

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 15, 2018

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PETITION OF

NORTHERN VIRGINIA ELECTRIC
COOPERATIVE

CASE NO. PUR-2018-00165

For approval to implement a Large
Power Dedicated Facilities Contract
Service Schedule, HV-2

ORDER FOR NOTICE AND COMMENT

On September 27, 2018, Northern Virginia Electric Cooperative ("NOVEC" or "Cooperative") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to §§ 56-40, 56-231.34, and 56-236 of the Code of Virginia ("Code") for approval to implement the Large Power Dedicated Facilities Contract Service Schedule HV-2 ("Schedule HV-2").¹

Schedule HV-2 is a new, optional tariff that would generally be offered to certain large, high load factor Cooperative members with a minimum contract billing demand of 65 megawatts ("MW") and a load factor of 85%, though Schedule HV-2 would also be available to members with a minimum contract billing demand of 45 MW under certain conditions.² Under Schedule HV-2, eligible members would choose to take electric power supply service from either NOVEC's generally available power supply portfolio under a standard rate ("Standard Rate Option") or from the Cooperative at market-based rates ("Market Rate Option").³ Under the

¹ Petition at 1.

² *Id.* at 2, n.1.

³ *Id.* at 2; Affidavit of Howard M. Spinner at 2.

Market Rate Option, NOVEC would directly pass through the cost of obtaining power on behalf of the member, which would generally reflect pricing in the wholesale market of PJM Interconnection, L.L.C.⁴ Under either the Standard Rate Option or the Market Rate Option, Schedule HV-2 members would be responsible for power costs as well as capacity and transmission costs associated with their service.⁵

As proposed by the Cooperative, the distribution rates and charges under Schedule HV-2 would be set above NOVEC's cost of providing service to such members.⁶ According to the Cooperative, the distribution rates and charges were designed to ensure that the rates remain competitive with other utilities for such loads. Additionally, Schedule HV-2 would include minimum contract billing demands, "take or pay" distribution kilowatt-hour charges, and potential excess facilities charges.⁷ NOVEC states that these charges, along with the distribution rates, were designed to ensure that it would collect delivery revenues sufficient to recover the cost of distribution services provided to members taking service under Schedule HV-2 and to support any investment in delivery facilities made by NOVEC to connect the members to its system.⁸

NOVEC states that Schedule HV-2 was designed to provide appropriate and competitive rates for distribution service to members with very large loads while also providing sufficient

⁴ Petition at 3; Affidavit of Howard M. Spinner at 2.

⁵ Petition at 2-3.

⁶ *Id.* at 3.

⁷ *Id.*

⁸ *Id.*

flexibility to allow access to market-based power supply options that would otherwise not be available to meet these members' business needs.⁹

Further, according to the Cooperative, approval of Schedule HV-2 would not result in any increase in rates to NOVEC's existing members. In fact, the Cooperative claims that its existing members would benefit from the margins generated through the distribution rates under Schedule HV-2.¹⁰

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; NOVEC should provide public notice of its Petition; interested persons should have an opportunity to file comments on the Petition, file a notice of participation as a respondent, or request that a hearing be convened; the Commission's Staff ("Staff") should be directed to investigate the Petition and present its findings and recommendations in a report; and a Hearing Examiner should be assigned to rule on any discovery matters that arise during the course of this proceeding.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2018-00165.

(2) As provided by § 12.1-31 of the Code and Rule 5 VAC 5-20-120, *Procedure before Hearing Examiners*, of the Commission's Rules of Practice and Procedure ("Rules of Practice"),¹¹ a Hearing Examiner is appointed to rule on any discovery matters that arise during the course of this proceeding.

⁹ *Id.* at 4.

¹⁰ *Id.*

¹¹ 5 VAC 5-20-10 *et seq.*

(3) The Cooperative shall make copies of its Petition, as well as a copy of this Order for Notice and Comment, available for public inspection during regular business hours at each of the Cooperative's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Cooperative, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means. Copies of the public version of all documents also shall be 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>.

(4) On or before January 10, 2019, the Cooperative shall cause a copy of the following notice to be published in Cooperative Living Magazine:

NOTICE TO THE PUBLIC OF A PETITION
BY NORTHERN VIRGINIA ELECTRIC COOPERATIVE,
FOR APPROVAL TO IMPLEMENT A LARGE POWER
DEDICATED FACILITIES CONTRACT
SERVICE SCHEDULE, HV-2
CASE NO. PUR-2018-00165

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- **Northern Virginia Electric Cooperative has filed a petition with the State Corporation Commission for approval to implement a Large Power Dedicated Facilities Contract Service Schedule, HV-2 ("Schedule HV-2").**
- **Schedule HV-2 is a new, optional tariff that, if approved, would generally be offered to certain, similarly situated large, high load factor Cooperative members with a minimum contract billing demand of 65 megawatts and a load factor of 85%.**
- **Further information about this case is available on the State Corporation Commission's website at: <http://www.scc.virginia.gov/case>.**

On September 27, 2018, Northern Virginia Electric Cooperative ("NOVEC" or "Cooperative") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to §§ 56-40, 56-231.34, and 56-236 of the Code of Virginia for approval to implement the Large Power Dedicated Facilities Contract Service Schedule, HV-2 ("Schedule HV-2").

