

*February 10, 2020*

**VIA ELECTRONIC FILING**

Hon. Joel H. Peck, Clerk  
Virginia State Corporation Commission  
Document Control Center  
1300 East Main Street, First Floor  
Richmond, Virginia 23219

**Re: Application of the Virginia, Maryland & Delaware Association of Electric Cooperatives to Initiate a Rulemaking to Amend the Commission's Streamlined Rate Case Rules for Electric Cooperatives**

**Case No. PUR-2020-\_\_\_\_\_**

Dear Mr. Peck:

Please find following this cover letter an Application to the Commission for revisions of the Streamlined Rate Case Rules for electric cooperatives, 20 VAC 5-200-21(C). The Association has worked with and expresses its appreciation to many stakeholders who have collaborated with the Association and its members to bring us to this point.

We request that the Commission take up this rulemaking request, as further explained in the pleading, docket the case, and issue an Order for Notice and Comment.

Thank you for your kind attention to this matter, and if you have any questions, please do not hesitate to contact me.

Very truly yours,

  
Samuel R. Brumberg

cc: Service List (*via First Class Mail and via electronic mail*)

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

APPLICATION OF )  
 )  
THE )  
VIRGINIA, MARYLAND & DELAWARE ) Case No. PUR-2020-\_\_\_\_\_  
ASSOCIATION OF )  
ELECTRIC COOPERATIVES )  
 )  
To initiate a rulemaking )

**APPLICATION OF THE VIRGINIA, MARYLAND AND DELAWARE ASSOCIATION  
OF ELECTRIC COOPERATIVES TO INITIATE A RULEMAKING**

Pursuant to 5 VAC 5-20-100 (A) of the Rules of Practice and Procedure of the Virginia State Corporation Commission (“Commission”), the Virginia, Maryland and Delaware Association of Electric Cooperatives (the “Association”) hereby applies to the Commission to initiate a rulemaking to revise the Cooperatives’ Streamlined Rate Case Rules (the “Streamlined Rules” or the “Rules”), at 20 VAC 5-200-21(C).

**I. Introduction**

The Association is a Virginia nonstock corporation organized and owned by the Virginia Cooperatives and by two Cooperatives in Maryland and Delaware. The Virginia Members of the Association are: A&N Electric Cooperative, BARC Electric Cooperative, Central Virginia Electric Cooperative, Community Electric Cooperative, Craig-Botetourt Electric Cooperative, Mecklenburg Electric Cooperative, Northern Neck Electric Cooperative, Northern Virginia Electric Cooperative (“NOVEC”), Prince George Electric Cooperative, Rappahannock Electric Cooperative, Shenandoah Valley Electric Cooperative, and Southside Electric Cooperative (together, the “Cooperatives” or the “Virginia Cooperatives”), which are regulated as to rates and

to service by this Commission.<sup>1</sup> The Virginia Cooperatives are owned by and operated for the benefit of their member-consumers, and their operations are conducted on a not-for-profit basis. We have no interests aside from those of our member-consumers, who are also our owners and ratepayers.

The Association and the Virginia Cooperatives understand that one of the Commission's 2020-2021 priorities is the revision of the electric and gas rate case rules. In advance of the Commission's efforts on the general rate case rules, we believe that the Commission has an opportunity to quickly dispatch with these minor amendments to the Cooperatives' Rules, and to position the Cooperatives for success in the future. We would like to assist the Commission in getting an early start on this strategic priority and are grateful to the Staff and other stakeholders for working with us to achieve that goal.

## **II. Background**

Virginia's Electric Cooperatives are the only not-for-profit utilities in the Commonwealth regulated by this Commission. As the Commission and its Staff is well aware, the Cooperatives are acutely concerned with the excellent stewardship of their member-consumers' resources, given that those resources have been entrusted to them by the owners of the Cooperatives. The Cooperatives take seriously the legal and professional costs associated with rate proceedings. The Cooperatives want to make sure that every dollar spent on consultants and counsel to litigate a rate

---

<sup>1</sup> Powell Valley Electric Cooperative ("PVEC") is a member of the Association. PVEC is a utility consumer services cooperative organized under the laws of the Commonwealth of Virginia, with service territories in Virginia and Tennessee. PVEC purchases its power at wholesale from the Tennessee Valley Authority ("TVA"), an agency of the United States Government. Due to this arrangement, PVEC is unique among the Virginia Cooperatives and is governed by a combination of federal and Virginia law concerning its electric distribution operations. PVEC's rates are regulated by the TVA. PVEC is regulated as to service, but not as to rates, by this Commission.

