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State Corporation Commission
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**RE: *Application of Shenandoah Valley Electric Cooperative For a general increase
in electric rates***
Case No. PUR-2021-00054

Dear Mr. Logan:

Please find enclosed for filing in the above-referenced proceeding the Post-Hearing Brief of Shenandoah Valley Electric Cooperative.

Thank you for filing this document in the appropriate manner. Please do not hesitate to contact me should you have any questions or need anything further.

Sincerely,

/s/ Eric M. Page

Eric M. Page

Enclosure

cc: Ms. Wendy Starkey
 Ms. Lea Ann Robertson
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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION OF

SHENANDOAH VALLEY ELECTRIC
COOPERATIVE

CASE NO. PUR-2021-00054

For a general increase in electric rates

**POST-HEARING BRIEF OF
SHENANDOAH VALLEY ELECTRIC COOPERATIVE**

Shenandoah Valley Electric Cooperative (“SVEC” or the “Cooperative”), by counsel, and pursuant to 5 VAC 5-20-110 of the Rules of Practice and Procedure of the State Corporation Commission (“Commission”), hereby submits its Post-Hearing Brief in accordance with the Hearing Examiner’s directive at the conclusion of the evidentiary hearing in this matter.¹

INTRODUCTION AND PROCEDURAL HISTORY

The Cooperative filed its Application for a general increase in electric rates on March 16, 2021 (“Application”),² pursuant to Virginia Code §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3. In its Application, the Cooperative requested a jurisdictional revenue increase of \$5,325,148, which amounts to a 2.43% increase to its jurisdictional sales revenues.³ The proposed increase will produce total Rate Year jurisdictional margins of \$13.4 million and a jurisdictional

¹ Tr. 211; *see also* Hearing Examiner’s Ruling of October 15, 2021.

² Ex. 1 (Application). On July 26, 2021, the Cooperative filed a Motion for Leave to Amend Application (“Motion to Amend”) wherein it requested to amend the proposed Schedule C-13, included as part of Schedule 5A of its Application, to correct the non-summer billing months. The Hearing Examiner granted the Cooperative’s Motion to Amend in a ruling issued on July 29, 2021.

³ Ex. 1 (Application) at 5.

Times Interest Earned Ratio (“TIER”) of 2.35x.⁴ However, the Cooperative did not request that the Commission set a TIER of 2.35x and then adjust the Cooperative’s rates to that specific TIER. Rather, the Cooperative requested that the Commission approve the rates as proposed, provided that the resulting TIER is within a reasonable TIER range of 2.00x to 2.50x. Concurrent with the filing of its Application, the Cooperative filed the direct testimony of Gregory S. Rogers,⁵ J. Michael Aulgur,⁶ and Jack D. Gaines.⁷

On March 24, 2021, the Cooperative filed a revised Schedule 6 that was entered into the record at the hearing as the replacement for the original Schedule 6.⁸

On April 5, 2021, the Commission issued an Order for Notice and Hearing (“Procedural Order”) that, among other things, established a schedule for the submission of notices of participation and prefiled testimony; and scheduled a public hearing on the Application for October 6, 2021.

On May 5, 2021, and July 7, 2021, pursuant to the Procedural Order, Solar United Neighbors of Virginia (“SUN-VA”) and the Board of Supervisors of Frederick County, Virginia (“Frederick County”), respectively, filed notices of participation as respondents.

On July 28, 2021, pursuant to the Procedural Order, SUN-VA filed the direct testimony of Karl R. Rábago (“SUN-VA Testimony”).⁹

⁴ *Id.*

⁵ Ex. (Rogers Direct).

⁶ Ex. (Aulgur).

⁷ Ex. 7 (Gaines Direct).

⁸ Tr. 82:4–5.

⁹ Ex. 10 (Rábago).

On August 25, 2021, the Cooperative filed proposed revisions to the Cooperative's Terms and Conditions, which it had discovered were inadvertently omitted from Schedule 5A of its Application.¹⁰

On September 1, 2021, the Commission Staff ("Staff") filed the direct testimony of Madhu S. Mangalam,¹¹ Edward R. Kaufman,¹² and Kelli B. Gravely.¹³

On September 15, 2021, the Cooperative filed the rebuttal testimony of Gregory S. Rogers¹⁴ and Jack D. Gaines.¹⁵

On September 23, 2021, the Cooperative filed a motion *in limine* requesting that the Commission exclude from evidence portions of the SUN-VA Testimony that present unreliable, unverifiable, and untrustworthy documents prepared by third parties who are not testifying in this proceeding. In its motion *in limine*, the Cooperative explained that portions of the SUN-VA Testimony have no substantial probative effect because those portions rely on unverified outside studies, analyses, conclusions, and works performed by third parties who are not testifying in this proceeding. SUN-VA filed its response to the motion *in limine* on September 28, 2021, and the Cooperative filed its reply in support of motion *in limine* on October 4, 2021. The Hearing Examiner announced at the hearing that she has taken the motion *in limine* under advisement and would make her recommendation to the Commission in her report.¹⁶

¹⁰ Ex. 3 (Revised Terms and Conditions).

¹¹ Ex. 13 (Mangalam).

¹² Ex. 14 (Kaufman).

¹³ Ex. 15 (Gravely).

¹⁴ Ex. 17 (Rogers Rebuttal).

¹⁵ Ex. 16 (Gaines Rebuttal).

¹⁶ Tr. 62:15–63:6.

In its Application, SVEC reported that the Cooperative is managed and operated conservatively. The Cooperative's Board of Directors and staff work diligently to provide service to SVEC's members at the most reasonable and affordable rates consistent with prudent utility practices. The Cooperative made the decision to file its Application, in part, because it is planning significant increases in plant investment beginning in 2022 and continuing for several years thereafter. For the benefit of its members, SVEC plans to invest \$48.9 million in plant investment per year from 2022 through 2024 compared to an actual average of \$30.0 million from 2016 through 2020. An increase in jurisdictional sales revenues of \$5.3 million will allow the Cooperative to pay expenses, service debt, fund capital additions, and meet the financial goals established by the Board of Directors.¹⁷ The Application further requested that the Commission authorize the Cooperative to implement its proposed rates effective for bills rendered to members on and after January 1, 2022, as interim rates subject to refund.¹⁸ The Cooperative has determined that it would now prefer to implement its proposed rates effective for bills rendered to members on and after March 1, 2022, as is discussed *infra*.

