

# LEGAL NOTICE

NOTICE TO THE PUBLIC OF  
SOUTHSIDE ELECTRIC COOPERATIVE'S APPLICATION  
FOR A GENERAL INCREASE IN RATES  
CASE NO. PUR-2019-00090

On July 19, 2019, Southside Electric Cooperative ("SEC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to §§ 56-231.33, 56-231.34, 56-236, 56-238, and 56-585.3 of the Code of Virginia requesting approval of a proposed increase in rates and charges for bills issued on or after January 7, 2020.

SEC represents that a rate increase is needed due to low customer growth and increased costs. Specifically, the Cooperative seeks an increase in jurisdictional sales revenues of \$8,019 million to pay expenses, service debt, fund capital additions, and meet the financial goals established by SEC's Board of Directors. The proposed increase would produce total rate year jurisdictional margins of \$9,320 million, a 2.35x Times Interest Earned Ratio, a debt service coverage ratio of 1.74x, and 5.74% rate of return on rate base.

The Cooperative proposes a demand charge for its Schedule A, Schedule A-TOU, and Schedule GSS members. SEC states that by separating demand costs from consumption costs, the Cooperative's members will be able to control both types of costs, rather than just consumption costs. To update Schedule A kilowatt hour sales for the rate year, calendar year 2020, SEC proposes to use a five-year average monthly consumption, rather than the test year, calendar year 2018, average of monthly consumption. Additionally, the Cooperative proposes to incorporate seasonal price differentials for the electric supply service portions of generation and transmission charges. SEC also proposes to introduce Schedule AS-1, a new rider to Schedule I that will pass through the cost effects of purchasing power from an alternative supplier to Old Dominion Electric Cooperative ("ODEC").

Of the proposed \$8,019 million rate year revenue increase, SEC allocates the largest percentage increase of 7.66% to Schedule A (Residential), which equals \$7,836.5 million; the next largest percentage increase of 5.79% to Schedule GSS, which equals \$173,339; minimal increases to Schedules I and A-TOU; and non-material increases to Schedules GTP and SL. The Cooperative indicates that overall jurisdictional sales revenue increase is 6.87%.

SEC also proposes to adjust its Schedule PCA-1 to (1) reflect the rate year level of power cost recovered in proposed base rates; (2) change the Southeastern Power Administration ("SEPA") factor definition to incorporate the addition of Morgan Stanley as a supplier; (3) clarify that SEPA rate changes or allocations and changes in price or volume from a non-ODEC supplier do not require a corresponding change in the power cost adjustment factor midyear unless the changes materially affect power cost; and (4) eliminate the non-purchased power cost element in the over- and under-recovery amount calculation.

The Cooperative represents that it is not making any substantive changes to its Terms and Conditions at this time. Notwithstanding, SEC will need to make several non-substantive revisions to its Terms and Conditions to reflect the changes being made to its rate schedules. 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 entered an Order for Notice and Hearing that, among other things, permits the Cooperative to place its proposed rates, charges, and terms and conditions of service into effect, subject to refund, for bills rendered on and after January 7, 2020.

The Commission's Order for Notice and Hearing scheduled a public hearing at 10 a.m. on February 4, 2020, in the Commission's second floor courtroom located in the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive the testimony of public witnesses and the evidence of the Cooperative, any respondents, and the Commission's Staff. Any person desiring to testify as a public witness should appear at the hearing location fifteen (15) minutes prior to the starting time of the hearing and contact the Commission's Bailiff.

Copies of the public version of all documents filed in this case 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>.

Copies of the Cooperative's Application and the Commission's Order for Notice and Hearing also may be inspected during regular business hours at each of the Cooperative's business offices in the Commonwealth of Virginia. Copies of these documents also may be obtained, at no charge, by submitting a written request to counsel for the Cooperative: Garland S. Carr, Esquire, Williams Mullen, 200 South 10th Street, Suite 1600, Richmond, Virginia 23219. If acceptable to the requesting party, the Cooperative may provide the documents by electronic means.

On or before January 7, 2020, any interested person may file written comments on the Cooperative's Application with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Interested persons desiring to submit comments electronically may do so on or before January 7, 2020, by following the instructions found on the Commission's website: <http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium cannot be filed with the comments. All such comments shall refer to Case No. PUR 2019-00090.

Any person or entity may participate as a respondent in this proceeding by filing a notice of participation on or before October 30, 2019. If not filed electronically, an original and fifteen (15) copies of a notice of participation shall be filed with the Clerk of the Commission at the address set forth above. A copy of the notice of participation shall be sent to counsel for SEC at the address set forth above. Pursuant to Rule 5 VAC 5-20-80, *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. Any organization, corporation, or government body participating as a respondent shall be represented by counsel as required by Rule 5 VAC 5-20-30, *Counsel*, of the Rules of Practice. All filings shall refer to Case No. PUR-2019-00090. For additional information about participation as a respondent, any person or entity should obtain a copy of the Commission's Order for Notice and Hearing.

All documents filed in 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 the Commission's website: <http://www.virginia.scc.gov/case>. A printed copy of the Commission's Rules of Practice and an official copy of the Commission's Order for Notice and Hearing in this proceeding may be obtained from the Clerk of the Commission at the address set forth above.