

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 8, 2020

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APPLICATION OF

THE VIRGINIA, MARYLAND &
DELAWARE ASSOCIATION OF
ELECTRIC COOPERATIVES

CASE NO. PUR-2020-00023

For Rulemaking to Amend the Commission's
Streamlined Rate Case Rules for Electric
Cooperatives

ORDER ADOPTING REGULATIONS

On February 10, 2020, the Virginia, Maryland and Delaware Association of Electric Cooperatives (the "Association")¹ filed an Application for Rulemaking ("Application") requesting that the State Corporation Commission ("Commission") initiate a rulemaking to revise the Commission's Streamlined Rate Case Rules, at 20 VAC 5-200-21(C).

On April 28, 2020, the Commission issued an Order Establishing Proceeding, which, among other things, directed that the revisions proposed by the Association (hereafter, "Proposed Rules") be forwarded to the Registrar of Regulations for publication in the *Virginia Register of Regulations*, and invited comments from the public on the Proposed Rules. Ordering Paragraph (5) of the Order Establishing Proceeding required that "[o]n or before June 1, 2020, each of the Association's Virginia members shall serve a copy of this Order upon each of their customers and file a certificate of service no later than June 15, 2020...."

¹ The Virginia members of the Association include A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative, Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative.

On April 30, 2020, the Association filed a Motion to Amend Notice Requirements and Procedural Schedule ("Motion"), in which the Association requested that the Commission modify the public notice required in the Order Establishing Proceeding and permit the Association's members to provide notice by publication. On May 6, 2020, the Commission entered an Order granting the Motion.

Notice of the proceeding and the Proposed Rules were published in the *Virginia Register of Regulations* on May 25, 2020. Interested persons were directed to file any comments and requests for hearing on the Proposed Rules on or before September 8, 2020.²

On September 4, 2020, the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel") filed comments on the Proposed Rules. Consumer Counsel stated that it neither supported nor opposed the Proposed Rules but offered "comments on several of the proposed changes to provide additional context for the Commission in its consideration of the Application."³ On September 8, 2020, the Association filed comments.⁴

The Commission has considered the comments of Consumer Counsel but does not believe that modifications to the Proposed Rules are necessary at this time.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the regulations attached hereto as Appendix A should be adopted as final rules, as discussed herein.

² The Commission's Order inadvertently set the comment date for September 7, 2020, which was Labor Day, a state holiday. Pursuant to 5 VAC 5-20-140, comments were thus due on the next business day, September 8, 2020. The deadline for comments published in the *Virginia Register of Regulations* was September 8, 2020.

³ Consumer Counsel Comments at 8.

⁴ The Association's comments were filed in response to Consumer Counsel's comments. As the Commission's April 28, 2020 Order Initiating Comments did not invite reply comments, the Commission has not considered the Association's comments in this order.

Accordingly, IT IS ORDERED THAT:

(1) The Rules Governing Streamlined Rate Proceedings for Electric Cooperatives

Subject to the State Corporation Commission's Rate Jurisdiction, as shown in Appendix A to this Order, are hereby adopted and are effective as of November 1, 2020.

(2) A copy of this Order with Appendix shall be forwarded to the Registrar of Regulations for publication in the Virginia Register of Regulations.

(3) On or before January 4, 2021, each of the Association's Virginia members shall file with the Clerk of the Commission, in this docket, one (1) original document containing any revised tariff provisions necessary to implement the regulations adopted herein, and shall also file a copy of the document containing the revised tariff provisions with the Commission's Division of Public Utility Regulation. The Clerk of the Commission need not distribute copies but shall make such filings available for public inspection in the Clerk's Office and post them on the Commission's website at: scc.virginia.gov/pages/Case-Information.

(4) This docket shall remain open to receive the filings to be made pursuant to Ordering Paragraph (3).

A COPY hereof shall be sent electronically by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission.

STATE CORPORATION COMMISSION

Streamlined Rate Case Rules

20VAC5-200-21. Streamlined rate proceedings and general rate proceedings for electric cooperatives subject to the State Corporation Commission's rate jurisdiction.

A. Nothing in this section shall be interpreted to apply to applications for temporary reductions of rates pursuant to § 56-242 of the Code of Virginia.

B. All streamlined or general rate applications for jurisdictional electric distribution cooperatives ("cooperatives" or "applicants") shall be subject to the following requirements:

1. Pursuant to § 56-235.4 of the Code of Virginia and the exceptions stated therein, the regulated operating revenues of a cooperative shall not be increased more than once within any 12-month period. However, streamlined rate relief may become effective in less than 12 months after a preceding increase provided that regulated base operating revenues are not increased more than once in any calendar year.

2. An applicant may select any test period it wishes to use to support its application.

3. Any increase in revenues under this section shall be allocated in accordance with a properly designed cost of service study.

4. A cooperative which has outstanding wholesale power cost riders which reflect permanent changes in power costs approved by a regulatory agency shall adjust its base rates to reflect such changes at the same time it increases its rates in a rate application.