The Virginia Cooperatives are further strengthened by the membership of Choptank Electric Cooperative in Maryland and Delaware Electric Cooperative in Delaware as members of the Association.

case is spent only as absolutely necessary. The Cooperatives' longstanding and general practice is to request from this Commission only those rate increases which are required to recover reasonable costs and maintain reliability. To that end, the Cooperatives have routinely worked through the Association to find ways to increase efficiencies and lower the cost of rate regulation.

These efforts began in 2007 with the Reregulation Act and the inclusion of Va. Code §§ 56-585.3(A)(2) & (A)(3), and subsequently expanded through other changes to Va. Code § 56-585.3, including subdivision (A)(4) in 2009, and then eventually, the addition of §§ 56-594.01 and 56-585.4 in 2019.<sup>2</sup> Sections 56-585(A)(2) and (A)(3) were originally designed to allow fine-tuning of Cooperative rates in-between other rate proceedings, as well as, in later years, to gain increased flexibility over net energy metering and rate design in order to respond to the specific needs of individual Cooperatives' member-consumers.

A general rate proceeding is an unusually large undertaking for an electric cooperative. Generally spanning over twelve to twenty-four months—and potentially more—including time for planning, studies, and the actual case itself, Cooperatives' staffs spend hundreds upon hundreds of hours working on rate case matters. Cooperatives engage professional consultants and legal counsel at costs ranging from \$100,000 to \$500,000 per proceeding, depending on how the case is tried and the number and participation of intervenors. Recent history suggests that the costs of

---

<sup>2</sup> The net energy metering reforms passed by the General Assembly in 2019 are but one example of the authority and trust that the legislature has rightly placed in the hands of Cooperative boards of directors. In the Code of Virginia, these locally-elected, responsible leaders with significant experience and training in Cooperative governance have some amount of limited authority over: rate adjustments within prescribed limits, revenue-neutral changes in rate design, revenue-neutral changes in terms and conditions of service (all pursuant to Va. Code § 56-585.3(A), the net metering cap (soon to be pursuant to Va. Code § 56-594.01(G)), and net metering transitions (pursuant to Va. Code § 56-585.4).

Cooperative directors are trained through a multi-layered system of credentials which are nationally recognized. This training program, which contains both basic and continuing education requirements, is used by every Cooperative in Virginia to educate their directors on issues ranging from energy policy to utility operations to financial prudence.

discovery and intervention are on the rise, including instances of intervenors in cases where their rate classes were not impacted, discovery requests becoming more numerous and their scope more expansive, and the staff time and administrative expenses for Cooperative employees also increasing.

### **III. Application for Rulemaking**

To confront this reality, the Cooperatives asked the Association to attempt to amend the Streamlined Rules to make them more useful to the Cooperatives, so that the regulated entities will be able to use the Streamlined Rules to make cost-effective rate adjustments outside general rate proceedings, while still maintaining appropriate regulatory oversight. The Cooperatives wish to work constructively with this Commission and its Staff to create a process, as other states have done,<sup>3</sup> to streamline Cooperative ratemaking in those cases when a general rate proceeding is not necessary. This streamlined process will allow the Cooperatives to make adjustments larger in scope than the adjustments pursuant to their statutory authority, but not as large or complex as those that might be contemplated by a general rate proceeding. This would create a three-tiered system of options for Cooperative ratemaking, all of which would then be both cost-effective and regulatorily appropriate: statutory adjustments, the Streamlined Rules, and the general rate case rules.

