

IN THE MATTER OF THE APPLICATION OF
POTOMAC ELECTRIC POWER COMPANY FOR
AUTHORITY TO REVISE ITS RATES AND
CHARGES FOR ELECTRIC SERVICE AND FOR
CERTAIN RATE DESIGN CHANGES

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9092
PHASE II

IN THE MATTER OF THE APPLICATION OF
DELMARVA POWER & LIGHT COMPANY FOR
AUTHORITY TO REVISE ITS RATES AND
CHARGES FOR ELECTRIC SERVICE AND FOR
CERTAIN RATE DESIGN CHANGE

CASE NO. 9093
PHASE II

October 17, 2007

NOTICE OF PROCEEDING AND PREHEARING CONFERENCE

To: All Parties of Record in Case Nos. 9092 and 9093

On July 19, 2007, by Order No. 81517 in Case No. 9092 and Order No. 81518 in Case No. 9093, the Public Service Commission (“Commission”) found that a second phase of each proceeding was needed in which the Commission will: (a) determine Potomac Electric Power Company’s (“Pepco” or “Company”) and Delmarva Power & Light Company’s (“Delmarva” or “Company”) (collectively (“Companies”) compliance with Public Utility Companies Article, *Annotated Code of Maryland*, § 4-208; (b) review service company costs to determine whether costs allocable to each of the Companies’ and each of its affiliates have declined or should decline as a result of the closing of three subsidiary companies’ operations; (c) determine the extent, if any, to which the service company costs allocated to each Company should be reduced; (d) determine the extent, if any, to which the temporary rates approved for Pepco in Order No. 81517 and Delmarva in Order No. 81518 should be adjusted to account for service company operating costs;

and (e) determine whether, because of the Commission's approval of a temporary rate for each Company, the Commission should permit each Company some flexibility in the timing and mechanics of implementing any increase that the Commission may approve in a final rate order in each Phase II case.¹

On October 3, 2007, each Company filed, confidentially, with the Commission the independent audit opinion required to be submitted pursuant to the Order in each Company's rate case proceeding. Accordingly, the Commission hereby establishes a Phase II proceeding in Case Nos. 9092 and 9093.

Furthermore, the Commission will hold a pre-hearing conference in Case No. 9092, Phase II and Case No. 9093, Phase II on October 23, 2007 beginning at 10:30 a.m., or the conclusion of the rule making session for Administrative Docket RM31, whichever is later, in the Commission's 16th Floor Hearing Room, William Donald Schaefer Tower, 6 St. Paul Street, Baltimore, Maryland 21202. The Commission directs the parties in each proceeding to discuss a procedural schedule for each of the Phase II proceedings. To the extent that the parties in each proceeding are able to reach agreement, a joint proposed procedural schedule should be filed with the Commission by October 19, 2007.

All filings should be addressed to the attention of Terry J. Romine, Executive Secretary, Public Service Commission of Maryland, William Donald Schaefer Tower, 6 St. Paul Street, 16th Floor, Baltimore, Maryland 21202. Each filing should consist of an original and seventeen (17) copies and include an electronic version of the filing, and

¹ See Public Utility Companies, *Annotated Code of Maryland*, § 4-205(f). "If the final rate set is higher than the rate set in the order for a temporary rate, the public service company may amortize over a period that the Commission sets, through a temporary increase over the final rate set, the difference between the operating revenue obtained under the order for a temporary rate and the operating revenues that would have been obtained from the same volume of business from the final rate set."

include the applicable Case No. in the subject line of the cover letter. The Commission encourages the parties to use its “eFile” system for the electronic filing. Details of the “eFile” system are found on the Commission’s web site, www.psc.state.md.us.

By Direction of the Commission,

/s/ Terry J. Romine

Terry J. Romine
Executive Secretary