5. a. Except as otherwise provided herein, all applications for rate relief shall be filed in the original and 15 copies with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218.

b. Where a filing contains information that the applicant claims to be confidential, the filing may be made under seal provided it is accompanied by both a motion for protective order or other confidential treatment and an additional five copies of a redacted version of the filing to be available for public disclosure. Unredacted filings containing the confidential information shall, however, be immediately available to the commission staff for internal use at the commission.

Filings containing confidential (or redacted) information shall be so stated on the cover of the filing, and the precise portions of the filing containing such confidential (or redacted) information, including supporting material, shall be clearly marked within the filing.

6. An electric cooperative intending to file a rate application shall notify the State Corporation Commission ("commission") and all parties of record appearing in the cooperative's last rate case at least 60 days in advance of the filing of the application. Also, public notice of the intent to file a rate application shall be provided 60 days in advance of the filing of said application to all of the cooperative's customers, using any of the methods of publication set out in subdivision C 12 of this section.

7. The commission retains the right to waive any or all parts of this section for good cause shown.

8. An application shall not be deemed filed under § 56-238 of the Code of Virginia unless it is in full compliance with this section.

C. An applicant may file a complete application for streamlined rate relief provided the following limitations in subdivisions 1 through 17 of this subsection are met: Should any provision of this subsection conflict with other portions of this section, this subsection shall prevail with respect to filings pursuant to this section.

1. The increase in total operating revenues as calculated in column (5) of Schedule 3 of Appendix A, included herein, is not more than ~~the test period increase in the Consumer Price Index ("CPI"), or 5.0%, whichever is less.~~ The CPI shall be defined ~~as the Consumer Price Index for all Urban Consumers (CPI U) for all items, as estimated by the U.S. Department of Labor, Bureau of Labor Statistics, and published in its Summary Data from the Consumer Price Index News Release, or its successor. As calculated in this publication, the percentage change in the CPI-U for a test year will be the index for the last month of the test year divided by the index for the same month one year prior, minus one, multiplied by 100;~~ 4.0%; and
2. Earnings after the proposed increase must not produce financial ratios which ~~exceed the level approved by the commission in the applicant's most recent general rate case~~ beyond a times interest earned ration ("TIER") of 2.5, a rate of return of 4.2%, or such other relevant ratios which the cooperative proposes which satisfy the burden of proof as just and reasonable. Subject to the provisions set forth below, a cooperative which files an application for streamlined rate relief may petition the commission requesting that its rates be made permanent no less than 30 days from the date the application is deemed complete and filed with the commission if there are insufficient customer objections to the application or if the commission does not suspend the proposed increase and convene a hearing.
3. A cooperative filing a rate application under the streamlined rate procedure shall not:
 - a. Increase rates by more than ~~the increase in the test period CPI or 5.0% (whichever is less)~~ 4.0% of adjusted Virginia jurisdictional operating revenues; or
 - b. Request earnings, after the proposed increase, which produce inappropriate financial ratios that exceed those ~~approved by the commission in the~~

~~applicant's most recent general rate case stated within subdivision C 2 of these streamlined rules; or~~

~~c. Propose revisions to its terms and conditions of service; or~~

~~d.c. Propose revisions to its rate structure as part of its application.~~

4. The commission may, on its own motion, suspend a cooperative's proposed rate increase and tariff revisions pursuant to § 56-238 of the Code of Virginia and may convene a hearing on the cooperative's streamlined application.

5. The commission may suspend a cooperative's proposed tariff revisions and increase in rates and shall schedule a hearing thereon if ~~the lesser of 150 or 5.0% of the customers or other persons within a class and subject to a change in a rate, toll, or charge object to the proposed revision or increase in a rate or if the lesser of 150 or 5.0% of the customers or consumers or other persons subject to such rate, toll or charge of a cooperative object to the proposed rate or tariff revision.~~ any of the following object to a proposed tariff revision or increase in rates:

(i) the lesser of 150 or 5.0% of any of the cooperative's members;

(ii) one-quarter of the customers with a rate class that is the subject of a revision or increase: or

(iii) all of the customers within a rate class that is the subject of a revision or increase if the rate class contains 20 or fewer customers.

Customers on a contract rate are excluded from those customers who may count towards objections for purposes of this subsection.

6. The commission may, in its discretion, suspend an electric cooperative's rate increase and proposed tariff revisions in a streamlined rate proceeding on the motion of its own staff, on the motion of the Virginia Attorney General's Division of

Consumer Counsel, or on the motion of any person subject to such change who requests a hearing and states a substantive reason why a hearing is necessary.

7. The requested rate increase for streamlined rate relief shall be supported by a fully adjusted financial status statement (Schedule 3 of Appendix A included herein).

8. Adjustments to test year cost of service shall be limited to the amount of increase or decrease that will be in effect during the rate year.

9. A cooperative shall not file more than three ~~consecutive applications for streamlined rate relief; nor shall there lapse more than five years since the later of the date of the final order or the effective date of rates specified in the final order in the applicant's last general rate case when filing an application for streamlined rate relief~~ applications for streamlined rate relief in any 10 year period and any application for streamlined rate relief which is granted by the commission will begin a new three-year period for purposes of any use of statutory authority by the cooperative pursuant to § 56-585.3 A 2 of the Code of Virginia.

