

an open letter to our customers

On Friday, July 31, Delmarva Power & Light Company filed for a general increase in electric rates in Delaware, to be effective September 1, 1970.

We wish it were possible to discuss this matter with each of our 145,000 customers in Delaware. Since it is impossible to do so, we are presenting here, in detail, our reasons for filing at this time and an explanation of the contents of the filing.

Specifically, we have applied for an overall increase in electric rates of \$4,081,080, which represents a 7.56 per cent average increase in residential, commercial and industrial electric rates, excluding street lighting.

An illustrative table from which a residential customer can determine approximately how the increase will affect him is shown in the box on this page. Also shown is the general effect on commercial and industrial customers.

HISTORY OF ELECTRIC RATE CHANGES IN DELAWARE In the past 52 years there have been two general increases in electric rates in Delaware. In New Castle County, the last increase in electric rates was in March, 1918, when the then American Power Company increased Wilmington and Suburban area electric rates.

The second increase occurred in 1952 in Kent and Sussex Counties, when the then Delaware Power & Light Company increased electric rates approximately 9.8 per cent.

Since 1961, DP&L has made several reductions in rates to residential, commercial and industrial customers in Delaware. We estimate that these reductions have amounted to approximately \$2,689,000 annually, as com-

pared to revenues which would have resulted from the application of the rates in effect prior to January 1, 1960.

For many years Delmarva Power & Light Company has been able to absorb the increasing costs of furnishing electric service by greater efficiencies in operations and as the result of increased usage by individual customers.

THE EFFECTS OF RISING COSTS But now we face a dilemma. The costs of providing electric service to our customers have been increasing faster than our ability to absorb them.

In the inflationary period which the country has experienced over the past ten years, we have also experienced the same pressures of increasing prices as have other companies and individuals.

The cost of practically everything which enters into electric service has increased substantially. For example since 1960, wood poles have increased 17 per cent; insulators 24 per cent; copper wire has increased 190 per cent.

In addition to general price increases, construction costs, wage costs and costs for improvements in the aesthetic appearance of overhead facilities and for the reduction of emissions from power stations have substantially increased. These costs will continue to increase the Company's capital and operating costs.

Along with other companies, we have been faced with rapidly rising costs of money. The general decline in security prices, and particularly the decline in the market of our common stock since 1965, has materially increased the cost of raising money through sale of securities.

CAPITAL IMPROVEMENTS Delmarva Power & Light Company has been growing at a faster rate than the national average for utility companies. Nationally, the kilowatt-hour sales of electric companies have doubled every 10 years. Delmarva Power & Light Company's kilowatt-hour sales have been doubling every 7 or 8 years. Since 1965, we have expanded and improved electric facilities in Delaware

at a cost of \$138,000,000. And, in order to meet the requirements of our Delaware customers during the next five years, we anticipate substantial additions to our generation, transmission, and distribution facilities, which will cost a minimum of \$308,000,000.

In order to finance our proposed construction program, a substantial amount of additional securities must be issued during the next several years.

THE REASONS FOR REQUESTING A RATE INCREASE AT THIS TIME We have filed for increased rates primarily to provide DP&L with a fair return on the fair value of its property, and thus enable the Company to obtain the necessary financing facilities to meet the current and future requirements of customers throughout the State.

The new electric tariff also provides for uniform electric rates throughout Delaware, the elimination of present unnecessary or obsolete rate schedules and for uniform rules and regulations applicable to the entire State.

IN CONCLUSION All our efforts are dedicated to providing you with the power you need to meet your residential, commercial and industrial requirements. And, we are committed to producing your energy needs with minimal side effects on the environment.

Delmarva Power & Light Company must continue to operate as a financially sound company in order to provide you with the best possible service at reasonable rates. That is why the increases in rates which we have applied for are urgently needed.

TYPICAL RESIDENTIAL MONTHLY BILLS			
In New Castle County			
If Your Monthly Kw/hr Use is:	Your Monthly Bill is Now:	Your New Monthly Bill Will Be:	An Increase Per Month of:
100	\$ 4.57	\$ 5.13	\$0.56
200	7.22	8.03	0.81
300	9.22	10.23	1.01
400	11.22	12.43	1.21
500	13.22	14.63	1.41
600	14.92	16.43	1.51
800	18.32	20.03	1.71
In Kent and Sussex Counties			
If Your Monthly Kw/hr Use is:	Your Monthly Bill is Now:	Your New Monthly Bill Will Be:	An Increase Per Month of:
100	\$ 4.94	\$ 5.13	\$ 0.19
200	7.59	8.03	0.44
300	9.59	10.23	0.64
400	11.59	12.43	0.84
500	13.59	14.63	1.04
600	15.29	16.43	1.14
800	18.69	20.02	1.34

An average residential customer uses about 545 kilowatt-hours per month in New Castle County and 412 kilowatt-hours per month in Kent and Sussex Counties. Monthly bills are based on summer rates for straight residential use. In most cases, the monthly increase for winter use and for electric water heating use would be less than those shown above. Above comparisons do not include fuel adjustments.

COMMERCIAL AND INDUSTRIAL RATES

Increases applicable to commercial and industrial customers will average 8.5% in New Castle County and 3.43% in Kent and Sussex Counties. The different percentage increases result from the fact that rates for Kent and Sussex Counties have been higher in the past than rates for New Castle County.

DELMARVA POWER & LIGHT COMPANY

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President