The unique unity of interests between the ratepayers and the owners of the Cooperatives, being one in the same, create a situation wherein the policy purposes of rate regulation for the Cooperatives versus those for investor-owned utilities are different. This Commission knows that

---

<sup>3</sup> In Kentucky, for example, the Public Service Commission collaborated with the Kentucky Association of Electric Cooperatives to create a streamlined procedure for cooperative rate cases. The Kentucky Commission correctly noted, in justifying its procedural reforms for the Kentucky cooperatives, “the issues presented in rate cases filed by distribution cooperatives are not as complicated, nor do they have the same impacts, as those presented in rate cases filed by vertically integrated investor-owned utilities.” *PSC Moves to Streamline Rate Adjustment Process for Rural Electric Distribution Cooperatives*, Dec. 12, 2018, [https://psc.ky.gov/agencies/psc/press/122018/1212\\_r01.pdf](https://psc.ky.gov/agencies/psc/press/122018/1212_r01.pdf) (last visited Jan. 20, 2020).

the Cooperatives do not ask for more than what they need from this Commission—nor from their ratepayers. Because the Cooperatives have no profit motive, and have oversight from their own member- and locally-elected boards of directors, this Commission serves as a “check” on the oversight that is automatically performed by Cooperative member-consumers, boards of directors, and the Cooperatives’ management by the very nature of the cooperative business model.

Rate case rules for Electric Cooperatives are located at 20 VAC 5-200-21. Subsections A and B contain terms that are generally applicable to all Cooperative rate proceedings, both streamlined and general. Subsections A, B, and D, taken together, in 20 VAC 5-200-21 contain the general rate case rules for the Cooperatives, along with several schedules used to provide data to the ratemaking process. The Streamlined Rules are contained in Subsection C, and they have been excerpted in this filing. This proposal concerns only Subsection C of Section 21 of Chapter 200 of the Virginia Administrative Code.

The Association has worked with the Cooperatives, the Office of Attorney General’s Division of Consumer Counsel, and the Staff of the Commission, to craft a set of Rules that balance the interests of the public at large, the members-consumers of the Cooperatives, the Cooperatives institutionally, our community of regulators, and other stakeholders. We believe that the proposed Rules balance a number of important interests in a way that is both fair to all parties while creating the most benefit for Cooperative member-consumers. Counsel with the Office of General Counsel and the Office of Attorney General’s Division of Consumer Counsel have reviewed the proposed Rules and authorized counsel for the Association to represent to the Commission that those offices do not object to the Association proposing these changes.

To summarize the major changes in this proposal, the revised Rules would:

- Limit streamlined Cooperative rate increases to 4% of total operating revenues;

- Remove references to the Consumer Price Index (CPI-U) for purposes of calculating rate change minimums or maximums;
- Add a new and additional Times Interest Earned Ratio (TIER) limit of 2.5, consistent with the Commission's history of rate regulation for Electric Cooperatives;<sup>4</sup>
- Allow for robust participation from member-consumers affected by rate changes;
- Remove references in the current rules that would limit use of the rules by the Cooperatives in a period of years from their last general rate case;
- Limit use of the Streamlined Rules to no more than three (3) times in any ten (10) year period;
- Limit use of Streamlined Rules such that any such rate change approved by the Commission would also limit use of a Cooperative's statutory authority, limiting rate changes to once every three years (absent other order of the Commission); and
- Make other miscellaneous updates to the Rules, including adding references to websites and the use of electronic mail in addition to traditional notification methods.

The Association's proposal is attached hereto as Exhibits A and B. Exhibit A contains a redlined copy of the proposal to compare the existing Rules to the proposed Rules. Exhibit B contains a clean copy of the proposed Rules. The Association would respond favorably to an order from this Commission to initiate a rulemaking, and moves the Commission to allow the Association itself to notice the public, through publication in its award-winning *Cooperative Living* magazine or otherwise as the Commission may order,<sup>5</sup> using the "Virginia's Electric Cooperatives" moniker that has been used in the past. A proposed form of notice is attached as Exhibit C. The Association will gladly provide copies of the proposal to interested parties upon request.