10. An application filed under the streamlined rate procedure shall include:

- a. The name ~~and~~, post office address, and website of the applicant and the name and post office address of counsel of record, if any.
- b. A brief narrative statement describing the change in rates and tariff revisions and explaining the need for a change in rates and tariff revisions. This statement shall include a description of the actions taken by the cooperative to advise its membership of the change in rates and contents of its application.
- c. A copy of the resolution calling for a change in rates adopted by the Board of Directors of the cooperative.
- d. A copy of the completed notice given to the public by the cooperative, including a description of the method of publication used.

e. Schedules 1 through 9 of Appendix A included herein.

11. Public notice of the increase and tariff revisions shall be completed 30 days in advance of the date the cooperative files its application for revised rates with the commission. Actual proof of public notice shall be furnished to the commission as part of the rate application.

12. The public notice of the increase and tariff revisions in an application for streamlined rate relief may be given by:

a. Direct mailing to each customer (bill inserts or bill messages are acceptable);

b. Publication in Cooperative Living magazine, or the cooperative's regular member publication;

c. Newspapers of general circulation in the area served;

d. Electronic notice to customers via email addresses (provided that notice pursuant to a, b, or c of this subdivision is also given);

e. Publication of the notice on the cooperative's website (provided that notice pursuant to a, b, or c of this subdivision is also given);

~~f.~~ f. Any combination of these methods; or

e g. Any other method of publication authorized by the commission.

13. A copy of the notice shall be served on the ~~Commonwealth's Attorney and Chairman~~ Chair of the Board of Supervisors of each county (or equivalent officials in the counties having alternative forms of government) ~~in the state~~ in which the cooperative offers service in the Commonwealth, and on the mayor or manager and the attorney of every city and town (or equivalent officials in towns and cities having alternative forms of government) in the state in which the cooperative offers service and upon the Division of Consumer Counsel, Office of the Attorney General. Service shall be made by either personal delivery or first class mail,

postage prepaid, to the customary place of business of the person served or to ~~his~~
the person's residence.

14. The public notice shall, at a minimum, include the following information:

- a. The amount of the total increase in revenues, both in percentages and dollar amounts;
- b. The percentage increase being applied to each of the cooperative's rate schedules;
- c. The identity of all wholesale power cost riders to be rolled-in to base rates;
- d. The locations where copies of the information required to be filed with the commission can be reviewed;
- e. The date the application will be delivered to the commission;
- f. A notice that any person subject to the change or changes proposed by the cooperative has the right to request a hearing within 30 days of the application's delivery to the commission;
- g. A notification that requests for hearing should be directed to the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218;
- h. A statement advising that the commission may convene a hearing, and if a hearing is held, the commission may order rate relief, redesign rates or adopt tariff revisions which differ from those appearing in the cooperative's application;
- i. A statement advising the public that if ~~the lesser of 150 or 5.0% of the customers or other persons within a class and subject to a change in a rate, toll, or charge do not request a hearing, and if the lesser of 150 or 5.0% of the customers or consumers or other persons subject to such rate, toll or charge~~

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~~of the cooperative do not object to a rate change or tariff revision~~ the Commission receives fewer objections than set forth in subdivision C 5 of this section, the cooperative may petition the commission to make rates permanent without hearing within 30 days after the application is filed with the commission; and

j. A statement advising the public of the cooperative's proposed effective date for its new rates.

15. If the commission determines that a hearing on the application for streamlined rate relief is required, then the commission shall issue a procedural order which, among other things, shall specify the date by which the cooperative shall file with the Clerk of the Commission an original and 15 copies of any direct testimony the cooperative intends to rely on in support of its application, together with the remaining schedules set forth in Appendix A. That order shall specify such additional notice of the hearing to the electric cooperative's members that the commission deems appropriate.

16. Subdivision B 6 of this section shall not apply to streamlined applications under subsection C of this section, except that the cooperative shall notify the staff of the commission no less than 60 days in advance of its filing.

17. The commission may waive any provision of these streamlined rules upon its own motion or for good cause shown.

D. 1. A cooperative seeking (i) an increase that produces financial ratios in excess of those allowed in the applicant's most recent general rate case; (ii) an increase in jurisdictional adjusted operating revenues of more than the test period increase in the CPI (as defined in subdivision 1 of subsection C of this section); (iii) revision of its terms and conditions of service; or (iv) to redesign or restructure its rates shall file an original and

15 copies of a general rate application with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218.

2. An application seeking a general rate increase shall include:

a. The name and post office address of the applicant and the name and post office address of counsel of record, if any.

b. A brief narrative statement describing the change in rates and tariff revisions and explaining the need for a change in rates and tariff revisions. This statement shall include a description of the actions taken by the cooperative to advise its membership of the change in rates and contents of the rate application.

c. A copy of the resolution calling for a change in rates adopted by the cooperative's Board of Directors.

d. All direct testimony which the cooperative intends to rely on in support of its rate application.

e. Exhibits consisting of the Schedules 1 through 14, found in Appendix A included herein. Such schedules shall be identified with the appropriate schedule number and shall be prepared in accordance with the instructions contained in Appendix A included herein and the following general instructions:

(1) Attach a table of contents to the cooperative's application, including exhibits.

(2) The applicant shall be expected to verify the accuracy of all data and calculations contained in and pertaining to every exhibit submitted, as well as support any adjustments, allocations or rate design upon which it relies.