On September 27, 2021, the Cooperative, Staff, and Frederick County ("Stipulating Participants") filed a Joint Motion to Approve Partial Stipulation with the Commission. The Partial Stipulation was entered into the record at the hearing.¹⁹

¹⁷ Ex. 1 (Application) at 5.

¹⁸ *Id.* at 12.

¹⁹ See generally Ex. 9 (Partial Stipulation).

ARGUMENT

I. The Partial Stipulation Should Be Adopted

The Partial Stipulation is supported by the record and should be approved. The Partial Stipulation expresses the Stipulating Participants' agreement that the requested revenue requirement increase of \$5,325,148, calculated using the Cooperative's billing determinants provided in the Application, is reasonable and should be approved.²⁰ Importantly, although it was not a Stipulating Participant, SUN-VA did not contest the Cooperative's proposed revenue requirement.²¹ The Partial Stipulation, therefore, resolves any issue regarding the proposed revenue requirement by the only parties, as well as Staff, that expressed an opinion.

The Stipulating Participants agree that the Cooperative's class cost of service study reasonably approximates the cost of servicing SVEC's various rate classes.²² The Stipulating Parties also agree that the Cooperative's proposed revenue apportionment is reasonable and should be approved as set forth in the Application with no changes.²³

The Partial Stipulation contains the Stipulating Participants' agreement with respect to the vast majority of the Cooperative's rate design proposals. The Stipulating Participants agree that the Cooperative's proposed seasonal Power Supply Service rates in Schedule A13, Schedule C-13, Schedule B-13, and Schedule LP-13 are reasonable and should be approved.²⁴ The Stipulating Participants agree that the Cooperative's proposed decreases to the excess facilities charge rates in

²⁰ Ex. 9 (Partial Stipulation) at ¶ 5.

²¹ See Tr. 171:1–4.

²² Ex. 9 (Partial Stipulation) at ¶ 6.

²³ *Id.*

²⁴ *Id.* at ¶ 9.

its Terms and Conditions of Service are reasonable and should be approved as set forth in the Application.²⁵

The Partial Stipulation notes two issues in which the Stipulating Participants did not reach unanimity. First, neither the Staff nor Frederick County took a position on the Cooperative's proposed basic consumer charge for Residential Schedule A-13, Church Service Schedule C-13, and General Service Schedule B-13.²⁶ Second, while the Cooperative and Staff stipulated that the Cooperative's proposed demand charge for Schedule A-13 and Schedule C-13 is reasonable and should be approved, Frederick County did not take a position on the proposed demand charge.

The Commission traditionally accepts stipulations that are submitted in rate cases when they are supported by the record.²⁷ The Commission encourages stipulations because the issues in controversy "are brought into clear focus and are thoroughly developed," thereby creating a framework for the Commission to further the public interest.²⁸ A stipulation that includes Staff as a signatory should be given even more weight, in view of Staff's role as advocating "pertinent issues on behalf of the general public interest" mandated by 5 VAC 5-20-80.²⁹

²⁵ *Id.* at ¶ 10.

²⁶ *See id.* at ¶ 7.

²⁷ *See Application of Virginia-American Water Company For a general increase in rates*, Case No. PUE-2003-00539, Final Order at 4 (Sept. 17, 2004) ("The Commission encourages settlement or rate cases, and we regularly accept as presented or with minimal changes those settlements based on a sound record.").

²⁸ *Application of Northern Virginia Natural Gas to revise its tariffs*, Case No. PUE880024, 1988 S.C.C. Ann. Rept. 320, 321 (Oct. 27, 1988); *see also Applications of Elantic Telecom, Inc. for review and correction of assessments of the value of property subject to local taxation – Tax Years 2004, 2005, and 2007*, Case Nos. PST-2004-00046, PST-2005-00029, and PST-2007-00021, Final Order at 4 (Aug. 1, 2008) ("It is the Commission's policy to encourage settlement of tax cases. The Commission has adopted settlements when we find that an adequate record has been developed and that the public interest is furthered.").

²⁹ 5 VAC 5-20-80 ("The commission staff may appear and participate in any proceeding in order to see that pertinent issues on behalf of the *general public interest* are clearly presented to the commission.") (emphasis added).

II. The Cooperative's Residential Rate Design Proposals Provide for an Equitable Recovery of Costs that Balance the Interests of All Members and Reduces Revenue Erosion

The Cooperative's Application includes two specific rate design proposals for its residential members. First, the Cooperative proposes to increase the basic consumer charge for single-phase residential customers to \$30. Second, the Cooperative proposes to introduce a *de minimis* demand charge of \$0.10/kw. These rate design proposals should be approved because they create nondiscriminatory, reasonable, and just rates by equitably recovering costs based on cost-causation while balancing the interests of all members.

Pursuant to Virginia Code § 56-231.33, any "charge made by any . . . cooperative for any regulated utility service rendered . . . shall be nondiscriminatory, reasonable and just."³⁰ The General Assembly defined a nondiscriminatory, reasonable, and just charge for a cooperative's utility service as follows:

Reasonable and just charges for service within the meaning of this section shall be such charges as shall produce sufficient revenue to pay all legal and other necessary expenses incident to the operation of the system, and shall include but not be limited to maintenance cost, operating charges, interest charges on bonds or other obligations, to recover such stranded costs and transition costs as may be authorized in this title, to provide for the liquidation of bonds or other evidences of indebtedness, to provide adequate funds to be used as working capital, as well as reasonable reserves and funds for making replacements and also for the payment of any taxes that may be assessed against such cooperative or its property, it being the intent and purpose hereof that such charges shall produce an income sufficient to maintain such cooperative property in a sound physical and financial condition to render adequate and efficient service and additional amounts that must be realized by the cooperative to meet the requirement of any rate covenant with respect to coverage of principal of and interest on its debt contained in any indenture, mortgage, or other contract with holders of its debt Any rate

³⁰ Va. Code § 56-231.33.

for regulated utility services that is too low to meet the foregoing requirements shall be unlawful.³¹

As the Cooperative has shown throughout this proceeding, these residential rate design proposals “are supported by cost of service and sound ratemaking principles.”³² This is consistent with the “ratemaking principles and rate design objectives th[e] Commission has historically followed in base rate cases, such as, for example, the principle of cost causation and the objective of avoiding significant cost shifting between similarly situated customers.”³³

A. The Cooperative’s proposed Basic Consumer Charge is based on cost causation and sound ratemaking principles

The primary goal of a cost of service study is to assign and apportion the revenue requirement among and within customer classes based on cost of service.³⁴ The record clearly demonstrates that, in recognition of this primary goal, the Cooperative’s proposed basic consumer charge for Schedule A-13, Schedule C-13, and Schedule B-13 customers reflects the cost to serve those customers based on the Cooperative’s cost of service study.