---

<sup>4</sup> Other metrics would also be used in cases where the use of TIER was inappropriate.

<sup>5</sup> For the avoidance of doubt, the Association is voluntarily asking for it to be ordered to provide notice statewide, as opposed to having the Cooperatives themselves provide notice, even though it is not a regulated entity. It will abide by any order issued by the Commission in this regard. We also volunteer to pay the costs, if the Commonwealth would accept our funds, of publication in the *Virginia Register of Regulations*, should the Commission order that as well.

**IV. Conclusion**

The Association very much appreciates this opportunity to be heard by the Commission on behalf of the Cooperatives, to apply to this Commission for purposes of amending and updating the Streamlined Rules. We believe that, with these changes, the Streamlined Rules will be used and useful for many years to come, will save Cooperative member-consumers hundreds of thousands of dollars, if not more, over that period, and will enable the Commission's scarce regulatory resources to be fully devoted to those causes which need them most.

WHEREFORE, for the foregoing reasons, the Commission should grant this Application and initiate a rulemaking, order notice as herein moved, and solicit public comment on the Association's proposal. Should the Commission desire or need any additional information, the Association will happily supplement the record in this proceeding and will appear for oral argument or hearing at the Commission's direction. Finally, the Association would ask the Commission for such further relief as may be just and proper.

Respectfully submitted,

VIRGINIA, MARYLAND & DELAWARE  
ASSOCIATION OF ELECTRIC  
COOPERATIVES

By:   
Counsel

Samuel R. Brumberg (VSB 72768)  
Association Counsel  
Virginia, Maryland & Delaware Association of Electric Cooperatives  
4201 Dominion Boulevard, Suite 101  
Glen Allen, Virginia 23060  
(804) 297-3459 (telephone)  
(804) 346-3448 (facsimile)  
sbrumberg@vmdaec.com

Dated: February 10, 2020

**CERTIFICATE OF SERVICE**

The undersigned does hereby certify that a true and correct copy of the foregoing Application was sent by First Class Mail, postage prepaid, this 10th day of February, 2020, to the following:

William Chambliss, Esquire  
Arlen K. Bolstad, Esquire  
Office of the General Counsel  
State Corporation Commission  
P. O. Box 1197  
Richmond, Virginia 23218

William Stephens  
John Stevens  
Division of Public Utility Regulation  
State Corporation Commission  
P. O. Box 1197  
Richmond, Virginia 23218

Kim Pate  
Division of Public Utility Accounting  
State Corporation Commission  
P. O. Box 1197  
Richmond, Virginia 23218

C. Meade Browder, Jr., Esquire, Senior Assistant Attorney General  
John Farmer, Esquire, Assistant Attorney General  
Office of Attorney General  
Division of Consumer Counsel  
202 N. Ninth Street  
Richmond, Virginia 23219

  
\_\_\_\_\_

**Exhibit A**

(Redlined Copy of Proposed Rules)

## STREAMLINED RATE CASE RULES – VMDAEC PROPOSED AMENDMENTS

Full Text: <https://law.lis.virginia.gov/admincode/title20/agency5/chapter200/section21/>

C. An applicant may file a complete application for streamlined rate relief provided the following limitations are met. Should any of this Section C conflict with other portions of the cooperative rate case rules, this Section C shall prevail with respect to filings pursuant to this Section.:

1. ~~The increase in total operating revenues as calculated in column (5) of Schedule 3 of Appendix A, included herein, is not more than the test period increase in the Consumer Price Index ("CPI"), or 54.0%, whichever is less. The CPI shall be defined as the Consumer Price Index for all Urban Consumers (CPI-U) for all items, as estimated by the U.S. Department of Labor, Bureau of Labor Statistics, and published in its Summary Data from the Consumer Price Index News Release, or its successor. As calculated in this publication, the percentage change in the CPI-U for a test year will be the index for the last month of the test year divided by the index for the same month one year prior, minus one, multiplied by 100; and~~

2. ~~Earnings after the proposed increase must not produce financial ratios which exceed the level approved by the commission in the applicant's most recent general rate case beyond a times interest earned ratio ("TIER") of 2.5, a rate of return of 4.2%, or such other relevant ratios which the cooperative proposes which satisfy the burden of proof as just and reasonable.:~~

Subject to the provisions set forth below, a cooperative which files an application for streamlined rate relief may petition the commission requesting that its rates be made permanent no less than 30 days from the date the application is deemed complete and filed with the commission if there are insufficient customer objections to the application or if the commission does not suspend the proposed increase and convene a hearing.

