

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 6, 2020

CLERK'S OFFICE
EQUIPMENT CONTROL CENTER

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APPLICATION OF

CRAIG-BOTETOURT ELECTRIC COOPERATIVE

CASE NO. PUR-2020-00131

For a general increase in electric rates

ORDER FOR NOTICE AND HEARING

On October 16, 2020, pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3 of the Code of Virginia ("Code"), Craig-Botetourt Electric Cooperative ("C-BEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a general increase in electric rates.

In support of its Application, C-BEC states that a rate increase is needed because the Cooperative recently has experienced little customer growth, reduced sales, and increasing costs.¹ C-BEC requests a 5.8% increase in its overall jurisdictional rates, which will generate approximately \$729,740 in additional revenue.² Under the Cooperative's proposal, in this 5.8% net jurisdictional increase, two of the residential classes will see a 6.34% and 1.22% increase, respectively.³ The Cooperative represents that an increase in jurisdictional sales revenues of \$729,740 will allow it to pay expenses, service debt, fund capital additions, and meet the

¹ Application at 2.

² *Id.* at 2, 7; Direct Testimony of Timothy J. Kaczmariski at 3.

³ Direct Testimony of Christopher M. Miranda ("Miranda Direct") at 24.

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financial goals established by C-BEC's Board of Directors.⁴ The proposed increase would produce total rate year jurisdictional margins of \$808,403 and a 2.25x TIER.⁵

The Cooperative proposes a demand charge for its residential and commercial customers taking service under Schedule RS-12-U, Schedule RSTOU-3, Schedule CS-12-U, and Schedule CSTOU-1.⁶ C-BEC states that by separating demand costs from consumption costs, the Cooperative's members will be able to control both types of costs, rather than just consumption costs.⁷ C-BEC further states that once the requested demand charge schedules are adopted by the Commission, the Cooperative thereafter may, upon affirmative resolution of its Board of Directors, shift costs from the volumetric energy charges to existing demand charges on a revenue-neutral basis in accordance with Code § 56-585.3 A 4.⁸

The Cooperative proposes to add advanced metering, eliminate its dollar-for-dollar fuel cost recovery clause in favor of a dollar-for-dollar recovery clause for all purchased power; update and clarify its terms and conditions, and modify its Schedule LED-3.⁹

The Cooperative states that it seeks to allocate the proposed \$729,740 revenue increase to various rate classes to address parity deficiencies.¹⁰ C-BEC proposes to allocate a larger portion

⁴ Application at 2-3.

⁵ *Id.* at 3. The Cooperative clarifies that it is not requesting that the Commission set a TIER of 2.25x and adjust its proposed rates to that TIER. C-BEC requests that the Commission approve the rates as proposed, provided that the resulting TIER is within a reasonable rate that would normally be recommended for electric distribution cooperatives in Virginia. *Id.*

⁶ *Id.* at 3, 5; Miranda Direct at 25-31; Direct Testimony of Jeffery M. Ahearn at 6-7.

⁷ Application at 3-4.

⁸ Miranda Direct at 28.

⁹ Application at 3-5.

¹⁰ *Id.* at 7.

of the distribution increase to Schedule RS-12-U and Schedule CS-12-U, with smaller increases to Schedules RSTOU-3-U, OL-12, and LED-3, and no net increase to Schedule LP-12; for the net effect of a 5.8% increase in jurisdictional sales revenues.¹¹

The Cooperative requests that the Commission authorize such rates to be put into effect for bills rendered on and after April 15, 2021, as interim rates subject to refund, if necessary, as provided in Code § 56-238.¹² Under the Cooperative's proposed increase, a typical residential customer using 1,000 kilowatt hours of electricity each month would experience a monthly bill increase of \$9.69, from \$153.81 to \$163.50.¹³

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that C-BEC should provide notice of its Application; a public hearing should be scheduled for the purpose of receiving testimony and evidence on the Cooperative's Application; a procedural schedule should be established to allow interested persons an opportunity to comment on the Cooperative's Application or to participate in this proceeding as a respondent; and the Commission's Staff ("Staff") should be directed to investigate the Application and file testimony and exhibits containing its findings and recommendations thereon. We also find that a Hearing Examiner should be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

The Commission further takes judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued

¹¹ *Id.*; Miranda Direct at 22-25.

¹² Application at 3-9.