1. The Cooperative’s proposed Basic Consumer Charge is based on the Cooperative’s actual cost of service

The Cooperative’s proposed increase to the basic consumer charge is well-supported by the testimony of Cooperative witness Gaines. As Mr. Gaines’ explains, the Cooperative’s proposed basic consumer charge will better align the fixed charges on a customer’s bill with the fixed costs of serving the customer. In fact, the Cooperative’s class cost of service study—the

³¹ *Id.*

³² Ex. 16 (Gaines Rebuttal) at 13.

³³ *Application of Virginia Electric and Power Company for a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, Final Order at 30 (Nov. 30, 2011).

³⁴ *Application of Commonwealth Gas Services, Inc., For a general increase in rates*, Case No. PUE-1992-00037, 1993 S.C.C. Ann. Rept. 262, 264-265, Final Order (Oct. 15, 1993) (“*Commonwealth Gas Services Order*”).

only class cost of service study performed and entered into the record in this proceeding—demonstrates that the actual fixed costs to serve each customer is higher than the basic consumer charge proposed by the Cooperative.³⁵ Staff even recognizes that “the Cooperative’s [COS] study reasonable approximates the costs of serving the various rate classes.”³⁶ Because the cost of service study demonstrates that a residential member’s fixed customer related costs equal over \$32/month,³⁷ the Cooperative’s proposed basic consumer charge of \$30 is *a priori* just and reasonable.³⁸ Moreover, there is no alternative cost of service study that contradicts this finding.

Neither SUN-VA nor the Staff introduced evidence demonstrating that SVEC’s proposed basic consumer charge is not based on the cost to serve each individual residential customer per month. SUN-VA did not conduct a class cost of service study demonstrating that the proposed basic consumer charge is not based on cost causation. Instead, SUN-VA witness Rábago attacks various components of the Cooperatives class cost of service study methodologies that he alleges result in a negative impact on “energy efficiency, distributed generation, and other distributed energy resource uptake.”³⁹ However, as Cooperative witness Gaines explains, the cost of service methodologies the Cooperative applied determines the “level of customer related costs to be

³⁵ See Ex. 1 (Application) at Schedule 15E.

³⁶ Ex. 15 (Gravely) at 8.

³⁷ See Ex. 1 (Application) at Schedule 15E.

³⁸ See *Application of Northern Neck Electric Cooperative For a general increase in electric rates*, Case No, PUR-2017-00101, 2018 S.C.C. Ann. Rept. 249, 251 (May 11, 2018) (approving NNEC’s proposed \$29 residential fixed access charge and finding that “because NNEC’s cost-of-service study in this case supports a residential access charge of \$32.61, the proposed customer access charge reasonably balances the goals of cost causation and gradualism and finds that approval of a lower access charge may result in the imposition of unnecessary administrative costs to customers”).

³⁹ Tr. 127:16–18.

allocated to each class [and] [o]nce allocated, those customer related costs define the cost-based level for the basic consumer charges.”⁴⁰

While the Cooperative’s evidence in this proceeding clearly demonstrates that its proposed residential rate design is cost based, the evidence also demonstrates that the Cooperative’s proposed rate design promotes more efficient usage when considered as a whole. For example, the Cooperative proposes to implement seasonal PSS energy rates, including an inverted block rate for summer months.⁴¹ Cooperative witness Gaines explained that the significant increase to the volumetric charge for residential usage above 800 kWh in the summer months—when usage is traditionally highest—sends a signal to residential members to conserve energy.⁴²

SUN-VA witness Rábago, however, contends that the Cooperative’s proposed inclining block rate in the summer months does not promote efficient use of electricity because “a significant portion of the bill . . . would be made nonbypassable.”⁴³ Mr. Rábago’s assertion ignores the fact that roughly 78% of a residential member’s monthly bill is based on consumption as a whole.⁴⁴ Indeed, Mr. Rábago notes in his direct testimony that around 20% of the monthly bill of an average residential customer of the Cooperative is comprised of the basic consumer charge.⁴⁵ Therefore, approximately 78% of the monthly bill of an average residential customer consists of a combination of the “variable distribution charges” (*i.e.* demand charge) and the Power Supply

⁴⁰ Ex. 16 (Gaines Rebuttal) at 17.

⁴¹ See Ex. 1 (Application) at Schedule 5A.

⁴² Ex. 16 (Gaines Rebuttal) at 15.

⁴³ Tr. 135:17–19.

⁴⁴ Ex. 16 (Gaines Rebuttal) at 33.

⁴⁵ Ex. 10 (Rábago) at 7.

Charges.⁴⁶ By their very nature, both of these charges are variable. Accordingly, almost 80% of the monthly bill of an average residential customer of the Cooperative is variable. Because almost 80% of the average monthly residential bill is variable, the Cooperative's residential members have substantial control over their overall bill. Moreover, the Cooperative's proposed rate design, such as the inverted residential PSS summer block rates, increase "the bill impact of incremental volumetric use"⁴⁷ and sends appropriate price signals to customers to consume electricity efficiently.⁴⁸

2. The Cooperative's classification of costs is based on established methodology that has been consistently accepted by the Commission

The purpose of the class cost of service study "is to allocate and assign costs and revenues to each customer class as reasonably consistent as possible with the incurrence of those costs."⁴⁹ In recognition of this principle, the Cooperative designed its distribution rates "to apportion the revenue requirement among and within customer classes *based on cost of service* to the extent practical."⁵⁰ As a result, the methodologies the Cooperative utilized in its class cost of service study to classify costs "provide a fair and reasonable allocation of costs to the customer cost category."⁵¹

⁴⁶ See Ex. 1 (Application) Schedule 5A (Schedule A-13); *see also* Ex. 16 (Gaines Rebuttal) at 33.

⁴⁷ Ex. 10 (Rábago) at 12.

⁴⁸ The Cooperative's evidence further demonstrates that the proposed inverted residential PSS summer block rates, in combination with the proposed residential basic consumer charge, actually reduces the *overall* bill of a lower use customer. Ex. 16 (Gaines Rebuttal) at 24.

⁴⁹ See, e.g., *Commonwealth Gas Services Order*, 1993 S.C.C. Ann. Rept. at 264.