3. A cooperative filing a rate application under the streamlined rate procedure shall not:

a. ~~Increase rates by more than the increase in the test period CPI or 54.0% (whichever is less) of adjusted Virginia jurisdictional operating revenues;~~

b. ~~Request earnings, after the proposed increase, which produce inappropriate financial ratios that exceed those stated within subsection (C)(2) of these streamlined rules approved by the commission in the applicant's most recent general rate case; or~~

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

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

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

5. The commission may suspend a cooperative's proposed tariff revisions and increase in rates and shall schedule a hearing thereon if any of the following object to a proposed tariff revision or increase in rates:

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

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

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

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

~~the lesser of 150 or 5.0% of the customers or other persons within a class and subject to a change in a rate, toll, or charge object to the proposed revision or increase in a rate or if the lesser of 150 or 5.0% of the customers or consumers or other persons subject to such rate, toll or charge of a cooperative object to the proposed rate or tariff revision.~~

6. The commission may, in its discretion, suspend an electric cooperative's rate increase and proposed tariff revisions in a streamlined rate proceeding on the motion of its own staff, on the motion of the Virginia Attorney General's Division of Consumer Counsel, or on the motion of any person subject to such change who requests a hearing and states a substantive reason why a hearing is necessary.

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

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

9. A cooperative shall not file more than ~~three consecutive applications for streamlined rate relief; nor shall there lapse more than five years since the later of the date of the final order or the effective date of rates specified in the final order in~~

the applicant's last general rate case when filing an application for streamlined rate relief three applications for streamlined rate relief in any ten (10) year period, and any application for streamlined rate relief which is granted by the commission will begin a new three-year period for purposes of any use of statutory authority by the cooperative pursuant to Va. Code § 56-585.3(A)(2).

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

- a. The name, and post office address, and website of the applicant and the name and post office address of counsel of record, if any.
- b. A brief narrative statement describing the change in rates and tariff revisions and explaining the need for a change in rates and tariff revisions. This statement shall include a description of the actions taken by the cooperative to advise its membership of the change in rates and contents of its application.
- c. A copy of the resolution calling for a change in rates adopted by the Board of Directors of the cooperative.
- d. A copy of the completed notice given to the public by the cooperative, including a description of the method of publication used.
- e. Schedules 1 through 9 of Appendix A included herein.

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

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

- a. Direct mailing to each customer (bill inserts or bill messages are acceptable);
- b. Publication in *Cooperative Living* magazine, or the cooperative's regular member publication;
- c. Newspapers of general circulation in the area served;
- d. Electronic notice to customers via email addresses (provided that notice pursuant to (a), (b), or (c) is also given);
- e. Publication of the notice on the cooperative's website (provided that notice pursuant to (a), (b), or (c) is also given);
- f. Any combination of these methods; or

eg. Any other method of publication authorized by the commission.

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

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

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

the cooperative do not object to a rate change or tariff revision or insufficient objections pursuant to 20 VAC 5-200-21(C)(5), the cooperative may petition the commission to make rates permanent without hearing within 30 days after the application is filed with the commission; and

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

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

16. Section (B)(6) of these Rules shall not apply to streamlined applications under this Section (C), except that the cooperative shall notify the staff of the commission no less than 60 days in advance of its filing.

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

**Exhibit B**

(Clean Copy of Proposed Rules)

## STREAMLINED RATE CASE RULES – VMDAEC PROPOSED AMENDMENTS

(CLEAN COPY)

C. An applicant may file a complete application for streamlined rate relief provided the following limitations are met. Should any of this Section C conflict with other portions of the cooperative rate case rules, this Section C shall prevail with respect to filings pursuant to this Section.