(3) Each exhibit shall be labeled with the name of the applicant and the initials of the sponsoring witness in the upper right hand corner as shown below:

Exhibit No. (Leave Blank)

Witness: (Initials)

Statement or Schedule Number

The first page of all exhibits shall contain a caption which describes the subject matter of the exhibit.

(4) The required accounting and statistical data shall include three copies of all work papers and other information necessary to ensure that the items, statements and schedules found in the application are not misleading.

f. Exhibits consisting of additional schedules may be submitted with the cooperative's direct testimony. Such schedules shall be identified as Schedule 15 (this exhibit may include numerous subschedules labeled 15A et seq.) and shall conform to the general instructions contained in subdivision 2e of subsection D of this section.

g. The commission shall prescribe the general notice to be given to the public and the date by which such notice shall be completed in its procedural order.

h. The applicant shall serve a copy of the information required in subdivisions 2a through 2c of subsection D of this section upon the Commonwealth's Attorney and ~~Chairman~~ Chair of the Board of Supervisors of each county or (equivalent officials in counties having alternative forms of government) in the state affected by the proposed increase and upon the mayor or manager and the attorney of every city and town (or equivalent officials in towns and cities having alternative forms of government) in the state affected by the proposed increase. The applicant shall also serve each such official with a statement that a copy of the complete application may be obtained by such official at no cost by making a request thereof orally or in writing to a specified company official or location. In addition, the applicant shall serve a copy of its complete application upon the Division of Consumer Counsel of the Office of the Attorney

General in Virginia. All such service specified by this section shall be made either by (i) personal delivery or (ii) first class mail, to the customary place of business or to the residence of the person served.

E. Rate reductions and tariff revisions filed pursuant to § 56-40 of the Code of Virginia shall be filed with the commission's Division of ~~Energy Regulation~~ Public Utility Regulation and shall include the following:

1. A descriptive statement of and justification for the tariff revision;
2. Load data if applicable;
3. A certified excerpt from the minutes of the cooperative's Board of Directors, wherein the Board approved the tariff revision;
4. Identification of all customers that may be eligible for the tariff revision;
5. A revenue impact study; and
6. An affidavit by the cooperative's manager that the proposed tariff revision affects no increase in rates.

F. This section does not limit the commission staff or parties other than the applicant from raising new issues not addressed by the applicant for commission consideration.

G. Requests for temporary increases in rates filed pursuant to § 56-245 of the Code of Virginia shall include Schedules 1, 2 and Columns (1) through (5) of Schedule 3.

H. Failure to comply with this section may result in dismissal of the application, or may subject the cooperative to such other actions as the commission deems appropriate, including, but not limited to, prohibiting a cooperative from filing an application for streamlined rate relief for a period of time specified by the commission.

APPENDIX A. SCHEDULES REQUIRED FOR A STREAMLINED OR GENERAL RATE APPLICATION

Schedule Number	Streamlined Rate Proceeding Schedules
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1	Comparative Balance Sheets
2	Comparative Income Statements
3	Financial Status Statement
4A and B	Detail of Ratemaking Adjustments
5A and B	Proposed Rates and Tariffs and Revenue Allocation
6	Sample Billing
7	Class Cost of Service Study
8	Capital Structure
9	Affiliate Services

<u>Schedule Number</u>	<u>General Rate Proceeding Schedules</u>
1	Comparative Balance Sheets
2	Comparative Income Statements
3	Financial Status Statement
4A and B	Detail of Ratemaking Adjustments
5A and B	Proposed Rates and Tariffs and Revenue Allocation
6	Sample Billing
7	Class Cost of Service Study
8	Capital Structure
9	Affiliate Services
10	Net Original Cost Rate Base
11	Working Papers for Ratemaking Adjustments
12	Revenue and Expense Variance Analysis
13	Jurisdictional Allocation
14A, B, and C	Functional Unbundling
15	Reserved for Additional Exhibits

Schedule 1 — Comparative Balance Sheets

Instructions: Provide a publicly available comparative balance sheet for the test period and the corresponding 12-month period immediately preceding the test period for the applicant.

Schedule 2 — Comparative Income Statements

Instructions: Provide a publicly available comparative income statement covering the test period and 12-month period immediately preceding the test period for the applicant.

Schedule 3 — Financial Status Statement

Instructions: Use the format of the schedule identified as Schedule 3 in this Appendix.

Adjustments in Column (2) reflect any financial differences between Generally Accepted Accounting Principles (GAAP) and ratemaking accounting as prescribed by the State Corporation Commission. An example of such an adjustment would include, but would not be limited to, the reclassification of capital leases to operating leases. Each Column (2) adjustment shall be separately identified and shown using the format prescribed for Schedule 4A and 4B.

Column (4) shall reflect total nonjurisdictional operations. Jurisdictional allocation factors used to determine nonjurisdictional business in Column (4) amounts shall be fully supported and explained in Schedule 13 for general rate filings.

Each Column (6) adjustment shall be separately identified and shown in Schedule 4A and 4B. In a streamlined rate proceeding, adjustments reflected in Column (6) of Schedule 3 which do not incorporate ratemaking treatment approved by the commission in the utility's last general rate case shall be identified as new proposed adjustments in Schedule 4A and 4B.