⁵⁰ Ex. 16 (Gaines Rebuttal) at 16.

⁵¹ Ex. 10 (Rábago), Ex. KRR-7 (SVEC Response to SUN-VA 3-40).

SUN-VA, however, takes issue with the Cooperative's classifications of the costs of connecting customers to the system based on its belief that the methodologies employed by the Cooperative intentionally increased the basic consumer charge.⁵² SUN-VA witness Rábago argues that only certain basic consumer-related costs identified in the cost of service study should be collected through the basic consumer charge.⁵³ Specifically, he argues that costs associated with line transformers and the primary distribution system should be excluded entirely from the basic consumer charge.⁵⁴ This argument runs counter to the Cooperative's position, supported by the NARUC Manual, that the minimum intercept method used by Cooperative in its cost of service study properly allocates a certain level of customer related costs to investment in line transformers and the primary distribution system.⁵⁵ Mr. Rábago's argument ignores the fact that no residential customer on the distribution system can be served with just basic metering and direct service facilities. For there to be an electric service, the meter and service facilities must be connected to a transformer and primary the distribution system.

One of SUN-VA's bases for challenging the minimum system and minimum intercept methods used by the Cooperative is that "at heart [these methods] are a subjective exercise."⁵⁶ As Staff pointed out in its testimony, and as the Commission has consistently found, class cost of service studies have a subjective component "because there is no scientifically correct method for

⁵² See Ex. 10 (Rábago) at 38, 40.

⁵³ See *id.* at 40–41.

⁵⁴ See *id.* at 57.

⁵⁵ See Ex. 7 (Gaines Direct) at 15–17; Ex. 16 (Gaines Rebuttal) at 16, 18–19 (quoting NARUC, *Electric Utility Cost Allocation Manual* at 90) ("The customer component of distribution facilities is that portion of the costs which varies with the number of customers. Thus, the number of poles, conductors, transformers, services, and meters are directly related to the number of customers on the utility's system.").

⁵⁶ Ex. 10 (Rábago) at 46.

allocating costs.”⁵⁷ Staff witness Gravely, therefore, correctly determined that “while there is a certain amount of subjectivity in SVEC’s adjusted class COS study, as is the case in any such study, the Cooperative’s study reasonably approximates the costs of serving the various rate classes.”⁵⁸ As a result, the fact that the Cooperative’s class cost of service methodologies are subjective have no bearing on whether the class cost of service study reasonably “allocate[s] and assign[s] costs and revenues to each customer class as reasonably consistent as possible with the incurrence of those costs.”⁵⁹

SUN-VA also complains that the Cooperative’s use of a combination of the minimum-size and zero-intercept methodology is not consistent with the Commonwealth Clean Energy Policy because “of its impact on energy efficiency distributed generation and other distributed energy resources.”⁶⁰ SUN-VA’s contention, however, is misplaced.

First, SUN-VA incorrectly presumes that the Commonwealth Clean Energy Policy is applicable to this proceeding and the methodology an electric cooperative uses to determine the appropriate cost causation. In reality, class cost of service studies are merely a tool to be used to calculate the class rates of return, which in turn give guidance for rate design decisions.⁶¹

⁵⁷ *Commonwealth Gas Services Order*, 1993 S.C.C. Ann. Rept. at 264–265; see also Ex. 15 (Gravely) at 8; *Colo. Interstate Gas Co. v. Fed. Power Comm’n*, 324 U.S. 581, 590 (1945) (citing Hamilton, *Cost as a Standard for Price*, 4 Law & Cont. Prob. 321) (“Allocation of costs is not a matter for the slide-rule. It involves judgment on a myriad of facts. It has no claim to an exact science.”).

⁵⁸ Ex. 15 (Gravely) at 8.

⁵⁹ *Commonwealth Gas Services Order*, 1993 S.C.C. Ann. Rept. at 264.

⁶⁰ See Tr. 137:16–18.

⁶¹ See, e.g., *Commonwealth Gas Services Order*, 1993 S.C.C. Ann. Rept. at 264–265 (“The primary goal of a cost of service study is to allocate and assign costs and revenues to each customer class as reasonably consistent as possible with the incurrence of those costs. However, it must be recognized that there is no scientifically correct method for allocating costs. A certain amount of judgment must be used in any cost of service study. Cost of service studies are not precision instruments, but rather tools to facilitate the establishment of a zone of reasonableness. This zone of reasonable class rates of return can then be used as a guide to apportion a utility’s revenue requirement.”).

Additionally, and as discussed further below, the Commonwealth Clean Energy Policy is not applicable to this proceeding because its effective date is after the Cooperative filed its Application.

Second, in developing the cost of service study and rate design, the Cooperative considered potential impacts on energy efficiency and on members that utilize solar generation. As Cooperative witness Gaines explained, the Cooperative considered those policy objectives recognized by the Commonwealth “within the parameters of the entire rate design package in order to develop a rate structure that is fairest to most customers in the aggregate and provide price signals that do not result in an adverse impact on other customers.”⁶²

The methodology employed by the Cooperative in developing its cost of service study and determining the proposed basic consumer charge has been consistently used by the Cooperative, as well as other Virginia electric cooperatives. The Commission accepted the same methodology in the Cooperative’s most recent rate case. The Commission has indicated its preference for approving class cost of service studies that were approved in a utility’s previous rate case.⁶³ Moreover, the Commission recently addressed, and approved, the use of the same methodology in

⁶² Tr. 115:7–12.

⁶³ See *Application of Appalachian Power Company For a statutory review of the rates, terms and conditions for the provision of generation and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2010-00030, Final Order at 29 (July 15, 2010) (approving APCo’s class cost of service studies because they were “‘generally consistent with comparable studies conducted by [APCo] and Staff in the Company’s last base rate case . . .’ which were adopted by the Commission”); see also Staff’s May 18, 2010 Post-Hearing Brief at 73, *Application of Appalachian Power Company For a statutory review of the rates, terms and conditions for the provision of generation and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2010-00030 (“Staff believes that the same general cost of service study methodologies should be used from rate case to rate case, where possible, to ensure consistency and to provide a benchmark for the movement towards parity across separate rate classes.”).

