

STATE CORPORATION COMMISSION

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PETITION OF

RAPPAHANNOCK
ELECTRIC COOPERATIVE

CASE NO. PUR-2025-00048

For approval to implement a new Large Power
Dedicated Facilities Rate ScheduleORDER FOR NOTICE AND COMMENT

On March 12, 2025, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to §§ 56-231.34 and 56-236 of the Code of Virginia ("Code") for approval to implement its proposed Large Power Dedicated Facilities Schedule LP-DF ("Schedule LP-DF").¹ REC describes Schedule LP-DF as a new rate schedule designed to provide service to very large, high load factor customers.² Specifically, REC states that Schedule LP-DF will be used to serve all similarly situated consumers that are served through dedicated facilities with a contracted billing demand that exceeds 25 megawatts and an annual average load factor of 75 percent.³ REC proposes that customers that meet the specific requirements for eligibility under Schedule LP-DF will be required to take service under Schedule LP-DF.⁴

REC states that many developers of large-scale data centers and other large load customers are currently developing facilities in the Cooperative's service territory and that the

¹ Petition at 1 and Attachment A.

² *Id.* at 2.

³ *Id.*

⁴ *Id.* at 3.

electric power demands of these customers will easily eclipse the aggregate peak demand of not only REC's entire service territory, but also the total aggregate peak electric power demand of Old Dominion Electric Cooperative, REC's primary generation and transmission provider.⁵

According to REC, Schedule LP-DF provides a structured rate that is designed based on the requirements to serve these large load, high load factor customers.⁶ Schedule LP-DF includes a delivery charge, service charge, excess facilities charge, and a pass-through of power supply costs.⁷ The Petition states that the delivery service charge and the service charge are both structured as demand charges on a per megavolt-amperes basis, which REC asserts will ensure that the Cooperative's cost recovery aligns with the stable, high load factor of customers taking service under Schedule LP-DF.⁸

REC states that Schedule LP-DF includes multiple protections to avoid impacts to existing Cooperative members as a result of providing service to this new class of customers.⁹ Specifically, REC designed Schedule LP-DF to require an upfront contribution-in-aid-of-construction and the rate includes a contribution margin, both of which protect and compensate Cooperative members from risks associated with service to these customers.¹⁰ Additionally,

⁵ *Id.* at 2.

⁶ *Id.* at 2-3. REC states that the Commission previously approved the Cooperative's proposed affiliate arrangement through which it will obtain the power supply necessary to serve these exceptionally sized customers. *Id.* at 2. *See Application of Rappahannock Electric Cooperative, Hyperscale Energy Services, LLC, Hyperscale Energy 1, LLC and Hyperscale Energy 2, LLC, For approval of affiliate agreements and for future, limited exemptions pursuant to Chapter 4 of Title 56 of the Code of Virginia*, Case No. PUR-2024-00213, Doc. Con. Cen. No. 250220070, Order Granting Approval (Feb. 18, 2025).

⁷ Petition at 3.

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

proposed Schedule LP-DF requires customers to provide collateral to support both their distribution and power supply service requirements in order to avoid the possibility of shifting costs to the Cooperative's other members.¹¹ The Cooperative states that it intends to accept collateral in a variety of forms as may be negotiated with each customer, including surety bonds, letters of credit, parent guarantees, or cash.¹²

The Cooperative requests that the Commission accept Schedule LP-DF for filing as a new rate schedule pursuant to Code §§ 56-231.34 and 56-236 with an effective date of July 1, 2025.¹³ Should the Commission require additional time to review the Petition beyond July 1, 2025, the Cooperative requests it be permitted to implement Schedule LP-DF on an interim basis on and after July 1, 2025.¹⁴ According to REC, interim authority would allow the Cooperative to continue to work with customers to meet requested in-service dates in a timely manner.¹⁵

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that this matter should be docketed; the Cooperative 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 Staff of the Commission ("Staff") should be directed to investigate the Petition and present its findings and recommendations in a report ("Staff Report"); and a Hearing Examiner should be assigned to

¹¹ *Id.* at 4.

¹² *Id.* REC states that should the Commission determine that cash as a form of collateral is not separate and distinct from the utility customer deposit requirements under 20 VAC 5-10-20, the Cooperative respectfully requests the Commission grant a waiver of the requirement of 20 VAC 5-10-20 with respect to Schedule LP-DF only. *Id.*

¹³ *Id.* at 5.

¹⁴ *Id.*

¹⁵ *Id.*

rule on any discovery matters and motions *pro hac vice* that arise during the course of this proceeding.

To promote administrative efficiency and timely service of filings upon participants, the Commission will, among other things, direct the electronic filing of documents, unless they contain confidential information, and require electronic service on parties to this proceeding.