Riders reflected on line 4 shall be separately listed to include a line for each rider in effect during the test year or projected for the rate year. The amount of other income and other expense shown in Column (5), lines 20 and 23, shall be the current amount recognized as jurisdictional in the applicant's last general rate case. Amounts reflected on line 33 shall be actual cash receipts.

Lines (29), (30), (31), and (32) shall be based on the following definitions:

Line 29.

$$\text{TIER} = \frac{\text{Total Margins (Line 24) + Interest on Long-Term Debt (Line 21)}}{\text{Interest on Long-Term Debt (Line 21)}}$$

Line 30.

$$\text{DSC} = \frac{\text{Total Margins (Line 24) + Depreciation and Amortization Expense (Line 11) + Interest on Long-Term Debt (Line 21)}}{\text{Total Principal Payments + Total Long-Term Interest Payments}}$$

Line 31.

$$\text{Rate of Return on Rate Base} = \frac{\text{Operating Margins Adj. (Line 18)}}{\text{Total Rate Base (Line 28)}}$$

Line 32.

$$\text{Rate of Return on Margins and Equities} = \frac{\text{Total Margins (Line 24)}}{\text{Total Margins and Equity Capitalization (Schedule 8)}}$$

Schedules 4A and 4B — Detail of Ratemaking Adjustments

Instructions: Use format of the schedule identified as Schedule 4A and 4B to this Appendix.

Each adjustment shall be numbered sequentially and listed under the appropriate description category (Base Rate Revenue, Fuel-WPCA Revenue, Purchased Power, etc.). The impact on cost of service from each adjustment shall be detailed in Columns (1) through (16).

Each ratemaking adjustment shall be fully explained in a supporting subschedule 4B to this schedule.

Detailed workpapers substantiating each adjustment shall be provided in Schedule 11 for general rate filings.

Schedule 5A and 5B — Proposed Rates and Tariffs, and Revenue Allocation by Class

Schedule 5A Instructions:

Provide a copy of each tariff sheet with the revisions the cooperative proposes to implement. For general rate applications, provide a copy of all tariffs and Terms and Conditions of Service Sheets proposed for revision containing the revised language.

Schedule 5B Instructions:

Provide a class revenue allocation analysis showing, by class, the present revenue recovered from each class, the proposed increase in revenue to be recovered from each class, the total proposed revenue to be recovered from each class, and the percentage of increase in total revenue to be recovered from each class.

Schedule 6 Sample Billing

Instructions: Provide a sample billing analysis showing the effect on customers of the proposed tariff changes at various levels of consumption, for all classes of service.

Schedule 7 — Class Cost of Service Study**Instructions:**

A. Each streamlined rate application shall include a copy of the cost of service study used to determine the allocation of revenues to each class. The cost of service study shall be based on per books data which is no more than five years old. Each general filing shall include a copy of the cost of service study used to allocate the increase or to adjust rate design. The data used in a cost of service study submitted in a general rate case shall use the same test period as used in the cooperative's general rate application.

B. Each cost of service study shall consist of the following schedules:

1. For multi-state cooperatives, provide total system rate base, revenue and operation and maintenance expenses by account number, or major account group showing separation between Virginia and nonjurisdictional operations.
2. Provide a jurisdictional financial status statement in the format of Schedule 3, column (5) of Appendix A for each customer class and the return provided by these classes.
3. For all service schedules, present the unit cost per kilowatt, kilowatt hour, and customer resulting from the cost study. Include the kilowatt hours, demand, and number of customers, as well as the total cost for each component by class and the allocated rate base by class, as support for the unit costs derived.
4. If directed by the commission, the cooperative shall collect and maintain separate expense, rate base, and revenue data on nonjurisdictional consumers within Virginia.
5. For all service classes, provide a schedule of consumers by service class indicating the total number of customers in the class and the number of nonjurisdictional consumers in Virginia in the class.

Nonjurisdictional consumers in Virginia include government agencies: federal, state, local, and regional government authorities. If there are nonjurisdictional consumers in any class, this schedule must be accompanied by a list of all such nonjurisdictional consumers by service class and their usage characteristics.
6. Provide a short narrative describing the cost of service study methodology employed. This narrative shall include the following information:
 - (a) Identification and description of the classification used to assign rate base as demand, energy, or customer related. Specifically, include the classification methodology used to differentiate between demand and customer components

of distribution plant; and the customer classification used in the study, i.e., minimum system, minimum size, zero intercept, etc.

(b) Identification of the allocation methodology used for assigning rate base, revenue, and expenses to customer classes. For demand allocation method, e.g., average and excess, noncoincident peak; customer allocation method, e.g., number of customers, weighted customers, etc.

(c) Provide a table showing the kilowatts, kilowatt hours, number of customers allocated to each class, including the derivation of the demand, energy, and customer allocators for each class.

7. Provide a list of classification and allocation factors used.

8. Provide a copy of the actual study by account or primary account. The primary accounts shall identify the secondary accounts included by account number. Indicate which allocators and classifiers were used to assign each account.

Schedule 8 — Capital Structure and Cost of Debt Statement and Supporting Schedules

Instructions: Use the format of the schedule identified as Schedule 8 in this Appendix.