Southside Electric Cooperative's ("SEC") rate case.⁶⁴ In that case, aspects of SEC's use of the hybrid minimum intercept and minimum size methodology were challenged. The Senior Hearing Examiner found that "SEC's proposed revenue apportionment appears, in my assessment, to be reasonable. In reaching this conclusion, I recognize that the Cooperative's proposed revenue apportionment is supported by a comprehensive class COS based upon established methodology."⁶⁵ The Commission agreed with the Senior Hearing Examiner "that the Cooperative's proposed revenue apportionment is reasonable and should be approved."⁶⁶ Since the Commission's final order in SEC's rate case finding that the hybrid minimum system and minimum size cost of service methodology is reasonable, the same cost-of-service methodology has been used in support of revenue allocation and rate design in two additional electric cooperative rate cases.⁶⁷ As a result, the Commission should approve the methodology used by the Cooperative in determining the proposed basic consumer charge.

3. The Commission's recent decisions support approval of the Cooperative's basic consumer charge as proposed

SUN-VA argues that the Commission should deny the Cooperative's proposed residential basic consumer charge because it is higher than the monthly fixed charges for residential customers

⁶⁴ See *Application of Southside Electric Cooperative for a general increase in electric rates*, Case No. PUR-2019-00090, 2020 S.C.C. Ann. Rep. 277, 278, Final Order (Apr. 22, 2020) ("*Southside Electric Cooperative Final Order*") (noting that the Partial Stipulation between SEC and Staff was a near-global resolution on all issues except for revenue apportionment).

⁶⁵ *Application of Southside Electric Cooperative for a general increase in electric rates*, Case No. PUR-2019-00090, Report of A. Ann Berkebile, Senior Hearing Examiner at 18 (Feb. 24, 2020).

⁶⁶ *Southside Electric Cooperative Final Order*, 2020 S.C.C. Ann. Rept. at 278.

⁶⁷ See *Application of Northern Neck Electric Cooperative for a general increase in electric rates*, Case No. PUR-2020-00083, Final Order at 5 (June 1, 2021) (adopting the Senior Hearing Examiner's findings and recommendation to approve the NNEC's proposed revenue apportionment and rate design as set forth in the Application); *Application of Craig-Botetourt Electric Cooperative for a general increase in electric rates*, Case No. PUR-2020-00131, Final Order at 6 (Aug. 11, 2021) (adopting the Hearing Examiners findings and recommendations, and finding "that the Stipulation satisfies the statutory requirements attendant to this case and should be approved").

at other utilities.⁶⁸ SUN-VA's contention fails for two reasons. First, and as detailed above, the Cooperative has demonstrated that its proposed basic consumer charge is based on cost of service and is a nondiscriminatory, just, and reasonable charge under Virginia Code § 56-231.33.

Second, the Cooperative's proposed basic consumer charge is in line with Virginia electric cooperative fixed monthly residential charges recently approved by the Commission. Cooperative witness Gaines explained that while the Cooperative's "rates should be set based on the information and data specific to its service area and its members, and not based on a comparison to the rates of other electric utilities," the Cooperative's proposed basic consumer charge is in line with that of other Virginia electric cooperatives.⁶⁹ In fact, the Commission has recently approved residential fixed monthly charges for electric cooperatives that exceed the Cooperative's proposal in this proceeding:⁷⁰ \$31.00 and \$34.00 for Northern Neck Electric Cooperative ("NNEC")⁷¹ and Craig-Botetourt Electric Cooperative ("CBEC"),⁷² respectively.

As in this case, the fixed customer charges approved by the Commission in those two proceedings were based on the cooperative's cost of service study, which utilized the same methodology to allocate costs to residential members. The Commission approved the proposed fixed customer charges in both of those cases. The Commission should, therefore, find that the

⁶⁸ Ex. 10 (Rábago) at 10.

⁶⁹ Ex. 16 (Gaines Rebuttal) at 25.

⁷⁰ *Id.* at 26.

⁷¹ *Application of Northern Neck Electric Cooperative for a general increase in electric rates*, Case No. PUR-2020-00083, Final Order at 5 (June 1, 2021).

⁷² *Application of Craig-Botetourt Electric Cooperative for a general increase in electric rates*, Case No. PUR-2020-00131, Final Order at 7 (Aug. 11, 2021) (adopting the Hearing Examiner's Report, which found that CBEC's proposed residential consumer delivery charge of \$34.00 was supported by the record).

proposed basic consumer charges for Residential Schedule A-13, Church Service Schedule C-13, and General Service Schedule B-13 are nondiscriminatory, just, and reasonable.

B. The Cooperative's proposed demand charge is appropriate and should be approved

In its Application, the Cooperative proposed to introduce a minimal demand charge to the volumetric portion of Schedule A-13 and Schedule C-13 customers. The Cooperative's purpose for introducing the demand charge is to more accurately recover its demand-related costs by shifting those costs from the distribution energy charge to the demand charge.⁷³ However, in an effort to reduce the impact to its customers⁷⁴ and to enable member education on the effect of the demand charge,⁷⁵ the Cooperative proposed to introduce a minimal demand charge of \$0.10/kW. Accordingly, and as the record clearly demonstrates, the Cooperative's proposed demand charge is (1) not a fixed customer charge, (2) intended to recover demand related costs, and (3) designed for minimal initial customer impact.

1. The proposed demand charge is a volumetric charge that functions in relation to a customer's demand for electricity

SUN-VA complains that the Commission should reject the Cooperative's proposed demand charge because it "is just another fixed charge."⁷⁶ However, despite SUN-VA witness Rábago statement at the hearing that the Cooperative did not rebut the assertion that the proposed demand charge is another fixed charge,⁷⁷ Cooperative witness Gaines clearly refuted Mr. Rábago's

⁷³ Ex. 7 (Gaines Direct) at 25.

⁷⁴ *Id.* at 26–27.

⁷⁵ Ex. 4 (Rogers Direct) at 5–6; Ex. 17 (Rogers Rebuttal) at 3–7.

⁷⁶ Ex. 10 (Rábago) at 9; Tr. 142:6–23.

⁷⁷ Tr. 142:3–23.

allegations that the proposed demand charge is a fixed charge simply because “[c]onsumers will pay more, or less, in demand charges based on their maximum demand for electricity.”⁷⁸ By definition, a monthly charge that varies or is able to vary based on customer actions is not fixed.