1. The increase in total operating revenues as calculated in column (5) of Schedule 3 of Appendix A, included herein, is not more than 4.0%; and

2. Earnings after the proposed increase must not produce financial ratios beyond a times interest earned ratio (“TIER”) of 2.5, a rate of return of 4.2%, or such other relevant ratios which the cooperative proposes which satisfy the burden of proof as just and reasonable.

Subject to the provisions set forth below, a cooperative which files an application for streamlined rate relief may petition the commission requesting that its rates be made permanent no less than 30 days from the date the application is deemed complete and filed with the commission if there are insufficient customer objections to the application or if the commission does not suspend the proposed increase and convene a hearing.

3. A cooperative filing a rate application under the streamlined rate procedure shall not:

a. Increase rates by more than 4.0% of adjusted Virginia jurisdictional operating revenues;

b. Request earnings, after the proposed increase, which produce inappropriate financial ratios that exceed those stated within subsection (C)(2) of these streamlined rules; or

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

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

5. The commission may suspend a cooperative's proposed tariff revisions and increase in rates and shall schedule a hearing thereon if any of the following object to a proposed tariff revision or increase in rates:

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

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

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

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

6. The commission may, in its discretion, suspend an electric cooperative's rate increase and proposed tariff revisions in a streamlined rate proceeding on the motion of its own staff, on the motion of the Virginia Attorney General's Division of Consumer Counsel, or on the motion of any person subject to such change who requests a hearing and states a substantive reason why a hearing is necessary.

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

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

9. A cooperative shall not file more than three applications for streamlined rate relief in any ten (10) year period, and any application for streamlined rate relief which is granted by the commission will begin a new three-year period for purposes of any use of statutory authority by the cooperative pursuant to Va. Code § 56-585.3(A)(2).

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

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

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

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

d. A copy of the completed notice given to the public by the cooperative, including a description of the method of publication used.

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

11. Public notice of the increase and tariff revisions shall be completed 30 days in advance of the date the cooperative files its application for revised rates with the

commission. Actual proof of public notice shall be furnished to the commission as part of the rate application.

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

- a. Direct mailing to each customer (bill inserts or bill messages are acceptable);
- b. Publication in *Cooperative Living* magazine, or the cooperative's regular member publication;
- c. Newspapers of general circulation in the area served;
- d. Electronic notice to customers via email addresses (provided that notice pursuant to (a), (b), or (c) is also given);
- e. Publication of the notice on the cooperative's website (provided that notice pursuant to (a), (b), or (c) is also given);
- f. Any combination of these methods; or
- g. Any other method of publication authorized by the commission.

13. A copy of the notice shall be served on the Chair of the Board of Supervisors of each county (or equivalent officials in the counties having alternative forms of government) in which the cooperative offers service in the Commonwealth, and on the mayor or manager of every city and town (or equivalent officials in towns and cities having alternative forms of government) in which the cooperative offers service in the Commonwealth, and upon the Division of Consumer Counsel, Office of the Attorney General. Service shall be made by either personal delivery or first class mail, postage prepaid, to the customary place of business of the person served or to his or her residence.

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

- a. The amount of the total increase in revenues, both in percentages and dollar amounts;
- b. The percentage increase being applied to each of the cooperative's rate schedules;
- c. The identity of all wholesale power cost riders to be rolled-in to base rates;
- d. The locations where copies of the information required to be filed with the commission can be reviewed;
- e. The date the application will be delivered to the commission;

f. A notice that any person subject to the change or changes proposed by the cooperative has the right to request a hearing within 30 days of the application's delivery to the commission;

g. A notification that requests for hearing should be directed to the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218;

h. A statement advising that the commission may convene a hearing, and if a hearing is held, the commission may order rate relief, redesign rates or adopt tariff revisions which differ from those appearing in the cooperative's application;

i. A statement advising the public that if no or insufficient objections pursuant to 20 VAC 5-200-21(C)(5), the cooperative may petition the commission to make rates permanent without hearing within 30 days after the application is filed with the commission; and

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

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

16. Section (B)(6) of these Rules shall not apply to streamlined applications under this Section (C), except that the cooperative shall notify the staff of the commission no less than 60 days in advance of its filing.

