March 18, 2026

RE: Docket No. 25-1555, *In the Matter of the Application of Delmarva Power & Light Company for an Increase in Electric Base Rates and Other Tariff Changes*

Dear Chairman Winslow and Commissioners of the Public Service Commission,

We are writing today to urge you to dismiss the distribution rate increase application filed by Delmarva Power on December 9, 2025. While the March 12, 2026 decision by the hearing officer granting a stipulation and order to apply a prudence standard of review to the application is directionally positive, this is not sufficient to cure the deficiencies of Delmarva's original filing. Following your dismissal, while Delmarva is reconsidering its rate increase application and associated evidence considering the prudence standard application, the Company should be directed to immediately re-file the statutorily required Low-Income Discount Rate application for consideration in a standalone proceeding.

Not only does the current application represent the third time in five years that Delmarva requested a base rate increase – which is painful for Delaware residents and businesses to deal with on its face – but this increase would raise some residential customers' bills by almost $16 per month. At a time when customers are being asked to do more with less, Delmarva Power and its out-of-state parent company are demanding a lavish return on equity (ROE) of 10.5%, which is in excess of both the national utility ROE average of 9.75%, as well as market-based estimates of the level of returns necessary to attract capital (approximately 6-7%).

Aside from the very real affordability challenges that will be exacerbated by Delmarva's current rate increase request, the utility's application is notable for its attempt to circumvent the will of the General Assembly and the constituents they represent. Specifically, as highlighted in a February 5, 2026 letter from Delaware legislators to the Commission, Delmarva Power filed its application on December 9, 2025 – presumably in an attempt to avoid compliance with the new law regarding the applicability of the prudence standard that took effect in January. As stated in the legislators' letter, the January effective date was chosen not so that the for-profit monopoly utility could slip in one more rate increase request under a less stringent review standard, but instead so that the Commission had "time to develop new regulations and processes for the new prudence standard [the Commission] would be adopting."

Perhaps recognizing the writing on the wall, Delmarva, through a March 9th filing, opted to "consent" to the application of the prudence standard on investments included in the current rate increase request. This still does not, however, adequately address the rate filing's notable deficiencies. The prudence standard raises the bar in terms of regulatory scrutiny applied to the utility's investments; this in turn raises the bar for the quality and quantity of evidence that Delmarva must provide to meet its burden of proving that the requested rates are just and reasonable. By simply consenting to a more stringent legal standard without re-filing an application inclusive of additional evidence, Delmarva is leaving the Commission and other stakeholders with no other option but to try and complete the record through laborious and extensive discovery. Further, Delmarva retains the right to request its unjustly high rates on an interim basis on June 9th. Raising customer rates, even on an interim basis, in the heat of summer is not a reasonable outcome of this matter.

The action we urge you to take today is not without precedent. Indeed, it is directly analogous to the November 18, 2025 decision by the Maine Public Utilities Commission to dismiss outright a $1.5 billion rate increase request filed by Central Maine Power last year. In that proceeding, state agencies argued that the utility had failed to include in its rate increase application a long-term electric grid plan as required by a 2022 law. With the integrated grid plans due to be filed in early 2026, the Maine Department of Energy Resources contended that the utility essentially "jumped the gun." Ultimately, the Maine Public Utilities Commission agreed, with the commissioners unanimously voting to dismiss the rate application and Chair Bartlett remarking that "we all seem to think this proposal misses the mark in terms of meeting the moment we're at."

Maine's Public Utilities Commission is not alone in rejecting a proposed rate increase. In 2024, the West Virginia Public Service Commission outright denied a request from American Electric Power's joint West Virginia subsidiaries that would have increased rates more than $265 million. The Commission cited a number of deficiencies in the companies' application, including omitted tariff sheets and unsupported calculations. The Public Service Commission noted that deficiencies within the filing unduly prejudiced intervenors – as is the case here.

In late 2023, the Illinois Commerce Commission also rejected a substantial $1.5 billion rate hike from ComEd and a $1.3 billion increase request from another Illinois utility, Ameren. The Illinois Commerce Commission cited failures to comply with state law in the decision. These rejections do not constitute an indefinite rejection of all utility rate increases. Rather, they indicate a precedent for pushing back against rate increases that are insufficient or noncompliant.

Here, the Delaware Public Service Commission should follow the lead of its colleagues in Maine, West Virginia, and Illinois. The consequences of allowing Delmarva Power to skirt the law and its clearly articulated legislative intent would be dire. The prudence standard enacted by the Delaware General Assembly is well enshrined in national utility regulatory jurisprudence and is not unfamiliar to Delmarva or its multi-jurisdictional parent corporation and its army of lawyers. The Commission should act with haste to safeguard customers, heeding the calls of elected officials across the state – including Governor Meyer.

Further, regardless of whether or when the Company chooses to re-file its rate increase application, it should be directed to immediately comply with the statutory requirement to establish the Low-Income Discount Rate through a separate application filed as soon as possible. Tying the design and implementation of such an important statutorily directed item to the breadth of requests and timeline associated with a *discretionary* rate increase application was never an appropriate action. Establishing a low-income discount rate deserves the attention of the Commission and its stakeholders through a dedicated docket process – much the same as the current process afforded to the question of large load tariff design.

For these reasons, we urge the Delaware Public Service Commission to dismiss the December 9, 2025 rate increase application filed by Delmarva Power, with explicit instructions to re-file in compliance with state law regarding the applicable prudence standard (and the associated evidence required to justify such request) and instructions to re-file the Low-Income Discount Rate design petition as a separate proceeding within 30 days. Perhaps the utility can also use this opportunity to tighten its belt and assess its justification for requesting a return on equity that “misses the mark in terms of meeting the moment we’re at.”

Sincerely,

American Economic Liberties Project

Sierra Club Delaware Chapter