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March 12, 2025

BY ELECTRONIC FILING

Hon. Bernard J. Logan, Clerk
State Corporation Commission
Document Control Center
Tyler Building – First Floor
1300 East Main Street
Richmond, Virginia 23219

**Re: Petition of Rappahannock Electric Cooperative
For approval to implement a new Large Power
Dedicated Facilities Rate Schedule
Case No.: PUR-2025-00**

Dear Mr. Logan:

Enclosed for filing in the above-referenced proceeding, please find the application of Rappahannock Electric Cooperative for approval to implement a new Large Power Dedicated Facilities Rate Schedule.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Timothy E. Biller
Enclosures

cc: William H. Chambliss, Esq.
C. Meade Browder, Jr., Esq.

**COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION**

PETITION OF)
)
RAPPAHANNOCK) **CASE NO. PUR-2025-00** ____
ELECTRIC COOPERATIVE)
)
For approval to implement a new Large Power)
Dedicated Facilities Rate Schedule)

PETITION

Pursuant to §§ 56-231.34, and 56-236 of the Code of Virginia (“Virginia Code”), Rappahannock Electric Cooperative (“REC” or the “Cooperative”) respectfully requests that the State Corporation Commission (“Commission”) accept filing of REC’s Large Power-Dedicated Facilities Rate Schedule (“Schedule LP-DF”). Schedule LP-DF is a new tariff that will apply to all similarly situated Cooperative members that meet the eligibility criteria set forth in the rate schedule. In support of this Petition, REC respectfully states as follows:

I. GENERAL INFORMATION

1. REC is a member-owned, electric distribution cooperative that provides retail electric service in portions of 22 Virginia counties: Albemarle, Caroline, Clarke, Culpeper, Essex, Fauquier, Frederick, Goochland, Greene, Hanover, King and Queen, King William, Louisa, Madison, Orange, Page, Rappahannock, Rockingham, Shenandoah, Spotsylvania, Stafford, and Warren. REC’s principle offices are located at 247 Industrial Court, Fredericksburg, Virginia, 22408. REC’s website is <https://www.myrec.coop/>.

2. REC’s counsel of record in this proceeding are:

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II. SCHEDULE LP-DF

3. Schedule LP-DF is a new rate schedule designed to provide service to very large, high load factor customers. Specifically, Schedule LP-DF will be used to serve all similarly situated consumers that are served through dedicated facilities¹ with a contracted billing demand that exceeds 25MW and an annual average load factor of 75%. A copy of Schedule LP-DF is provided as Attachment A to this Petition.

4. As previously described to the Commission in detail in Case Nos. PUR-2024-00015, PUR-2024-00016, and PUR-2024-00213, many developers of large-scale data centers and other large load customers are currently developing facilities in the Cooperative's service territory. The electric power demands of these customers will easily eclipse the aggregate peak demand of not only Rappahannock's entire service territory, but also the total aggregate peak electric power demand of Old Dominion Electric Cooperative ("ODEC"), Rappahannock's primary generation and transmission provider. As part of the Cooperative's comprehensive approach to addressing the needs of these customers while also protecting existing Cooperative members, in Case No. PUR-2024-00213 the Commission approved the Cooperative's proposed affiliate arrangement through which it will obtain the power supply necessary to serve these exceptionally-sized customers.

5. Schedule LP-DF is another integral part of the Cooperative's approach to providing service to these exceptionally-sized customers. Schedule LP-DF provides a structured rate that is designed specifically based on the requirements to serve these large load, high load

¹ Dedicated facilities can include colocation facilities owned and operated by a company that leases physical space within their data center to other companies and organizations. Colocation data centers generally serve multiple tenants which allows these companies to benefit from economies of scale.

factor customers. This rate schedule will allow the Cooperative to recover the full cost of providing service to these customers, including the costs associated with providing distribution service as well as the costs associated with obtaining the power supply needed to serve these customers.

6. As detailed in the testimony accompanying this Petition, the structured rate under Schedule LP-DF includes a delivery service charge, service charge, excess facilities charge, and a pass-through of power supply costs. The delivery service charge and service charge are both structured as demand charges on a per megavolt-amperes (“MVA”) basis. This rate structure will ensure that the Cooperative’s cost recovery aligns with the stable, high load factor of customers under Schedule LP-DF. The charges have been designed based on the Cooperative’s current forecast for customers that will begin taking service under Schedule LP-DF in the next two years. As additional Schedule LP-DF customers come online, the Cooperative will monitor the rate and adjust it as necessary in future proceedings.

7. Customers that meet the specific requirements for eligibility under Schedule LP-DF will be required to take service under that rate schedule. As discussed by Company Witness Lyons, the Cooperative’s existing Schedule LP-3 was not designed to serve customers with the service requirements of these large load, high load factor customers and appropriately recover the costs of the dedicated facilities necessary to serve these customers. Instead, Schedule LP-DF has been specifically designed to align with these service requirements, allowing for full cost recovery and avoiding impacts to other Cooperative members.

8. Schedule LP-DF includes multiple protections to avoid impacts to existing Cooperative members from providing service to this new class of customers. As discussed by Company Witness Lyons, Schedule LP-DF is designed 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.