¹³ *Id.* at 3. These figures assume a peak demand of 6.00 kilowatts and are based on annualized rates.

at both the state and federal levels.¹⁴ The Commission has taken certain actions, and may take additional actions going forward, that could impact the procedures in this proceeding.¹⁵

Consistent with these actions, in regard to the terms of the procedural framework established below, the Commission will, among other things, direct the electronic filing of testimony and pleadings unless they contain confidential information and will require electronic service on parties to this proceeding.

Also in light of the current COVID-19 public health crisis, we will suspend the Cooperative's proposed rates to the furthest extent allowed by law¹⁶ and allow, but not require, C-BEC, as requested, to implement its proposed rates for bills rendered on and after April 15, 2021, on an interim basis and subject to refund with interest. We realize that the current COVID-19 public health crisis has caused devastating economic effects that impact all utility customers. We responded to this economic emergency by, among other actions, suspending for

¹⁴ See, e.g., Executive Order No. 51, Declaration of a State of Emergency Due to Novel Coronavirus, COVID-19, issued March 12, 2020, by Governor Ralph S. Northam. See also Executive Order No. 53, Temporary Restrictions on Restaurants, Recreational, Entertainment, Gatherings, Non-Essential Retail Businesses, and Closure of K-12 Schools Due to Novel Coronavirus (COVID-19), issued March 23, 2020, by Governor Ralph S. Northam, and Executive Order No. 55, Temporary Stay at Home Order Due to Novel Coronavirus (COVID-19), issued March 30, 2020, by Governor Ralph S. Northam. These and subsequent Executive Orders related to COVID-19 may be found at: <https://www.governor.virginia.gov/executive-actions/>.

¹⁵ See, e.g., *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic Service of Commission Orders*, Case No. CLK-2020-00004, Doc. Con. Cen. No. 200330035, Order Concerning Electronic Service of Commission Orders (Mar. 19, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency*, Case No. CLK-2020-00005, Doc. Con. Cen. No. 200330042, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (Mar. 19, 2020); *Commonwealth of Virginia, ex rel. State Corporation Commission, Ex Parte: Electronic service among parties during COVID-19 emergency*, Case No. CLK-2020-00007, Doc. Con. Cen. No. 200410009, Order Requiring Electronic Service (Apr. 1, 2020); *Commonwealth of Virginia, ex rel., State Corporation Commission, Ex Parte: Revised Operating Procedures During COVID-19 Emergency Extension of Prior Orders*, Case Nos. CLK-2020-00004 and CLK-2020-00005, Doc. Con. Cen. No. 200520101, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 2020).

¹⁶ See Code § 56-238.

approximately six months customer disconnections from utility service and directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnections. We are sensitive to the effects of rate increases, especially in times such as these. The Commission, however, must and will follow the laws applicable to this case, as well as the findings of fact supported by evidence in the record.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2020-00131.

(2) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedures before hearing examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹⁷ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) C-BEC may, but is not obligated to, implement its proposed rates for bills rendered on and after April 15, 2021, on an interim basis and subject to refund with interest.

(4) All pleadings in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice. Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.¹⁸

¹⁷ 5 VAC 5-20-10 *et seq.*

¹⁸ As noted in the Commission's March 19, 2020 Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency in Case No. CLK-2020-00005, submissions to the

(5) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission directs that service on parties and the Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and the Staff are instructed to work together to agree upon the manner in which documents containing such information shall be served upon one another, to the extent practicable, in an electronically protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or the Staff is impeded from preparing its case.

(6) A public hearing on the Application shall be convened on June 15, 2021, at 10 a.m., to receive the testimony of public witnesses and the evidence of the Cooperative, any respondents, and Staff. Further details on the hearing will be provided by subsequent Commission Order or Hearing Examiner's Ruling.

(7) An electronic copy of the Cooperative's Application may be obtained by submitting a written request to counsel for C-BEC, Garland S. Carr, Esquire, Williams Mullen, 200 South 10th Street, Suite 1600, Richmond, Virginia 23219, or gcarr@williamsmullen.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

(8) On or before January 6, 2021, C-BEC shall cause the following notice to be published *Cooperative Living* magazine:

Commission's Clerk's Office via U.S. mail or commercial mail equivalents may not be processed for an indefinite period of time due to the COVID-19 emergency. *See supra* note 15.