We further find that REC should be permitted to place Schedule LP-DF into effect, on an interim basis, subject to refund, on and after July 1, 2025.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUR-2025-00048.

(2) All documents in this matter shall be submitted electronically to the extent authorized by 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure ("Rules of Practice").¹⁶ 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.

(3) Pursuant to 5 VAC 5-20-140, *Filing and service*, of the Rules of Practice, the Commission directs that service on parties and Staff in this matter shall be accomplished by electronic means. Concerning Confidential or Extraordinarily Sensitive Information, parties and 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

¹⁶ 5 VAC 5-20-10 *et seq.*

protected manner, even if such information is unable to be filed in the Office of the Clerk, so that no party or Staff is impeded from preparing its case.

(4) As provided by Code § 12.1-31 and 5 VAC 5-20-120, *Procedure before hearing examiners*, of the Rules of Practice, a Hearing Examiner is appointed to rule on any discovery matters or *pro hac vice* motions that may arise during the course of this proceeding. A copy of each such filing made with the Office of the Clerk in this matter shall also be sent electronically to the Office of the Hearing Examiners.¹⁷

(5) An electronic copy of the Petition 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 23219-4074, or tbiller@HuntonAK.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/case-information.

(6) On or before April 30, 2025, the Cooperative shall cause the following notice to be published as display advertising (not classified) on one (1) occasion in newspapers of general circulation throughout the Cooperative's service territory within Virginia:

NOTICE TO THE PUBLIC OF A PETITION
BY RAPPAHANNOCK ELECTRIC COOPERATIVE,
FOR APPROVAL TO IMPLEMENT A NEW LARGE
POWER DEDICATED FACILITIES RATE SCHEDULE
CASE NO. PUR-2025-00048

On March 12, 2025, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed a petition ("Petition") with the State Corporation Commission ("Commission") pursuant to §§ 56-231.34 and 56-236 of the Code of Virginia ("Code") for approval to implement its proposed Large Power Dedicated Facilities Schedule LP-DF ("Schedule LP-DF"). REC describes Schedule LP-DF as a new rate schedule designed to provide service to very large, high load factor customers. Specifically,

¹⁷ Such electronic copies shall be sent to: OHEParalegals@scc.virginia.gov.

REC states that Schedule LP-DF will be used to serve all similarly situated consumers that are served through dedicated facilities with a contracted billing demand that exceeds 25 megawatts and an annual average load factor of 75 percent. REC proposes that customers that meet the specific requirements for eligibility under Schedule LP-DF will be required to take service under Schedule LP-DF.

REC states that many developers of large-scale data centers and other large load customers are currently developing facilities in the Cooperative's service territory and that the electric power demands of these customers will easily eclipse the aggregate peak demand of not only REC's entire service territory, but also the total aggregate peak electric power demand of Old Dominion Electric Cooperative, REC's primary generation and transmission provider.

According to REC, Schedule LP-DF provides a structured rate that is designed based on the requirements to serve these large load, high load factor customers. Schedule LP-DF includes a delivery charge, service charge, excess facilities charge, and a pass-through of power supply costs. The Petition states that the delivery service charge and the service charge are both structured as demand charges on a per megavolt-amperes basis, which REC asserts will ensure that the Cooperative's cost recovery aligns with the stable, high load factor of customers taking service under Schedule LP-DF.

REC states that Schedule LP-DF includes multiple protections to avoid impacts to existing Cooperative members as a result of providing service to this new class of customers. Specifically, REC designed Schedule LP-DF to require an upfront contribution-in-aid-of-construction and the rate includes a contribution margin, both of which protect and compensate Cooperative members from risks associated with service to these customers. Additionally, proposed Schedule LP-DF requires customers to provide collateral to support both their distribution and power supply service requirements in order to avoid the possibility of shifting costs to the Cooperative's other members. The Cooperative states that it intends to accept collateral in a variety of forms as may be negotiated with each customer, including surety bonds, letters of credit, parent guarantees, or cash.

The Cooperative requests that the Commission accept Schedule LP-DF for filing as a new rate schedule pursuant to Code §§ 56-231.34 and 56-236 with an effective date of July 1, 2025. Should the Commission require additional time to review the

Petition beyond July 1, 2025, the Cooperative requests it be permitted implementation on an interim basis on and after July 1, 2025. The Commission entered an Order for Notice and Comment that, among other things, granted this request and directed that REC may place Schedule LP-DF into effect on an interim basis, subject to refund, on and after July 1, 2025.

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

An electronic copy of the Petition 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 23219-4074, or tbiller@HuntonAK.com. Interested persons also may download unofficial copies from the Commission's website: scc.virginia.gov/case-information.