In general, a demand charge can affect the demand a customer places on the system because “[m]ore demand will add to the bill and less demand will lower a bill.”⁷⁹ Yet, SUN-VA witness Rábago mischaracterizes the Cooperative’s proposed demand charge as “nothing more than a fixed customer charge” because it will have an “insignificant impact” on residential members.⁸⁰ Simply having an insignificant impact on the Cooperative’s member’s monthly bill does not transform the proposed demand charge into a fixed charge. The reason that the Cooperative is proposing such a *de minimis* demand charge is so that the initial bill impact of introducing the demand charge concept to residential customers is insignificant.⁸¹

2. The proposed demand charge is intended to recover demand-related costs

As the Cooperative has maintained throughout this proceeding, the proposed demand charge is a more cost-based method to recover demand-related costs than recovering demand-related costs through the energy charge.⁸² However, despite acknowledging that the demand costs “may be real,” SUN-VA contends that the proposed residential demand charge is not based on cost

⁷⁸ Ex. 16 (Gaines Rebuttal) at 33. Interestingly, in his direct testimony, Mr. Rábago classified the proposed demand charge as a volumetric charge proposed by the Cooperative. See Ex. 10 (Rábago) at 12–13 (identifying the Cooperative’s proposed demand charge as a volumetric charge in response to the question “Is the Coop[erative] also proposing changes in volumetric charges?”).

⁷⁹ Ex. 16 (Gaines Rebuttal) at 33.

⁸⁰ Ex. 10 (Rábago) at 61.

⁸¹ See Ex. 16 (Rogers Rebuttal) at 5–6.

⁸² See, e.g., Ex. 7 (Gaines Direct) at 25.

causation because it is based on non-coincident peak.⁸³ SUN-VA, however, provides no support for its contention apart from citations to literature, and the record clearly demonstrates that non-coincident peak demand is an adequate measure of demand for the recovery of demand-related costs.

The Cooperative's proposed residential demand charge will initially be based on a customer's maximum demand each month, or monthly non-coincident peak.⁸⁴ As Cooperative witness Gaines explains, "maximum demand is a better measure of demand related cost causation as compared to energy consumption."⁸⁵ The Cooperative, like other utilities, plans and designs its infrastructure to accommodate maximum load. A residential demand charge, such as the one proposed by the Cooperative in this case, is designed to recover "those costs that vary with plant capacity and hence with maximum demands on the system (and subsystem) that the company must be prepared to meet in planning its construction program."⁸⁶

Cooperative witness Gaines, when questioned, explained that the proposed demand charge is intended to recover a portion of the demand-related fixed distribution costs.⁸⁷ Mr. Gaines explained that the demand charge is based on demand-related costs in that it helps to avoid revenue erosion and "ensure[s] that those customers that remain connected to the grid, remain connected

⁸³ Ex. 10 (Rábago) at 59–60.

⁸⁴ Ex. 16 (Gaines Rebuttal) at 34.

⁸⁵ *Id.*

⁸⁶ James C. Bonbright, *Principles of Public Utility Rates* at 310.

⁸⁷ Tr. 111:7–112:3.

to the power lines and use those power lines and place a demand on those power lines, which solar customers do, that they continue to contribute to the cost recovery for those power lines.”⁸⁸

Nevertheless, as the Cooperative has repeatedly indicated, and as also acknowledged by Staff, it will gradually adjust the demand charge to be primarily based on a customer’s maximum demand during on-peak hours.⁸⁹ The Cooperative proposed the inclusion of a time-of-use feature into its definition of billing demand in preparation for installation of advanced metering infrastructure that will be capable of providing demand measurements for both on- and off-peak periods.⁹⁰ The Cooperative proposes to introduce the minimal 10¢/kW demand charge so that its members can experience the practical effect of a demand charge on their monthly bills without having any substantial impact. Importantly, the Cooperative will be educating its members about the proposed demand charge while the effect is still negligible on the members’ monthly bill.⁹¹

3. The proposed demand charge is designed for minimal initial customer impact for customer education, and it is not a “Trojan Horse”

SUN-VA contends that the proposed demand charge is a “Trojan Horse” rate based on the incorrect assertions that the demand charge is not what it appears to be and will actually have an adverse impact.⁹² The Cooperative, however, has been transparent in its disclosures of the purpose and intent of the proposed demand charge, and it will have no adverse customer impact. As Cooperative witness Rogers explained, the ultimate goal of the proposed residential demand

⁸⁸ Tr. 111:17–23.

⁸⁹ Ex. 16 (Gaines Rebuttal) at 35; Ex. 15 (Gravely) at 15; *see also* Ex. 15 (Gravely), Att. KG-1 (SVEC Response to Staff Interrogatory No. 1-3).

⁹⁰ Ex. 4 (Rogers Direct) at 5; Ex. 16 (Gaines Rebuttal) at 35.

⁹¹ *See generally* Ex. 17 (Rogers Rebuttal).

⁹² Ex. 10 (Rábago) at 66.

charge “is to enhance the demand price structure to include a time of use differential. By separating these costs, members will be able to better control both costs (consumption and demand), whereas before they could only control consumption.”⁹³ Moreover, the Cooperative intends to very gradually increase the demand charge through board resolution on a revenue neutral basis pursuant to Virginia Code § 56-585.3. Cooperative witness Gaines further explained that the first rebalancing will occur only after new meters are installed, which is in two or three years.⁹⁴

The Cooperative has also been transparent with its plan to educate its members on the demand charge using multiple platforms.⁹⁵ While Staff did not oppose the proposed residential demand charge, it recommended that, if the Commission approves the proposed demand charge, “that customer education be provided to customers as described in SVEC’s application.”⁹⁶ The Cooperative has acknowledged its obligation to adequately educate its members in order to allow demand metering to provide meaningful and positive results and allow the Cooperative to effectively recover its demand-related costs.⁹⁷ The SUN-VA attacks on the lack of member education about the proposed demand charge are, therefore, unfounded and misguided.

Accordingly, in response to SUN-VA’s testimony and in confirmation of its commitment to educating its members, the Cooperative provided additional details as to its planned demand charge education.⁹⁸ Cooperative witness Rogers describes the planned education as follows:

⁹³ Ex. 17 (Rogers Rebuttal) at 7.

⁹⁴ Tr. 203:4–7.

⁹⁵ Ex. 4 (Rogers Direct) at 5–6; Ex. 17 (Rogers Rebuttal) at 2–6; Ex. 7 (Gaines Direct) at 27.

⁹⁶ Ex. 15 (Gravely) at 15 (citing Ex. 4 (Rogers Direct) at 5–6).

⁹⁷ Ex. 4 (Rogers Direct) at 5; Ex. 17 (Rogers Rebuttal) at 5–7.

⁹⁸ See Ex. 17 (Rogers Rebuttal) at 2–6.