Schedule HV-2 is a new, optional tariff that would generally be offered to certain large, high load factor Cooperative members with a minimum contract billing demand of 65 megawatts ("MW") and a load factor of 85%, though Schedule HV-2 would also be available to members with a minimum contract billing demand of 45 MW under certain conditions. Under Schedule HV-2, eligible members would choose to take electric power supply service from either NOVEC's generally available power supply portfolio under a standard rate ("Standard Rate Option") or from the Cooperative at market-based rates ("Market Rate Option"). Under the Market Rate Option, NOVEC would directly pass through the cost of obtaining power on behalf of the member, which would generally reflect pricing in the

wholesale market of PJM Interconnection, L.L.C. Under either the Standard Rate Option or the Market Rate Option, Schedule HV-2 members would be responsible for power costs as well as capacity and transmission costs associated with their service.

As proposed by the Cooperative, the distribution rates and charges under Schedule HV-2 would be set above NOVEC's cost of providing service to such members. According to the Cooperative, the distribution rates and charges were designed to ensure that the rates remain competitive with other utilities for such loads. Additionally, Schedule HV-2 would include minimum contract billing demands, "take or pay" distribution kilowatt-hour charges, and potential excess facilities charges. NOVEC states that these charges, along with the distribution rates, were designed to ensure that it would collect delivery revenues sufficient to recover the cost of distribution services provided to members taking service under Schedule HV-2 and to support any investment in delivery facilities made by NOVEC to connect the members to its system.

NOVEC states that Schedule HV-2 was designed to provide appropriate and competitive rates for distribution service to members with very large loads while also providing sufficient flexibility to allow access to market-based power supply options that would otherwise not be available to meet these members' business needs.

Further, according to the Cooperative, approval of Schedule HV-2 would not result in any increase in rates to NOVEC's existing members. In fact, the Cooperative claims that its existing members would benefit from the margins generated through the distribution rates under Schedule HV-2.

Interested persons are encouraged to review the Petition and supporting documents for further details of the Cooperative's proposals.

The Cooperative's Petition, as well as the Order for Notice and Comment that the Commission entered in this case, are available for public inspection during regular business hours at each of the Cooperative's business offices in the Commonwealth of Virginia. Copies also may be obtained by submitting a written request to counsel for the Cooperative, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, 951 East Byrd Street, Richmond, Virginia 23219. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means.

Copies of the Petition and the public version of all 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 February 1, 2019, any interested person wishing to comment on the Cooperative's Petition shall file written comments on the Petition 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 February 1, 2019, 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-2018-00165.

On or before February 1, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address above. A copy of the notice of participation as a respondent also must be sent to counsel for the Cooperative at the address set forth above. Pursuant to Rule 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure ("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. All filings shall refer to Case No. PUR-2018-00165. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Comment.

On or before February 1, 2019, any interested person may file a written request for a hearing. If not filed electronically, an original and fifteen (15) copies of the hearing request shall be submitted to the Clerk of the Commission at the address above, and the interested person shall simultaneously serve a copy of the hearing request on counsel to the Cooperative at the address set forth above. All requests for a hearing shall refer to Case No. PUR-2018-00165.

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 an official copy 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.

NORTHERN VIRGINIA ELECTRIC COOPERATIVE

(5) On or before January 25, 2019, the Cooperative shall file with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, proof of the notice required by Ordering Paragraph (4).

(6) On or before February 1, 2019, any interested person may file written comments on the Petition with the Clerk of the Commission at the address shown in Ordering Paragraph (5). Any interested person desiring to submit comments electronically may do so on or before February 1, 2019, by following the instructions found 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 comments shall refer to Case No. PUR-2018-00165.

(7) On or before February 1, 2019, any person or entity wishing to participate as a respondent in this proceeding may do so by filing a notice of participation. If not filed electronically, an original and fifteen (15) copies of the notice of participation shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (5). The respondent shall simultaneously serve a copy of the notice of participation on counsel to the Cooperative at the address in Ordering Paragraph (3). Pursuant to Rule 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-2018-00165.

(8) 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 Comment, a copy of the Petition, and all materials filed by the Cooperative with the Commission, unless these materials have already been provided to the respondent.

(9) On or before February 1, 2019, any interested person may file a written request for a hearing. If not filed electronically, an original and fifteen (15) copies of the hearing request shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (5), and the interested person simultaneously shall serve a copy of the hearing request on counsel to the Cooperative at the address in Ordering Paragraph (3). All requests for a hearing shall refer to Case No. PUR-2018-00165.

(10) The Staff shall investigate the Petition. On or before February 15, 2019, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of its report and exhibits regarding its investigation of the Petition.

(11) On or before February 28, 2019, NOVEC may file with the Clerk of the Commission any comments on the Staff's report, comments from interested persons, and requests for hearing that were filed with the Commission. If not filed electronically, an original and fifteen (15) copies of such comments shall be filed with the Clerk of the Commission.

(12) 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.

(13) The Commission's Rule of Practice 5 VAC 5-20-260, *Interrogatories to parties 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 five (5) calendar days after receipt of the same. In addition to the service requirements of 5 VAC 5-20-260, 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, or by facsimile, 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.¹² Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice, 5 VAC 5-20-240 *et seq.*

(14) This matter is continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Timothy E. Biller, Esquire, and A. Christopher Alderman, Esquire, Hunton Andrews Kurth LLP, 951 East Byrd Street, Richmond, Virginia 23219; and C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney General, 202 N. 9th Street, 8th Floor, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Public Utility Regulation and Utility Accounting and Finance.

¹² The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2018-00165, in the appropriate box.