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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 16, 2001

APPLICATION OF

SOUTHSIDE ELECTRIC COOPERATIVE, INC. CASE NO. PUE000750

For a general rate increase
and for approval of a special
rate and contract

ORDER GRANTING MOTION

On December 29, 2000, Southside Electric Cooperative ("Southside" or "the Cooperative") filed with the State Corporation Commission ("Commission") an application for a general increase in electric rates and amendments to the Cooperative's terms and conditions ("general rate application"), and for approval of a special rate for ArborTech, Inc. ("ArborTech") ("special rate application").

Pursuant to Virginia Code § 56-582 A 3 of the Virginia Electric Utility Restructuring Act, Chapter 23 ("Restructuring Act" or "the Act"), Southside's proposed rates in its general rate application took effect January 1, 2001, on an interim basis and subject to refund.

On September 5, 2001, Southside, by counsel, filed a Motion to Revise Interim Rates and to Make Refunds. In its Motion, the Cooperative notes that: all parties have agreed to a

stipulation pending before the Commission and said stipulation would settle and establish a rate reduction from the interim rates as originally filed by the Cooperative; if the rate reduction is implemented, Southside would be obligated to refund the excess revenues collected under the interim rates as filed; Southside requests that any rate reduction be implemented as soon as possible to mitigate the impact of said refund on the Cooperative and provide immediate relief to its consumers; and Southside requests permission to begin charging its consumers under its revised rate schedule (Schedule A, Sheets 1-9), effective with its first billing cycle after the entry of an Order approving its Motion.

NOW UPON consideration of Southside's September 5, 2001, Motion, the Commission is of the opinion and finds that good cause having been shown, Southside's September 5, 2001, Motion should be granted. The Commission Staff has informed the Commission that Southside has implemented all settlement rates without the prior knowledge of the Commission and prior to approval by Commission order. The Commission will direct that Southside promptly submit a document report detailing all refunds made.

Accordingly, IT IS ORDERED THAT:

(1) The September 5, 2001 Motion to Revise Interim Rates and to Make Refunds is hereby granted.

(2) Upon the effective date of this Order, Southside Electric Cooperative shall refund, with interest as directed below, all revenues collected from the application of the interim rates which were effective January 1, 2001, to the extent that such revenues exceeded the revenues which would have been produced by the rates approved herein. The refund will cover electricity consumed from January 1, 2001 through the date the refund is made by Southside.

(3) Interest upon the ordered refunds shall be computed from the date payment of each monthly bill was due during the interim period until the date refunds are made, at an average prime rate for each calendar quarter. The applicable average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the Federal Reserve Bulletin, or in the Federal Reserve's Selected Interest Rates ("Selected Interest Rates") (Statistical Releases H.15), for the three months of the preceding calendar quarters.

(4) The interest required to be paid shall be compounded quarterly.

(5) The refunds ordered in Paragraph (2) above, may be accomplished by credit to the appropriate customer's Account for current customers (each such refund category being shown separately on each customer's bill). Refunds to former

customers shall be made by check to the last known address of such customers when the refund amount is $1 or more. Southside may retain refunds owed to former customers when such refund amount is less than $1; however, the Cooperative will prepare and maintain a list detailing each of the former accounts for which refunds are less than $1, and in the event such former customers contact the Cooperative and request refunds, such refunds shall be made promptly. All unclaimed refunds shall be handled in accordance with § 55-210.6:2 of the Code of Virginia.

(6) Within 21 days from the date of this Order, Southside shall file with the Staff a document showing that all refunds have been lawfully made pursuant to this Order and itemizing the cost of the refund and accounts charged. Such itemization of costs shall include, inter alia, computer costs, and the personnel-hours, associated salaries and cost for verifying and correcting the refund methodology and developing the computer program. In addition, Southside shall provide all calculations used to determine refunds by class and amount of refund.

(7) Southside shall bear all costs of the refunding directed in this Order.

(8) Final approval and adoption of final rates for Southside are pending issuance of a Final Order by the Commission.