Education regarding the residential demand charge will be included in the bill samples and related communications. The Cooperative is taking an “experiential learning” approach to educating its members about what a demand charge is and how they can influence it by controlling their energy use. The initial demand charge amount is very minimal, with most members seeing a charge between \$1 and \$2 on their monthly bill based on demand usage. With the member service tools in place, and other resources made available prior to implementation, members will have the ability to call into the Cooperative for explanations of the demand component of their bill and how it affects their total bill when combined with the lower variable energy rate that corresponds to the demand charge. In addition, members will be able to seek advice on, or clarification of, how their behavior impacts their cost in real time, not a hypothetical example. Introducing this concept with a very small impact to a member’s bill will allow for an educational period prior to any future cost recovery changes.⁹⁹

The evidence, therefore, unmistakably demonstrates not only the Cooperative’s commitment to educating its members about the proposed demand charge, but also the Cooperative’s commitment to serving the best interests of all SVEC members. As a result, the Cooperative’s proposed demand charge for Residential Schedule A-13 and Church Service Schedule C-13 is reasonable and should be approved.

4. The Commission has approved residential demand charges for other Virginia electric cooperatives that are similar to SVEC’s request

As Cooperative witness Gaines explained, the Commission recently approved the introduction of a minimal demand charges to residential members of other Virginia electric cooperatives.¹⁰⁰ The Commission approved \$0.10/kW demand charge for residential members of

⁹⁹ Ex. 17 (Rogers Rebuttal) at 6.

¹⁰⁰ Ex. 7 (Gaines Direct) at 29.

both Southside Electric Cooperative¹⁰¹ and Northern Neck Electric Cooperative.¹⁰² In addition, the Commission approved a stipulation submitted by Craig-Botetourt Electric Cooperative and Staff that included a *de minimis* \$0.05/kW demand charge for Craig-Botetourt Electric Cooperatives residential customers.¹⁰³ The Commission should likewise approve the demand charge proposal made by SVEC in this proceeding.

III. The Commonwealth Clean Energy Policy is Not Applicable to the Cooperative's Application

During the hearing, SUN-VA witness Rábago challenged Staff's non-opposition to the Cooperative's class cost of service methodologies because Mr. Rábago believes the lack of Staff's opposition is "inconsistent with Commonwealth energy policy."¹⁰⁴ Mr. Rábago opines that the minimum system methodology the Cooperative used to allocate costs in its class cost of service study has a negative impact on energy efficiency distributed generation and other distributed energy resources.¹⁰⁵ Elsewhere in his testimony, Mr. Rábago urges the Commission to reject the Cooperative's rate design proposals, including the propose increase in the basic customer charge.¹⁰⁶

¹⁰¹ *Application of Southside Electric Cooperative For a general increase in electric rates*, Case No. PUR-2019-00090, 2020 S.C.C. Ann. Rep. 277, 278, Final Order (Apr. 22, 2020) (approving the partial stipulation between Southside Electric Cooperative and Staff as to the \$0.10/kW demand charge).

¹⁰² *Application of Northern Neck Electric Cooperative for a general increase in electric rates*, Case No. PUR-2020-00083, Final Order at 5 (June 1, 2021) (adopting the Senior Hearing Examiner's recommendation that the \$0.10/kW demand charge should be approved and approving the stipulation between NNEC and Staff).

¹⁰³ *Application of Craig-Botetourt Electric Cooperative for a general increase in electric rates*, Case No. PUR-2020-00131, Final Order at 3 (Aug. 11, 2021).

¹⁰⁴ Tr. 125:9–10. Staff "does not oppose the Cooperative's proposed rate design changes to the Residential Service class," including the demand charge. Ex. 15 (Gravely) at 21. Staff, however, takes no position on the Cooperative's proposed basic consumer charge. *Id.* at 17.

¹⁰⁵ Tr. 127:15–18.

¹⁰⁶ *See* Ex. 10 (Rábago) at 57.

Mr. Rábago incorrectly assumes that the Commonwealth Clean Energy Policy is applicable to the Cooperative's Application. Instead, the Commonwealth Clean Energy Policy is inapplicable to this proceeding for two reasons. First, the Commonwealth Clean Energy Policy went into effect after the Cooperative filed its Application. Second, Title 56 lacks specific language requiring consideration of the Commonwealth Clean Energy Policy during Staff's review, and the Commission's determination, of the justness and reasonableness of the Cooperative's proposed rate design.

As the Hearing Examiner recognized during the hearing, the Commonwealth Clean Energy Policy "wasn't in effect at the time [the Cooperative] filed [its] Application."¹⁰⁷ "[I]t is a standard rule of statutory construction in Virginia that legislation applies prospectively absent an express provision to the contrary."¹⁰⁸ The Commonwealth Clean Energy Policy became effective on October 1, 2021, which is both after the Application was filed and after Staff filed its testimony. In addition, the Commonwealth Clean Energy Policy does not contain express language that its provisions shall apply retroactively. Accordingly, because Commonwealth Clean Energy Policy went into effect during the pendency of this proceeding and contains no express provision that it shall apply retroactively, the provisions of the Commonwealth Clean Energy Policy are inapplicable to this proceeding.

Even if the Commonwealth Clean Energy Policy contained language showing the legislature's intent to apply the Policy to proceedings pending prior to its effective date, the

¹⁰⁷ Tr. 126:22–23.

¹⁰⁸ *Application of Appalachian Power Company For an increase in electric rates*, PUE-2006-00065, Final Order at 75–76 (May 15, 2007) (citing *Washington v. Commonwealth of Virginia*, 216 Va. 185, 193, 217 S.E.2d 815, 823 (1975) ("The general rule is that statutes are prospective in the absence of an express provision by the legislature. Thus when a statute is amended while an action is pending, the rights of the parties are to be decided in accordance with the law in effect when the action was begun, unless the amended statute shows a clear intention to vary such rights.")).

provisions of Title 56 of the Code of Virginia governing Commission regulation of rates for Virginia electric cooperatives contain no express language requiring consideration of the Commonwealth Clean Energy Policy. The Commonwealth Clean Energy Policy merely “is intended to provide *guidance* to the agencies and political subdivisions of the Commonwealth in taking discretionary action with regard to energy issues.”¹⁰⁹ Importantly, the Commonwealth Clean Energy Policy “shall not be construed to amend, repeal, or override any contrary provision of applicable law.”¹¹⁰ Moreover, “[n]othing in [the Commonwealth Clean Energy Policy] shall preclude reliable access to electricity or natural gas during the transition to renewable energy.”¹¹¹

While some provisions of Title 56 contain specific language requiring the Commission to consider the Commonwealth Clean Energy Policy in exercising its discretionary function in regulating investor-owned utilities, the General Assembly did not include specific language in Title 56 requiring the Commission’s consideration of the Commonwealth Clean Energy Policy in determining the just and reasonable rates of *Virginia electric cooperatives*. “[W]hen the General Assembly includes specific language in one section of a statute, but omits that language from another section of the statute, [the court] must presume that the exclusion of the language was intentional.”¹¹² For example, Virginia Code § 56-585.1(D) was amended by the General Assembly

¹⁰⁹ Va. Code § 45.2-1706.1(F).