Column (1) shall reflect the per books capital structure at the end of the test year. Data in Column (1) shall be compatible with the applicant's publicly available financial statements. Adjustments in Column (3) reflect any financial differences between Generally Accepted Accounting Principles and ratemaking accounting as prescribed by the commission. Each Column (3) adjustment shall be separately identified in a supporting schedule, if not already identified in Schedule 4A or 4B.

Schedules shall be provided to support the amounts and cost rates of short- and long-term debt in Columns (4) and (6), respectively, and the adjusted amounts and cost rates in Columns (8) and (10), respectively. Each issue of long-term debt shall

be listed with its corresponding interest rate, date of issue, maturity, and lending institution(s) or other source(s). Short-term debt shall be listed with a high, low, ending, and average balance for each month, a weighted average interest rate for each month, and the name of the lending institution(s) or other source(s).

Schedule 9 — Affiliate Services

Instructions: For purposes of this schedule, affiliate services shall be defined to include those services between regulated and competitive divisions of an incumbent utility. If any portion of the required information has been filed with the commission as part of an applicant's Annual Report of Affiliate Transactions, the applicant may reference such report clearly identifying what portions of the required information are included in the Annual Report of Affiliate Transactions.

Provide a narrative description of each type of affiliated service received or provided during the test period.

Provide a summary of affiliate transactions detailing costs by function for each month of the test period. Show the final Uniform System of Account distribution of all costs billed to or by the regulated entity by month for the test period.

Identify all amounts billed to an affiliate and then billed back to the regulated entity. Cost records and market analyses supporting all affiliated charges billed to or by the regulated entity/division shall be maintained and made readily available for commission staff review. This shall include supporting detail of costs (including the return component) incurred by the affiliated interest rendering the service and the allocation methodology. In situations when the pricing is required to be the higher (lower) of cost or market and market is unavailable, note each such transactions and have data supporting such a finding available for commission staff review.

If affiliate charges are booked per a pricing mechanism other than that approved by the commission for ratemaking purposes, the regulated entity shall provide a

reconciliation of books to commission-approved pricing, including an explanation of why the commission-approved pricing is not used for booking purposes.

Schedule 10 — Net Original Cost Rate Base

Instructions: Use the format of the schedule identified as Schedule 10 in this Appendix.

Adjustments in Column (2) reflect any financial differences between GAAP and ratemaking accounting as prescribed by the State Corporation Commission. Each Column (2) adjustment shall be separately identified and reflected using the format prescribed for Schedule 4A and 4B.

Column (4) shall reflect total nonjurisdictional business. Allocation factors used to determine nonjurisdictional business in Column (4) shall be fully supported in Schedule 13.

Each Column (6) adjustment shall be separately identified and reflected in Schedule 4A and 4B. In a streamlined rate proceeding, adjustments reflected in Column (6) of Schedule 3 which do not incorporate the ratemaking treatment approved by the commission in the utility's last general rate case shall be separately identified as new proposed adjustments in Schedule 4A and 4B.

Schedule 11 — Working Papers for Ratemaking Adjustments

Instructions: Provide detailed workpapers and supporting schedules of all proposed adjustments. Each supporting document shall identify the origin of the data shown. Also, indicate whether data is actual or estimated. Working papers shall be numbered, indexed and tabbed for each adjustment. Two copies shall be filed with the Division of Utility Accounting and Finance, and one copy of the working papers shall be filed with the Division of ~~Energy Regulation~~ Public Utility Regulation.

Schedule 12 — Revenue and Expense Variance Analysis

Instructions: The cooperative shall quantify jurisdictional operating revenues and system operating and maintenance ("O&M") expenses by primary account during the test period and the preceding 12 months. Also, provide jurisdictional sales volumes by customer class for the test period and the preceding 12 months.

The cooperative shall provide a detailed explanation of all jurisdictional revenue and system expense increases and decreases of more than 10% during the test period compared to the previous 12-month period. The expense variance analysis applies to test period expense items greater than two-hundredths of 1.0% (.0002) of total O&M expenses for all cooperatives with total operating expenses exceeding \$50 million, and five hundredths of 1.0% (.0005) of total operating expenses for cooperatives with total operating expenses below \$50 million.

Schedule 13 — Jurisdictional Allocation

Instructions: Provide summary schedules by primary account reflecting all revenue, expense, and rate base items allocated to the Virginia jurisdiction. If directed by the commission, this schedule shall include allocations relating to nonjurisdictional Virginia consumers as well as out-of-state operations. Provide working papers to support all calculated amounts, including the development of allocation factors.

Provide a narrative explanation and justification of the allocation methodology used. Discuss any changes in the applicant's operations which materially affect any allocation factor.

Schedule 14A, 14B, and 14C - Functional Unbundling

Instructions: Use the format of the schedule identified as Schedule 14A, 14B, and 14C in this Appendix.

Provide cost of service studies that identify the costs associated with the functional areas of generation (production), transmission, distribution, and other.

Provide cost breakouts for subcomponents of functional areas such as primary and secondary distribution, metering, billing, and maintenance. Report cost functions and subcomponents on summary sheets by both system and class.