NOTICE TO THE PUBLIC OF AN APPLICATION BY
CRAIG-BOTETOURT ELECTRIC COOPERATIVE
FOR A GENERAL INCREASE IN ELECTRIC RATES
CASE NO. PUR-2020-00131

On October 16, 2020, pursuant to §§ 56 231.33, 56 231.34, 56 236, 56-238, and 56 585.3 of the Code of Virginia ("Code"), Craig-Botetourt Electric Cooperative ("C-BEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a general increase in electric rates.

In support of its Application, C-BEC states that a rate increase is needed because the Cooperative recently has experienced little customer growth, reduced sales, and increasing costs. C-BEC requests a 5.8% increase in its overall jurisdictional rates, which will generate approximately \$729,740 in additional revenue. Under the Cooperative's proposal, in this 5.8% net jurisdictional increase, two of the residential classes will see a 6.34% and 1.22% increase, respectively. The Cooperative represents that an increase in jurisdictional sales revenues of \$729,740 will allow it to pay expenses, service debt, fund capital additions, and meet the financial goals established by C-BEC's Board of Directors. The proposed increase would produce total rate year jurisdictional margins of \$808,403 and a 2.25x TIER.

The Cooperative proposes a demand charge for its residential and commercial customers taking service under Schedule RS-12-U, Schedule RSTOU-3, Schedule CS-12-U, and Schedule CSTOU-1. C-BEC states that by separating demand costs from consumption costs, the Cooperative's members will be able to control both types of costs, rather than just consumption costs. C-BEC further states that once the requested demand charge schedules are adopted by the Commission, the Cooperative thereafter may, upon affirmative resolution of its Board of Directors, shift costs from the volumetric energy charges to existing demand charges on a revenue-neutral basis in accordance with Code § 56-585.3 A 4.

The Cooperative proposes to add advanced metering, eliminate its dollar-for-dollar fuel cost recovery clause in favor of a dollar-for-dollar recovery clause for all purchased power, update and clarify its terms and conditions, and modify its Schedule LED-3.

The Cooperative states that it seeks to allocate the proposed \$729,740 revenue increase to various rate classes to address parity deficiencies. C-BEC proposes to allocate a larger portion of the distribution increase to Schedule RS-12-U and Schedule CS-12-U, with smaller increases to Schedules RSTOU-3-U, OL-12, and LED-3, and no net increase to Schedule LP-12; for the net effect of a 5.8% increase in jurisdictional sales revenues.

The Cooperative requests that the Commission authorize such rates to be put into effect for bills rendered on and after April 15, 2021, as interim rates subject to refund, if necessary, as provided in Code § 56-238. Under the Cooperative's proposed increase, a typical residential customer using 1,000 kilowatt hours of electricity each month would experience a monthly bill increase of \$9.69, from \$153.81 to \$163.50.

For more detailed information about the Cooperative's proposals, interested persons are encouraged to review the Application and supporting documents for the details of these and other proposals. While the total revenue that may be approved by the Commission is limited to the amount produced by the Cooperative's proposed rates, TAKE NOTICE that the Commission may approve revenues and adopt rates, fees, charges, tariff revisions, and terms and conditions of service that differ from those appearing in the Application and supporting documents and may apportion revenues among customer classes and/or design rates in a manner differing from that shown in the Application and supporting documents.

The Commission entered an Order for Notice and Hearing that, among other things, permits C-BEC to place its proposed rates, charges, and terms and conditions of service into effect, subject to refund, for bills rendered on and after April 15, 2021.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. June 15, 2021, to receive the testimony of public witnesses and the evidence of the Cooperative, any respondents, and the Commission's Staff. Further details on the hearing will be provided by subsequent Commission Order or Hearing Examiner's ruling.

The Commission has taken judicial notice of the ongoing public health emergency related to the spread of the coronavirus, or COVID-19, and the declarations of emergency issued at both the state and federal levels. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter shall

be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"). Confidential and Extraordinarily Sensitive information shall not be submitted electronically and should comply with 5 VAC 5-20-170, *Confidential information*, of the Rules of Practice. For the duration of the COVID-19 emergency, any person seeking to hand deliver and physically file or submit any pleading or other document shall contact the Clerk's Office Document Control Center at (804) 371-9838 to arrange the delivery.

Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Commission's Rules of Practice, the Commission has directed that service on parties and the Commission's Staff in this matter shall be accomplished by electronic means. Please refer to the Commission's Order for Notice and Hearing for further instructions concerning Confidential or Extraordinarily Sensitive Information.

An electronic copy of the C-BEC's Application may be obtained by submitting a written request to counsel for the Cooperative, Garland S. Carr, Esquire, Williams Mullen, 200 South 10th Street, Suite 1600, Richmond, Virginia 23219, or gcarr@williamsmullen.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/pages/Case-Information.

On or before June 8, 2021, any interested person may file comments on the Application either electronically by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments or by filing such comments with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2020-00131.

On or before March 9, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Cooperative. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then

known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00131.

On or before April 6, 2021, each respondent may file with the Clerk of the Commission and serve on the Commission's Staff, the Cooperative, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, including 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00131.

Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, except as modified by the Commission's Order for Notice and Hearing, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

The Cooperative's Application, the Commission's Rules of Practice and the Commission's Order for Notice and Hearing may be viewed at: scc.virginia.gov/pages/Case-Information.

CRAIG-BOTETOURT ELECTRIC COOPERATIVE

(9) On or before January 6, 2021, C-BEC shall serve a copy of its Application and this Order for Notice and Hearing on the following local officials, to the extent the position exists, in each county, city, and town in which the Cooperative provides service in the Commonwealth of Virginia: the chairman of the board of supervisors of each county; the mayor or manager (or equivalent official) of every city and town; and the county, city, or town attorney. Service shall be made electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.¹⁹

¹⁹ See the Commission's April 1, 2020 Order in Case No. CLK-2020-00007. *See supra* note 15.

(10) On or before February 3, 2021, C-BEC shall file proof of the notice and service required by Ordering Paragraphs (8) and (9), including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, or by filing electronically at scc.virginia.gov/clk/efiling/.

(11) On or before June 8, 2021, any interested person may file comments on the Application by following the instructions found on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. All comments shall refer to Case No. PUR-2020-00131.

(12) On or before March 9, 2021, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. Such notice of participation shall include the email addresses of such parties or their counsel. The respondent simultaneously shall serve a copy of the notice of participation on counsel to the Cooperative. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice, any notice of participation shall set forth: (i) a precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2020-00131.

(13) Within five (5) business days of receipt of a notice of participation as a respondent, the Cooperative shall serve upon each respondent a copy of this Order for Notice and Hearing, a copy of the public version of the Application, and a copy of the public version of all materials

filed by the Cooperative with the Commission, unless these materials already have been provided to the respondent.

(14) On or before April 6, 2021, each respondent may file with the Clerk of the Commission and serve on the Staff, the Cooperative, and all other respondents, any testimony and exhibits by which the respondent expects to establish its case, and each witness's testimony shall include a summary not to exceed one page. In all filings, respondents shall comply with the Commission's Rules of Practice, as modified herein, including, but not limited to: 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*. All filings shall refer to Case No. PUR-2020-00131.

(15) On or before May 4, 2021, the Staff shall investigate the Application and file with the Clerk of the Commission its testimony and exhibits concerning the Application, and each Staff witness's testimony shall include a summary not to exceed one page. A copy thereof shall be served on counsel to the Cooperative and all respondents.

(16) On or before May 25, 2021, C-BEC shall file with the Clerk of the Commission any rebuttal testimony and exhibits that it expects to offer, and each rebuttal witness's testimony shall include a summary not to exceed one page. The Cooperative shall serve a copy of its rebuttal testimony and exhibits on the Staff and all respondents.

(17) Any documents filed in paper form with the Office of the Clerk of the Commission in this docket may use both sides of the paper. In all other respects, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(18) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows:

responses and objections to written interrogatories and requests for production of documents shall be served within seven (7) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260 of the Rules of Practice, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney, if the interrogatory or request for production is directed to the Staff.²⁰ Except as modified herein, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(19) This matter is continued.

A COPY hereof shall be sent electronically by the Clerk of the Commission to: Garland S. Carr, Esquire, Williams Mullen, 200 South 10th Street, Suite 1600, Richmond, Virginia 23219, gcarr@williamsmullen.com; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219-3424, mbrowder@oag.state.va.us.

²⁰ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/pages/Case-Information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2020-00131 in the appropriate box.