

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 27, 2022

REGULATORY SERVICES OFFICE
REGULATORY CONTROL CENTER

2022 APR 27 A 9 16

APPLICATION OF

BARC ELECTRIC COOPERATIVE

CASE NO. PUR-2022-00048

For approval of a general increase in
electric rates

ORDER FOR NOTICE AND HEARING

On April 1, 2022, BARC Electric Cooperative ("BARC" or the "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a general increase in electric rates. BARC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3 of the Code of Virginia ("Code") and 5 VAC 5-20-80 A of the Rules of Practice and Procedure of the Commission.¹

In support of its Application, BARC states that a rate increase is needed to pay expenses, service debt, fund capital additions, retire patronage, and maintain the financial goals established by BARC's Board of Directors.² BARC requests a two-phase rate increase that would generate \$1.93 million in revenue over a two-year period.³ The Cooperative proposes to increase its jurisdictional revenue by \$1.16 million in Phase 1, beginning January 1, 2023, and by an additional \$0.767 million in Phase 2, beginning January 1, 2024, to achieve a \$25,405,240

¹ 5 VAC-5-20-10 *et seq.*

² Application at 3.

³ *Id.*

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annual revenue requirement.⁴ BARC states that the proposed increase would result in total rate year⁵ jurisdictional margins of \$1.78 million and a 2.24x jurisdictional TIER.⁶

BARC proposes to introduce a demand charge to the distribution service portion of proposed Schedule A-U and Schedule B-U of \$0.05 per kW with billing deferred until new metering technology is installed for all affected members.⁷ The estimated \$55,844 demand charge revenue is included in the proposed rate year revenue, but BARC is proposing to forgo that revenue until the demand charges can be billed with the new metering technology.⁸ The Cooperative states that recovering demand costs by applying demand charges is a more cost-based method than recovering demand costs through energy consumption charges.⁹

BARC is also seeking approval of Schedule ROW, a temporary rider to Schedule A-U, which it states is designed to pass through the portion of right-of-way cost included in base rates that will be transferred to BARC Connects in 2023.¹⁰ Specifically, Schedule ROW is designed to credit \$767,045 to Schedule A-U customers in 2023, the first year that the proposed rates will be effective.¹¹

⁴ *Id.*; *See*, Pre-filed Direct Testimony of Chris Botulinski ("Botulinski Direct").

⁵ BARC states that the rate year is calendar year 2023. Application at 3.

⁶ *Id.* at 3. The Cooperative clarifies that it is not requesting that the Commission set a TIER of 2.24x and adjust its proposed rates to that TIER. BARC 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.*

⁷ *Id.* at 4; Prefiled Direct Testimony of Jack D. Gaines ("Gaines Direct") at 27.

⁸ Gaines Direct at 27.

⁹ Application at 4.

¹⁰ *Id.*

¹¹ *Id.* at 5.

The Cooperative also requests approval of a new Schedule EF-Excess Facilities, which is designed for use when excess facilities are requested by members. The Cooperative states that Schedule EF includes fixed charged rates designed to recover the Cooperative's carrying costs for excess facilities based on the type of plant installed and depending upon whether the Cooperative or the customer is the source of the initial capital for construction.¹²

The Cooperative requests that its proposed rates and charges be approved and that the Commission authorize such rates to be put into effect for bills rendered on and after January 1, 2023, as interim rates subject to refund, if necessary, as provided in Code § 56-238.¹³ Under the Cooperative's proposed increase, a typical residential customer using 1,000 kWh of electricity each month would experience a monthly Phase 1 bill increase of \$8.22 (5.87%), from \$140.01 to \$148.23, and a Phase 2 bill increase of \$5.77 (3.89%), from \$148.23 to \$154.00.¹⁴

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that BARC 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.

¹² Botulinski Direct at 8; Gaines Direct at 36.

¹³ Application at 10.

¹⁴ *Id.* at 4.

The Commission takes judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. The Commission has taken certain actions, and may take additional actions going forward, which could impact the procedures in this proceeding.¹⁵ Consistent with these actions, the Commission will, among other things, direct the electronic filing of testimony and pleadings, unless they contain confidential information, and require electronic service on parties to this proceeding.

We note that the proposed rates, if approved, would result in an increase to customer bills. We realize that the ongoing COVID-19 public health issues have caused devastating economic effects that impact utility customers. We have responded to this economic emergency by, among other actions, directing Virginia utilities to offer extended payment plans, without late fees for those who are current on such plans, to protect customers from service disconnection. 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. We will allow, but not require, BARC, as requested, to implement its proposed rates for bills rendered on and after January 1, 2023, on an interim basis and subject to refund with interest.