Schedule 15 - Reserved for Additional Exhibits

This schedule is reserved for additional exhibits presented by the applicant and shall be labeled 15A et seq.

FINANCIAL STATUS STATEMENT PER BOOKS AND FULLY ADJUSTED
FOR THE 12-MONTHS ENDING _____

Line No.	Description	(Col. 1) Total Cooperative Per Books	(Col. 2) Adjustments Due to Ratemaking Requirements	(Col. 3) Total Cooperative As Adjusted	(Col. 4) Non-Virginia Jurisdictional Business	(Col. 5) Virginia Jurisdictional Business	(Col. 6) Ratemaking Adjustments	(Col. 7) Amounts After Adjustments	(Col. 8) Revenue Requirement	(Col. 9) Amounts After Revenue Requirement
	Operating Revenues									
1.	Base Rates									
2.	Fuel - WPCA									
3.	Roll in of Riders									
4.	Riders (List Separately)									
5.	Margin Stabilization									
6.	Other Electric Revenues									
7.	Total Operating Revenues									
	Operating Expenses									
8.	Purchased Power Expense									
9.	Margin Stabilization									
10.	Other Operation and Maintenance Expense									
11.	Depreciation and Amortization									
12.	Tax Expense - Property									

13.	Tax Expense - Other
14.	Total Operating Expenses
15.	Operating Margins
16.	Less: Interest on Customer Deposits

Line No.	Description	(Col. 1) Total Cooperative Per Books	(Col. 2) Adjustments Due to Ratemaking Requirements	(Col. 3) Total Cooperative As Adjusted	(Col. 4) Non-Virginia Jurisdictional Business	(Col. 5) Virginia Jurisdictional Business	(Col. 6) Ratemaking Adjustments	(Col. 7) Amounts After Adjustments	(Col. 8) Revenue Requirement	(Col. 9) Amounts After Revenue Requirement
17.	Charitable and Educational Donations									
18.	Operating Margins Adjusted									
19.	Plus: Capital Credits Accrued									
20.	Other Income									
21.	Less: Interest on Long-Term Debt									
22.	Other Interest Expense									
23.	Other Expense									
24.	Total Margins									

Rate Base

25.	Net Utility Plant
26.	Allowance for Working Capital
27.	Other Rate Base Deductions
28.	Total Rate Base

TIER

DSC

- 31. Rate of Return on Rate Base
- 32. Rate of Return on Margins and Equities
- 33. Capital Credits Received

SCHEDULE 4A
Page ___ of ___

DETAIL OF RATEMAKING ADJUSTMENTS

Adj. No.	Description	(Col. 1) Operating Revenues	(Col. 2) Purchased Power Expenses	(Col. 3) Margin Stabil.	(Col. 4) Other O&M Expense	(Col. 5) Depr. & Amort.	(Col. 6) Tax Expense	(Col. 7) Other	(Col. 8) Operating Margins Adjusted	(Col. 9) Accrued Capital Credit
	Base Rate Revenues									
	Fuel - WPCA Revenue									
	Rider Revenue									

Margin
Stabilization
Other Electric
Revenues
Purchased Power
Exp.
Margin
Stabilization
Other O&M
Expense
Depr. & Amort.
Tax Expense -
Property
Tax Expense -
Other
Other
Operating
Margins Adjusted
Capital Credits
Accrued
Other Income
Interest on Long-
Term Debt
Other Interest
Expense
Other Expense
Total Margins
Net Utility Plant
Allowance for
Working Capital
Other Rate Base
Deductions
Total Rate Base

(Col. 10)

(Col. 11)

(Col. 12)

(Col. 13)

(Col. 14)

(Col. 15)

(Col. 16)

(Col. 17)

Adj. No.	Description	Other Income	Interest on Long-Term Debt	Other Exp. (Incl. Int. Exp.)	Total Margins	Net Utility Plant	Allowance for Working Capital	Other Rate Base Deductions	Total Rate Base
	Base Rate Revenues								
	Fuel - WPCA Revenue								
	Rider Revenue								
	Margin Stabilization								
	Other Electric Revenues								
	Purchased Power Exp.								
	Margin Stabilization								
	Other O&M Expense								
	Depr. & Amort.								
	Tax Expense - Property								
	Tax Expense - Other								
	Other								
	Operating Margins Adjusted								
	Capital Credits Accrued								
	Other Income								
	Interest on Long-Term Debt								
	Other Interest Expense								
	Other Expense								
	Total Margins								
	Net Utility Plant								

Allowance for
Working Capital
Other Rate Base
Deductions
Total Rate Base

DETAIL OF RATEMAKING ADJUSTMENTS

Adj. No.	Description	Explanation of Adjustment
	Base Rate Revenues	
	Fuel - WPCA Revenue	
	Rider Revenue	
	Margin Stabilization	
	Other Electric Revenues	
	Purchased Power Exp.	
	Margin Stabilization	
	Other O&M Expense	
	Depr. & Amort.	
	Tax Expense - Property	
	Tax Expense - Other	
	Other	
	Operating Margins Adjusted	
	Capital Credits Accrued	
	Other Income	
	Interest on Long-Term Debt	
	Other Interest Expense	
	Other Expense	
	Total Margins	
	Net Utility Plant	
	Allowance for Working Capital	