On or before May 30, 2025, any interested person may submit comments on the Petition by following the instructions found on the Commission's website: scc.virginia.gov/case-information/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 such comments shall refer to Case No. PUR-2025-00048.

On or before May 30, 2025, 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 with 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, if available. The respondent simultaneously shall serve a copy of the notice of participation electronically on counsel to the Cooperative, Commission Staff, and any other respondents. Pursuant to 5 VAC 5-20-80 B, *Participation as a respondent*, of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.* ("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-2025-00048. 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 May 30, 2025, any interested person or entity may file with the Clerk of the Commission at scc.virginia.gov/clk/efiling a request that the Commission convene a hearing on the Petition. Those unable, as a practical matter, to file a hearing request electronically may file such hearing request by U.S. mail to the Clerk of the Commission at the address listed above. A copy of the request for hearing also must be served electronically on counsel for the Cooperative, any other respondents, and Commission Staff. Requests for a hearing shall include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All requests for a hearing shall refer to Case No. PUR-2025-00048.

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 Comment, 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 Petition, the public versions of other documents filed in this case, the Commission's Rules of Practice, and the Commission's Order for Notice and Comment may be viewed on the Commission's website at: scc.virginia.gov/case-information.

RAPPAHANNOCK ELECTRIC COOPERATIVE

(7) On or before April 30, 2025, REC shall serve a copy of its Petition and this Order for Notice and Comment on the following local officials, to the extent the position exists, in each county, city, and town in which REC 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 or town; and the county, city, or town attorney. Service shall be made

electronically where possible; if electronic service is not possible, service shall be made by either personal delivery or first-class mail to the customary place of business or residence of the person served.

(8) On or before May 14, 2025, REC shall file proof of the notice and service required by Ordering Paragraphs (6) and (7) with the Clerk of the Commission.

(9) On or before May 30, 2025, any interested person may file written comments on the Petition by following the instructions found on the Commission's website: scc.virginia.gov/case-information/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-2025-00048.

(10) On or before May 30, 2025, 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 (9). Such notice of participation shall include the email addresses of such parties or their counsel, if available. A copy of the notice of participation shall be served electronically on counsel for the Cooperative, any other respondents, and Staff as set forth in Ordering Paragraph (3). 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-2025-00048.

(11) Within five (5) business days of receipt of a notice of participation as a respondent, the Cooperative shall serve a copy of the Petition and supporting materials on the respondent, unless these materials have already been provided to the respondent.

(12) On or before May 30, 2025, any interested person or entity may file with the Clerk of the Commission at scc.virginia.gov/clk/efiling a request that the Commission convene a hearing on the Petition. Those unable, as a practical matter, to file a hearing request electronically may file such a request by U.S. mail to the Clerk of the Commission at the address in Ordering Paragraph (9). Such request for hearing shall include the email address of the filer or its counsel, if available. A copy of the request for hearing shall be served electronically on counsel for the Cooperative, any other respondents, and Staff as set forth in Ordering Paragraph (3). Requests for hearing must include: (i) a precise statement of the filing party's interest in the proceeding; (ii) a statement of the specific action sought to the extent then known; (iii) a statement of the legal basis for such action; and (iv) a precise statement why a hearing should be conducted in this matter. All requests for a hearing shall refer to Case No. PUR-2025-00048.

(13) The Staff shall investigate the Petition. On or before June 30, 2025, the Staff shall file with the Clerk of the Commission a Staff Report containing its findings and recommendations, and shall promptly serve a copy of the same on counsel for the Cooperative and all respondents electronically, as set forth in Ordering Paragraph (3).

(14) On or before June 6, 2025, REC shall file with the Clerk of the Commission its response to any request for a hearing filed in this matter. The Cooperative shall serve a copy of

such response electronically on Staff, any respondents, and the interested person or entity requesting a hearing, as set forth in Ordering Paragraph (3).

(15) On or before July 14, 2025, the Cooperative may file with the Clerk of the Commission any response to the Staff Report, and to any comments filed with the Commission in this proceeding. The Cooperative shall serve a copy of its response electronically on Staff and all respondents, as set forth in Ordering Paragraph (3).

(16) 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 herein, all filings shall comply fully with the requirements of 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice.

(17) 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 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 Staff.¹⁸ 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.*

¹⁸ The assigned Staff attorney is identified on the Commission's website, scc.virginia.gov/case-information, by clicking "Docket Search," then clicking "Search by Case Information," and entering the case number, PUR-2025-00048, in the appropriate box.

(18) REC may place Schedule LP-DF into effect on an interim basis, subject to refund, on and after July 1, 2025.

(19) 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.