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

**Exhibit C**

(Proposed Form of Notice for Publication)

[Proposed Form of Notice for Publication]

VIRGINIA'S ELECTRIC COOPERATIVES: NOTICE OF PROPOSED RULEMAKING

On February 10, 2020, the Virginia, Maryland & Delaware Association of Electric Cooperatives (“VMDAEC” or “Association”) filed with the State Corporation Commission (“Commission”) an Application to Initiate a Rulemaking (“Application”) pursuant to 5 VAC 5-20-110 of the Commission’s Rules of Practice and Procedure (“Rules of Practice”). Specifically, VMDAEC seeks a rulemaking to revise the Cooperative Streamlined Rate Case Rules contained in 20 VAC 5-200-21(C) (the “Streamlined Rate Case Rules” or “Streamlined Rules”). According to VMDAEC, these revisions would assist electric cooperatives subject to regulation by this Commission by making ratemaking proceedings more efficient through the increased use of the Streamlined Rate Case Rules outside of a general rate proceeding.

VMDAEC states that the Association has worked through a collaborative process with various stakeholders to propose the revisions, which would:

- Limit streamlined cooperative rate increases to 4% of total operating revenues;
- Remove references to the Consumer Price Index (CPI-U) for purposes of calculating rate change minimums or maximums;
- Add a new and additional Times Interest Earned Ratio (TIER) limit of 2.5 (or other appropriate metrics), consistent with the Commission’s history of rate regulation for electric cooperatives;
- Allow for robust participation from member-consumers affected by rate changes;
- Remove references in the current rules that would limit use of the rules by the cooperatives in a period of years from their last general rate case;
- Limit use of the Streamlined Rules to no more than three (3) times in any ten (10) year period;
- Limit use of Streamlined Rules such that any such rate change approved by the Commission would also limit use of a cooperative’s statutory authority, limiting rate changes to once every three years (absent other order of the Commission); and
- Make other miscellaneous updates to the Rules, including adding references to websites and the use of electronic mail in addition to traditional notification methods.

Interested persons are encouraged to review the Application for further details of the Association’s proposals.

Copies of the Application and the Order for Notice and Comment that the Commission entered in this case may be obtained by submitting a written request to counsel for the Association, Samuel R. Brumberg, Esquire, VMDAEC, 4201 Dominion Boulevard, Suite 101; Glen Allen, Virginia 23060. If acceptable to the requesting party, the Association may provide the documents by electronic means.

Copies of the Application and documents filed in this case also are available for interested persons to review in the Commission’s Document Control Center, located on the first floor of the Tyler

Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

On or before \_\_\_\_\_, any interested person wishing to comment on the Association's Application shall file written comments on the Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any interested person desiring to file comments electronically may do so on or before \_\_\_\_\_, by following the instructions on the Commission's website: <http://www.scc.virginia.gov/case>. Compact discs or any other form of electronic storage medium may not be filed with the comments. All such comments shall refer to Case No. PUR-2020-\_\_\_\_\_.

On or before \_\_\_\_\_, any interested person may file a written request for a hearing. If not filed electronically, an original and fifteen (15) copies of the request for hearing shall be submitted to the Clerk of the Commission at the address set forth above. Written requests for hearing shall refer to Case No. PUR-2020-\_\_\_\_\_ and shall include: (i) a precise statement of the interest of the filing party; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the factual and legal basis for such action; and (iv) a precise statement why a hearing should be conducted in the matter. A copy also shall be served on the Association at the address set forth above.

All documents filed 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.

The Commission's Rules of Practice may be viewed at <http://www.scc.virginia.gov/case>. A printed copy of the Commission's Rules of Practice and official copies of the Commission's Order for Notice and Comment in this proceeding may be obtained from the Clerk of the Commission at the address above.

VIRGINIA'S ELECTRIC COOPERATIVES