

Commission Approves Public Advocate's Petition to Reduce Utility Rates in Light of Federal Tax Cuts

DOVER – The Delaware Public Service Commission yesterday approved a petition from the state's Public Advocate to ensure that consumers will receive the benefits of any savings realized by regulated Delaware utilities under the federal Tax Cuts and Jobs Act of 2017.

The order directs each regulated utility to estimate the impact of the new tax scheme on the utility's cost of service, and to propose procedures for reducing rates to reflect those impacts on or before March 31, 2018.

"This is about making sure Delaware consumers get a fair  deal from their utility providers, and I'm pleased that the Public Service Commission has acted in support of that goal," said Gov. John Carney. "I want to thank our Public Advocate for fulfilling his duty to the ratepayers, and the PSC for adopting this order."

Delmarva Power, which recently filed applications for both electric and natural gas rate increases, agreed with the Public Advocate that the Tax Act should reduce the level of federal income taxes included in its rates. Delmarva will adjust its proposed increases in both of its pending rate cases.

"Today was a win for ratepayers. We want to thank the Commission for its decision, the members of the public who submitted comments, and the bi-partisan group of Delaware legislators who wrote in support of our petition," said Public Advocate Drew Slater. "With this order, we look forward to

ensuring that Delaware ratepayers benefit from this corporate tax reduction in the form of lower rates for utility services statewide.”

“This is a wonderful example of a great Public Advocate doing his duty in a truly effective manner,” said state Rep. John Kowalko, D-Newark. “So much praise also goes to the 36 legislators who signed on in support. It shows how important it is to ensure that ratepayers are treated fairly when corporations are given a windfall.”

All rate classes of all regulated utilities will likely see reduced rates, with procedural schedules to be set for hearings before the Commission. In approving this petition, Delaware joins several states that have instructed utilities to ensure that ratepayers receive the full benefit of federal tax cuts realized by utilities.

The Division of the Public Advocate advocates for the lowest reasonable rates, principally on behalf of residential and small commercial consumers, consistent with the maintenance of adequate utility service and consistent with an equitable distribution of rates among all classes of consumers.