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), *extended by* Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 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) ("Revised Operating Procedures Order"), *extended by* Doc. Con. Cen. No. 200520105, Order Regarding the State Corporation Commission's Revised Operating Procedures During COVID-19 Emergency (May 11, 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).

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2022-00048.

(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"),¹⁶ a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report. A copy of each filing made with the Commission's Clerk's office in this matter shall also be sent electronically to the Office of the Hearing Examiners.¹⁷

(3) BARC may, but is not obligated to, implement its proposed rates for bills rendered on and after January 1, 2023, on an interim basis and subject to refund with interest.

(4) 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 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. 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

(5) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the 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

¹⁶ 5 VAC 5-20-10 *et seq.*

¹⁷ Such electronic copies shall be sent to: Wendv.Starkey@scc.virginia.gov and LeaAnn.Robertson@scc.virginia.gov.

¹⁸ As noted in the Revised Operating Procedures Order, submissions to the Commission's Clerk's Office via U.S. mail or commercial mail equivalents may be subject to delayed processing due to the COVID-19 public health issues.

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) The Commission hereby schedules a telephonic hearing for the receipt of testimony from public witnesses on the Application, as follows:

- A hearing for the receipt of testimony from public witnesses on the Application shall be convened telephonically at 10 a.m., on November 15, 2022, with no witness present in the Commission's courtroom.¹⁹
- To promote fairness for all public witnesses, each witness will be allotted five minutes to provide testimony.
- On or before November 10, 2022, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by completing and emailing the PDF version of this form to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141.
- Beginning at 10 a.m., on November 15, 2022, the Commission will telephone sequentially each person who has signed up to testify as provided above. This hearing will not be convened, and the parties will be notified of such, if no person signs up to testify as a public witness.
- This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

(7) A hearing shall be convened on November 16, 2022, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond,

¹⁹ The Commission will convene counsel of record in this proceeding to attend the public witness hearing virtually.

Virginia 23219, to receive the testimony and evidence of the Cooperative, any respondents, and the Staff.

(8) An electronic copy of the Cooperative's Application may be obtained by submitting a written request to counsel for BARC, Eric M. Page, Esquire, Eckert Seamans Cherin & Mellott, LLC, 919 East Main Street, Suite 1300 Richmond, Virginia 23219, or epage@eckertseamans.com. Interested persons also may download unofficial copies from the Commission's website: <https://scc.virginia.gov/pages/Case-Information>.

(9) On or before June 30, 2022, BARC shall cause the following notice to be published *Cooperative Living* magazine:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
BARC ELECTRIC COOPERSTIVE, FOR APPROVAL OF A
GENERAL INCREASE IN ELECTRIC RATES
CASE NO. PUR-2022-00048

On April 1, 2022, BARC Electric Cooperative ("BARC" or the "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") for approval of a general increase in electric rates. BARC filed this Application pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3 of the Code of Virginia ("Code") and 5 VAC 5-20-80 A of the Rules of Practice and Procedure of the Commission.

In support of its Application, BARC states that a rate increase is needed to pay expenses, service debt, fund capital additions, retire patronage, and maintain the financial goals established by BARC's Board of Directors. BARC requests a two-phase rate increase that would generate \$1.93 million in revenue over a two-year period. The Cooperative proposes to increase its jurisdictional revenue by \$1.16 million in Phase 1, beginning January 1, 2023, and by an additional \$0.767 million in Phase 2, beginning January 1, 2024, to achieve a \$25,405,240 annual revenue requirement. BARC states that the proposed increase would result in total rate year jurisdictional margins of \$1.78 million and a 2.24x jurisdictional TIER.

BARC proposes to introduce a demand charge to the distribution service portion of proposed Schedule A-U and

Schedule B-U of \$0.05 per kW with billing deferred until new metering technology is installed for all affected members. The estimated \$55,844 demand charge revenue is included in the proposed rate year revenue, but BARC is proposing to forgo that revenue until the demand charges can be billed with the new metering technology. The Cooperative states that recovering demand costs by applying demand charges is a more cost-based method than recovering demand costs through energy consumption charges.

BARC is also seeking approval of Schedule ROW, a temporary rider to Schedule A-U, which it states is designed to pass through the portion of right-of-way cost included in base rates that will be transferred to BARC Connects in 2023. Specifically, Schedule ROW is designed to credit \$767,045 to Schedule A-U customers in 2023, the first year that the proposed rates will be effective.

The Cooperative also requests approval of a new Schedule EF-Excess Facilities, which is designed for use when excess facilities are requested by members. The Cooperative states that Schedule EF includes fixed charged rates designed to recover the Cooperative's carrying costs for excess facilities based on the type of plant installed and depending upon whether the Cooperative or the customer is the source of the initial capital for construction.