¹¹⁰ *Id.*

¹¹¹ *Id.*

¹¹² *Halifax Corp. v. First Union Nat’l Bank*, 262 Va. 91, 100, 546 S.E.2d 696, 702 (2001) (citing *Turner v. Wexler*, 244 Va. 124, 127, 418 S.E.2d 886, 887 (1992)); see also *Zinone v. Lee’s Crossing Homeowners Ass’n*, 282 Va. 330, 337, 714 S.E.2d 922, 925 (2011) (citations omitted) (“[W]hen the General Assembly has used specific language in one instance, but omits that language or uses different language when addressing a similar subject elsewhere in the Code, we must presume that the difference in the choice of language was intentional.”); *Jones v. Comm. ex rel. Moll*, 295 Va. 497, 505, 814 S.E.2d 192, 196 (2018) (citing *Halifax Corp.*, 262 Va. at 100, 546 S.E.2d at 702) (holding that the express inclusion of a five-year look-back provision in one section of Title 9.1, and the omission of the five-year look-back provision in another section of Title 9.1, “is presumed to be intentional”).

to expressly require the Commission, in determining the reasonableness of costs of a renewable energy resources, to consider whether the renewable energy resources further the objections of the Commonwealth Clean Energy Policy.¹¹³ Section 56-46.1 requires that the Commission consider the economic and job creation objections of the CCEP in considering and approving construction of electric utility facilities.¹¹⁴ Moreover, the contents of an investor-owned utility's integrated resource plan must be consistent with the Commonwealth Clean Energy Policy.¹¹⁵ Yet, the statutory framework for Commission regulation of rates for Virginia electric cooperatives contain no express language requiring consideration of the Commonwealth Clean Energy Policy by the Staff, during its review, and the Commission, in its determination, of the justness and reasonableness of the Cooperative's proposed rates.¹¹⁶ As a result, the Commonwealth Clean Energy Policy should not be applicable to the Cooperative's rate design proposals at issue.

In sum, contrary to SUN-VA's belief, the Commonwealth Clean Energy Policy is inapplicable to the Cooperative's Application. The Commonwealth Clean Energy Policy went into effect after the Cooperative filed its Application and contains no express provision that it shall

¹¹³ Va. Code § 56-585.1(D).

¹¹⁴ *Id.* § 56-46.1(A) ("Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Clean Energy Policy.").

¹¹⁵ *Id.* § 56-598(3).

¹¹⁶ Virginia Code § 56-585.3(A) identifies the statutory framework for Commission regulation of rates for electric cooperatives in Virginia:

After the expiration or termination of capped rates, the rates, terms and conditions of distribution electric cooperatives subject to Article 1 (§ 56-231.15 et seq.) of Chapter 9.1 shall be regulated in accordance with the provisions of Chapters 9.1 (§ 56-231.15 et seq.) and 10 (§ 56-232 et seq.), as modified by [§ 56-585.3].

Neither Virginia Code § 56-585.3, nor the provisions of Chapters 9.1 and 10 of Title 56, expressly require that the Commission consider the Commonwealth Clean Energy Policy in determining the justness and reasonableness of the Cooperative's proposed rates.

apply retroactively. Moreover, the statutory framework for Commission regulation of rates for Virginia electric cooperatives contain no express language requiring consideration of the Commonwealth Clean Energy Policy, yet other provisions of Title 56 specific require that the Commission consider the Commonwealth Clean Energy Policy in making its determinations. Thus, the General Assembly did not intend the Commonwealth Clean Energy Policy to apply to Commission consideration of Virginia electric cooperative rates.

IV. The Cooperative Amends Its Request for the Effective Date of the Revised Rates

In its Application, the Cooperative requested that the Commission authorize the Cooperative to implement its proposed rates effective for bills rendered to members on and after January 1, 2022, as interim rates subject to refund.¹¹⁷ The Cooperative has now determined that it would be preferable to implement its proposed rates effective for bills rendered to members on and after March 1, 2022. The Cooperative wishes to avoid the possibility of member confusion should the Commission enter a final order in this proceeding after January 1, 2022, possibly requiring the Cooperative to revise the rates implemented on an interim basis. In addition, the Cooperative desires to use the additional time to further educate its members about the proposed rates that will become effective, especially the proposed minimal residential demand charge.

CONCLUSION

The Cooperative has developed a record that comprehensively supports a Commission finding that the Cooperative's proposed rates and rate design are nondiscriminatory, just, and reasonable because they provide for an equitable recovery of costs that balance the interests of all members and reduce the potential for revenue erosion. Specifically, the Cooperative presented evidence supporting a finding that the proposed basic consumer charges for Schedules A-13, C-

¹¹⁷ Ex. 1 (Application) at 12.

13, and B-13 are based on cost of service and sound ratemaking principles. Moreover, the Cooperative also demonstrated that the proposed demand charge for Schedule A-13 and C-13 members will be introduced to recover the Cooperative's demand-related costs without any substantial impact on members' bills. As a result, the Cooperative respectfully requests that the Commission adopt the Partial Stipulation, and approve the basic consumer charge for rate Schedules A-13, C-13, and B-13, and the demand charge for Schedules A-13 and C-13, as proposed in the Application.

WHEREFORE, for the foregoing reasons, Shenandoah Valley Electric Cooperative respectfully requests that the Commission adopt the Partial Stipulation submitted in this proceeding; that the Commission allow the Cooperative to implement the proposed demand charge for Schedule A-13 and C-13 members; that the Commission allow the Cooperative to approve the basic consumer charge for rate Schedules A-13, C-13, and B-13; that the Commission allow the Cooperative to implement its new rates and charges effective with bills rendered on or after March 1, 2022, and that the Commission afford such further relief as is appropriate.

Respectfully submitted,

SHENANDOAH VALLEY ELECTRIC
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CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of November, 2021, a true copy of the foregoing was

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