Other Rate Base Deductions
 Total Rate Base

SCHEDULE 8

CAPITAL STRUCTURE AND COST OF DEBT STATEMENT
 PER BOOKS AND FULLY ADJUSTED
 For the 12-Months Ending _____

	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)	(Col. 8)	(Col. 9)	(Col. 10)
	Total Cooperative Per Books	Percentage of Col. 1 Total	Adjustments Due to Ratemaking Requirements	Total Cooperative As Adjusted	Percentage of Col. 4 Total	Cost of Col. 4 Debt	Ratemaking Adjustments	Amount After Adjustments	Percentage of Col. 8 Total	Cost of Col. 8 Debt
1. Short-Term Debt										
2. Long-Term Debt										
3. Total Margins and Equities										
4. Other										
5. Total Capital										
6. Principal Repayments										
7. Accumulated Capital Credits Accrued										
8. Accumulated Capital Credits Received										

Schedule 10

NET ORIGINAL COST RATE BASE
 PER BOOKS AND FULLY ADJUSTED
 For the Period Ending _____

Line No.	Description	(Col. 1) Total Cooperative Per Books	(Col. 2) Adjustments Due to Ratemaking Requirements	(Col. 3) Total Cooperative As Adjusted	(Col. 4) Non-Virginia Jurisdictional Business	(Col. 5) Virginia Jurisdictional Business	(Col. 6) Ratemaking Adjustments	(Col. 7) Amounts After Adjustments
	Net Utility Plant							
1.	Electric Plant in Service							
2.	Completed Construction Not Classified							
3.	Construction Work in Progress							
4.	Plant Held for Future Use							
5.	Less: Accumulated Provision for Depreciation and Amortization							
6.	Total New Utility Plant							
	Allowance for Working Capital							
7.	Cash Working Capital: Purchased Power							
8.	Other O&M							
9.	Materials and Supplies (13-month average)							
10.	Deferred Fuel							
11.	Other Working Capital (List Separately)							
12.	Total Allowance for Working Capital							
	Other Rate Base Deductions							
13.	Customer Deposits							
14.	Customer Advances for Construction							
15.	Other Cost Free Capital (List Separately)							
16.	Total Other Rate Base Deductions							

17. Total Rate Base

Exhibit No.: _____
 Witness: _____
 Schedule 14A

COOPERATIVE NAME
 JURISDICTIONAL CLASS COST OF SERVICE
 (METHODOLOGY) COST ALLOCATION STUDY

SYSTEM FUNCTIONAL ANALYSIS
 CASE NO. PUE----

Line No.	Description	System	Production	Transmission	Distribution	Other	Allocation Basis
10	Operating Revenues						
20							
30	Operating Expenses						
40	Depreciation Expenses						
50	Amortization						
60	Income Taxes						
70	State Income Taxes						
80	Taxes Other than Income						
90							
100	Total Operating Expenses						
110							
120	Net Operating Income						
130							
140	Adjustments to Operating Income						
150							
160	Add: AFUDC						
170	Less: Charitable Donations						
180	Interest Expense - Customer Deposits						
190							
200	Adjusted Net Operating Income						
210							

220 Rate Base
 230
 240 ROR Earned on Rate Base

COOPERATIVE NAME
 JURISDICTIONAL CLASS COST OF SERVICE
 (METHODOLOGY) COST ALLOCATION STUDY

Exhibit No.: _____
 Witness: _____
 Schedule 14B

CLASS SUMMARY
 CASE NO. PUE _____

Line No.	Description	Virginia Juris	Retail Class 1	Retail Class 2	Retail Class 3	Retail Class 4	Retail Class 5	Allocation Basis
10	Operating Revenues							
20								
30	Operating Expenses							
40	Depreciation Expenses							
50	Amortization							
60	Income Taxes							
70	State Income Taxes							
80	Taxes Other than Income							
90								
100	Total Operating Expenses							
110								
120	Net Operating Income							
130								
140	Adjustments to Operating Income							
150								
160	Add: AFUDC							
170	Less: Charitable Donations							
180	Interest Expense- Customer Deposits							
190								
200	Adjusted Net Operating Income							

210
 220 Rate Base
 230
 240 ROR Earned on Rate Base

COOPERATIVE NAME
 JURISDICTIONAL CLASS COST OF SERVICE
 (METHODOLOGY) COST ALLOCATION STUDY

Exhibit No.: _____
 Witness: _____
 Schedule 14C

CLASS FUNCTIONAL ANALYSIS
 CASE NO. PUE_____

Line No.	Description	Retail Class 1	Production	Transmission	Distribution	Other	Allocation Basis
10	Operating Revenues						
20							
30	Operating Expenses						
40	Depreciation Expenses						
50	Amortization						
60	Income Taxes						
70	State Income Taxes						
80	Taxes Other than Income						
90							
100	Total Operating Expenses						
110							
120	Net Operating Income						
130							
140	Adjustments to Operating Income						
150							
160	Add: AFUDC						
170	Less: Charitable Donations						
180	Interest Expense - Customer Deposits						

190
200 Adjusted Net Operating Income
210
220 Rate Base
230
240 ROR Earned on Rate Base