

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 24, 2018

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APPLICATION OF

RAPPAHANNOCK ELECTRIC COOPERATIVE

CASE NO. PUR-2018-00019

For approval of a community solar tariff

FINAL ORDER

On January 30, 2018, Rappahannock Electric Cooperative ("REC" or "Cooperative") filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to § 56-585.1:3 C of the Code of Virginia ("Code") for approval of a companion rate schedule for a community solar pilot program ("Community Solar Tariff").¹

The Community Solar Tariff is a three-year pilot program for the development of a solar program that would be available, on a completely voluntary basis, to REC members that are receiving electric service under a residential rate schedule ("Subscribers").² REC's wholesale power supplier, Old Dominion Electric Cooperative, has entered into long-term contracts for the output of two solar generating facilities ("Solar Facilities") located in Virginia and REC plans to make units of energy from the Solar Facilities available to Subscribers in 50 kilowatt-hour blocks ("Solar Blocks"), until all of the available units are fully subscribed.³ A Subscriber may purchase energy by subscribing to one or more Solar Blocks up to a level that is not expected to exceed the Subscriber's metered monthly kilowatt-hour ("kWh") usage.⁴ The Cooperative states

¹ Application at 1.

² *Id.* at 2-3.

³ *Id.* at 3-4.

⁴ *Id.* at 4.

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that it will work with Subscribers to limit subscriptions to no more than the Subscriber's expected monthly usage.⁵

Under the Community Solar Tariff, each Subscriber would pay a flat and fixed rate of \$5.33 per Solar Block per month ("Fixed Block Charge").⁶ The Fixed Block Charge is based on the Cooperative's prevailing residential electricity supply service rate including applicable riders plus a solar adder, and represents a premium to the rate available under the Subscriber's standard tariff rate.⁷ A Subscriber would be responsible for the Fixed Block Charge under the Community Solar Tariff even in months in which actual usage is less than the size of the Solar Block(s) the Subscriber purchased.⁸ Subscribers would also remain subject to the terms and conditions of the applicable standard tariff, except as modified by the Community Solar Tariff, and would remain subject to the other basic terms, conditions, and membership agreements of the Cooperative.⁹ Subscribers would be able to cancel their subscriptions at any time after giving at least 30 days' notice to the Cooperative.¹⁰

On March 12, 2018, the Commission issued an Order for Notice and Comment that directed REC to provide public notice of its Application and invited interested persons to file comments or a notice of participation in this proceeding, or to request a hearing on the Cooperative's Application. The Commission also directed the Staff of the Commission ("Staff")

⁵ *Id.* at 5.

⁶ *Id.* at 4. According to the Cooperative, the Fixed Block Charge would remain fixed for the three-year term of the pilot program. *Id.*

⁷ *Id.* at 4, 6.

⁸ *Id.* at 5.

⁹ *Id.*

¹⁰ *Id.* at 6.

to investigate the Application and file a report containing Staff's findings and recommendations ("Report" or "Staff Report"). The Virginia, Maryland and Delaware Association of Electric Cooperatives ("Association") filed a notice of participation as well as comments in support of the Application on May 24, 2018. The Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel") filed a notice of participation on May 4, 2018, and filed comments on the Application on May 25, 2018. While Consumer Counsel did not generally oppose approval of the Community Solar Tariff, it did question whether a ten percent adder that REC included in the calculation of the Fixed Block Charge was reasonable and satisfies the requirements of Code § 56-585.1:3 C.¹¹

On June 1, 2018, the Staff filed its Report. Staff summarized the Application and noted, among other things, that a residential Subscriber with monthly usage of 1,000 kWh would pay \$6.19 more per month when subscribed to five Solar Blocks, and \$14.38 more per month when subscribed to ten Solar Blocks.¹²

Staff concluded that, pursuant to Code § 56-585.1:3 C, the proposed Community Solar Tariff is reasonable and Staff is generally not opposed to the Community Solar Tariff or Pilot Program, though Staff noted that should the Commission determine that REC's ten percent adder is a margin, it should be based on REC's rate of return on rate base in its most recent rate proceeding.¹³ Further, in order to verify that non-participating customers are not adversely impacted by the Community Solar Tariff, as represented in the Application,¹⁴ Staff

¹¹ Consumer Counsel Comments at 3-8.

¹² Staff Report at 7-8.

¹³ *Id.* at 12. Staff, however, did not oppose the ten percent adder if it represents a projected program cost. *Id.* at 9.

¹⁴ Application at 3.

recommended that the Cooperative file a report at the conclusion of the three-year Pilot Program detailing the following: (1) participation levels during the Pilot Program, (2) data regarding the actual costs of the components of the Fixed Block Charge, and (3) actual Community Solar Tariff revenues.¹⁵ Staff also recommended that the Cooperative submit annual reports to Staff showing the balance of any deferred costs.¹⁶ Lastly, Staff recommended that, in any future base rate cases, the Cooperative clearly remove the Community Solar Tariff's investment, expenses and revenues in order to facilitate the analysis of proposed base rate changes in such proceedings.¹⁷

On June 15, 2018, REC filed a response to the Staff Report stating that the Cooperative supports Staff's finding that the proposed Community Solar Tariff is reasonable, but disagrees with Staff's conclusion that the ten percent adder is a margin, rather than a projected program cost under Code § 56-585.1:3 A.¹⁸

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that REC's proposed Community Solar Tariff is reasonable and shall be approved.¹⁹ In addition, we find that the approval herein shall be subject to the reporting and future rate case requirements recommended by Staff.

Accordingly, IT IS ORDERED THAT:

(1) The Cooperative's Application is approved as set forth herein.

¹⁵ Staff Report at 11-12.

¹⁶ *Id.* at 11.

¹⁷ *Id.* at 11-12.

¹⁸ REC Response to Staff Report at 2-8.

¹⁹ We find that the ten percent adder is a projected program cost permissible under Code § 56-585.1:3 A.

(2) The Community Solar Tariff shall become effective for bills rendered on and after the date of this Order.

(3) Within thirty (30) days of the date of this Order, the Cooperative shall file applicable tariffs to implement the Pilot Program with the Clerk of the Commission and with the Commission's Divisions of Public Utility Regulation and Utility Accounting and Finance.

(4) This matter is dismissed.

AN ATTESTED COPY hereof shall be sent 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 State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, 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.