Electric Base Rates
PSC Docket No. 20-0149**

Elements of the Rate Increase:

Items:	<u>(\$000)</u>
Attrition since Last Decision	\$ 13,513
Reliability Plant Additions	\$ 2,330
Transfer of DSIC	\$ 3,225
Increase in Return on Equity	\$ 3,775
Weather Normalization	\$ 2,279
Wages and FICA Expense Change	\$ 1,542
Storm Normalization	\$ 860
<u>Other</u>	<u>\$ -3,229</u>
Total	\$ 24,295

Service Classification	Full Proposed Request (Incl. DSIC) (\$)	Percent Increase (Incl. DSIC) (%)
RES-TOU	\$6,020	4.3%
RES	\$10,390,855	4.1% ¹
RSH	\$5,748,064	4.8%
SGS-S	\$702,319	4.0%
MGS-S	\$2,219,596	2.9%
GS-SH	\$29,144	2.0%
GS-WH	\$773	2.6%
ORL	\$1,657	3.2%
LGS-S	\$1,142,447	6.4%
GS-P	\$3,260,601	7.2%
GS-T	\$35,270	6.1%
OL	\$758,339	5.8%

Impact on Average Customer:

For a typical residential customer using an average of 845 kWh, the bill impact is 3.42% (bill increase of \$3.68, from \$107.69 to \$111.37)

Details of preceding rate case (Docket No. 17-0977)

1. Filed August 17, 2017
2. Full Proposed Rates Effective March 17, 2018
3. Settlement Agreement approved by Order No. 9248, August 21, 2018
4. Final Rates Effective September 1, 2018
5. Refunds processed 4Q 2018
6. Decrease of \$6.85M (includes impact of the Tax Cuts and Jobs Act of 2017)
7. 9.70% Return on Equity approved
8. Impact varied by class

¹ Since the DSIC rates are already currently in effect, the incremental increase over current rates for a Residential customer using 845 kWh/month would be 3.42%.

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE**

**IN THE MATTER OF THE APPLICATION OF)
DELMARVA POWER & LIGHT COMPANY) Docket No. 20-0149
FOR AN INCREASE IN ELECTRIC)
BASE RATES AND OTHER MISCELLANEOUS)
TARIFF CHANGES)
(Filed March 6, 2020))**

CERTIFICATE OF SERVICE

The undersigned, Dawn Kurtz Crompton, does hereby certify that the foregoing Application of Delmarva Power & Light Company for an Increase in Electric Base Rates, dated March 6, 2020, together with all appendices, schedules and other attachments thereto, have been electronically filed via DelaFile with the State of Delaware Public Service Commission.



Dawn Kurtz Crompton (#5579)
Delmarva Power & Light Company
500 N. Wakefield Drive
Newark, DE 19702

*Counsel for Delmarva
Power & Light Company*

Dated: March 6, 2020