The Cooperative requests that its proposed rates and charges be approved and that the Commission authorize such rates to be put into effect for bills rendered on and after January 1, 2023, 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 kWh of electricity each month would experience a monthly Phase 1 bill increase of \$8.22 (5.87%), from \$140.01 to \$148.23, and a Phase 2 bill increase of \$5.77 (3.89%), from \$148.23 to \$154.00.

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 takes judicial notice of the ongoing public health issues related to the spread of the coronavirus, or COVID-19. In accordance therewith, all pleadings, briefs, or other documents required to be served in this matter should 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. 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.

The Commission entered an Order for Notice and Hearing that, among other things, permits BARC to place its proposed rates, charges, and terms and conditions of service into effect, subject to refund, for bills rendered on and after January 1, 2023.

The Commission's Order for Notice and Hearing scheduled public hearings on BARC's Application. On November 15, 2022, at 10 a.m., the Commission will hold a telephonic hearing, with no witness present in the Commission's courtroom, for the sole purpose of receiving the testimony of public witnesses. On or before November 10, 2022, any person desiring to offer testimony as a public witness shall provide to the Commission (a) your name, and (b) the telephone number that you wish the Commission to call during the hearing to receive your testimony. This information may be provided to the Commission in three ways: (i) by filling out a form on the Commission's website at scc.virginia.gov/pages/Webcasting; (ii) by email to SCCInfo@scc.virginia.gov; or (iii) by calling (804) 371-9141. This public witness hearing will be webcast at scc.virginia.gov/pages/Webcasting.

On November 16, 2022, at 10 a.m., in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, the Commission will convene a hearing to receive testimony and evidence related to the Application from the Cooperative, any respondents, and the Commission's Staff.

An electronic copy of BARC's Application may be obtained from BARC by submitting a written request to counsel for the Cooperative, Eric M. Page, Eckert Seamans Cherin & Mellot, LLC, 919 East Main Street, Suite 1300, epage@eckertseamans.com. Interested persons also may download unofficial copies from the Commission's website: <https://scc.virginia.gov/pages/Case-Information>.

On or before November 9, 2022, any interested person may submit comments on the Application by following the instructions on the Commission's website: scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to 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-2022-00048.

Any person or entity may participate as a respondent in this proceeding by filing, on or before July 22, 2022, a notice of participation with the Clerk of the Commission at scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed above. 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 at the address set forth above. 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-2022-00048. Interested persons should obtain a copy of the Commission's Order for Notice and Hearing for further details on participation as a respondent.

On or before September 2, 2022, 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-2022-00048.

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 Rules of Practice.

The Cooperative's Application, the Commission's Rules of Practice, the Commission's Order for Notice and Hearing, and other documents filed in the case may be viewed on the Commission's website at: [scc.virginia.gov/pages/Case Information](http://scc.virginia.gov/pages/Case%20Information).

BARC ELECTRIC COOPERATIVE

(10) On or before June 30, 2022, BARC 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 by either personal delivery or first class mail to the customary place of business or residence of the person served.

(11) On or before July 22, 2022, BARC shall file proof of the notice and service required by Ordering Paragraphs (9) and (10), including the name, title, address, and electronic mail address (if applicable) of each official served, with the Clerk of the State Corporation Commission by filing electronically at <https://scc.virginia.gov/clk/efiling/>.

(12) On or before November 9, 2022, any interested person may submit comments on the Application by following the instructions found on the Commission's website:

scc.virginia.gov/casecomments/Submit-Public-Comments. Those unable, as a practical matter, to submit comments electronically may file such comments by U.S. mail to the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. All comments shall refer to Case No. PUR-2022-00048.

(13) On or before July 22, 2022, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation at scc.virginia.gov/clk/efiling. Those unable, as a practical matter, to file a notice of participation electronically may file such notice by U.S. mail to the Clerk of the Commission at the address listed in Ordering Paragraph (12). 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-2022-00048.

(14) Within five (5) business days of receipt of a notice of participation as a respondent, the Cooperative shall serve a copy of the Application upon the respondent.

(15) On or before September 2, 2022, each respondent may file with the Clerk of the Commission at scc.virginia.gov/clk/efiling, any testimony and exhibits by which the respondent

expects to establish its case. Any respondent unable, as a practical matter, to file testimony and exhibits electronically may file such by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (12). Each witness's testimony shall include a summary not to exceed one page. All testimony and exhibits shall be served on the Staff, the Cooperative and all other respondents simultaneous with its filing. 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-2022-00048.

(16) On or before September 30, 2022, 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.

(17) On or before October 21, 2022, BARC 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.

(18) 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.

(19) 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.*

(20) This matter is continued.

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.

²⁰ The assigned Staff attorney is identified on the Commission's website, <https://scc.virginia.gov/pages/Case--Information>. by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2022-00048 in the appropriate box.