9. In addition, as discussed by Company Witness Sebastian, Schedule LP-DF requires that customers 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 currently 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. Although the Cooperative views this collateral requirement as separate and distinct from the customer deposit contemplated by 20 VAC 5-10-20, the Commission Staff has previously raised a question regarding whether a utility accepting cash as collateral from large-load customers is subject to this regulation.² To the Cooperative's knowledge, the Commission has not yet addressed this question. Accordingly, 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 Company respectfully requests that the Commission grant a waiver of the requirements of 20 VAC 5-10-20 with respect to Schedule LP-DF only. This will provide the Cooperative flexibility to work with potential LP-DF customers to secure sufficient collateral to protect the Cooperative and its other members in the event the unexpected occurs with these large load customers.

10. No current customer of the Cooperative currently meets the applicability requirements of Schedule LP-DF, therefore no customer will experience a change in rates for receiving the same service as a result of acceptance of this tariff.³ Accordingly, the Cooperative respectfully requests that the Commission accept Schedule LP-DF as a new tariff of the Cooperative.

² Testimony of Brian S. Pratt at 30-32, Case No. PUR-2024-00024 (filed August 2, 2024).

³ Currently, the Cooperative is providing limited bridging power under an existing rate schedule to certain members who will take service under Schedule LP-DF once construction and energization of the dedicated facilities used to serve the customers' facility is completed.

III. SUPPORT FOR APPLICATION

11. This Petition is supported by testimony from the following witnesses:

- a. Brian D. Doherty – Mr. Doherty introduces the other witness supporting this Petition; discusses the background and need for Schedule LP-DF; and provides support for the components of the Schedule.
- b. Jennifer B. Sebastian – Ms. Sebastian sponsors the proposed Schedule LP-DF and discusses its structure, including the methodology used to determine charges, cost recovery mechanisms, and the financial protections embedded in the tariff. She will also provide an illustrative example of the rate's application to a large-load customer and explain the required agreements that will govern service to these customers.
- c. Timothy S. Lyons – Mr. Lyons discusses the development of the LP-DF rate, ensuring that it reflects cost causation principles and aligns with industry best practices. He outlines the structure of the tariff, including its applicability to large-load customers, the primary terms of service, and the mechanisms used to track and allocate revenues and costs.

12. Included as Attachment B to this Petition is a resolution of the Board of Directors authorizing Schedule LP-DF.

13. The Cooperative respectfully requests that the Commission accept Schedule LP-DF for filing as a new rate schedule of the Cooperative pursuant to Va. Code §§ 56-231.34 and 56-236. Schedule LP-DF currently reflects an effective date of July 1, 2025. Should the Commission believe additional time to review this Petition is necessary, the Company respectfully requests that it permit the Cooperative to implement Schedule LP-DF on an interim basis on and after July 1, 2025. Interim authority will allow the Cooperative to continue to work with customers to meet requested in-service dates in a timely manner.

WHEREFORE Rappahannock Electric Cooperative respectfully requests that the Commission (1) accept filing of Schedule LP-DF pursuant to Va. Code §§ 56-231.34 and 56-236, (2) confirm that the Cooperative may accept cash as collateral, in addition to other forms of collateral, as contemplated under Schedule LP-DF and, if it determines it to be necessary, grant a waiver of the requirements of 20 VAC 5-10-20 and (3) grant such additional relief as it deems necessary or appropriate.

Respectfully submitted,

**RAPPAHANNOCK
ELECTRIC COOPERATIVE**



By Counsel

March 12, 2025

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Counsel for Rappahannock Electric Cooperative

CERTIFICATE OF SERVICE

I hereby certify that on this 12th day of March, 2025, a copy of the foregoing Petition of Rappahannock Electric Cooperative was delivered electronically to the following:

William H. Chambliss, Esq.
Office of General Counsel
State Corporation Commission
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C. Meade Browder, Jr., Esq.
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Office of Attorney General
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Richmond, Virginia 23219
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Rappahannock Electric Cooperative

SCHEDULE LP-DF

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RAPPAHANNOCK ELECTRIC COOPERATIVE
Fredericksburg, Virginia

LARGE POWER AND DEDICATED FACILITIES
SCHEDULE LP-DF

I. AVAILABILITY

Available throughout the service territory of the Cooperative, subject to the Terms and Conditions of the Cooperative filed with the State Corporation Commission of Virginia (Commission). When a customer being served by the Cooperative meets the Applicability requirements as specified in conditions 2 and 3 the customer will be placed on the Large Power and Dedicated Facilities rate schedule.

II. APPLICABILITY

Applicable upon request to large commercial or industrial consumers subject to the following conditions:

1. The customer must execute an Electric Service Agreement (ESA) for electric distribution service and delivery with an initial effective date not later than twelve (12) months prior to the date of desired service; unless otherwise agreed to by the Cooperative, which shall also provide for revenues sufficient to recover the investment made and costs incurred by the Cooperative and credit collateral support (as determined by the Cooperative) associated with providing electric distribution service; and,
2. To qualify for this Schedule LP-DF, the customer must:
 - a. Be served by dedicated substation facilities designed by the Cooperative to facilitate customer's contracted demand. Substation facilities will be considered dedicated if they are designed solely to serve one or more customers under this Schedule LP-DF, and,
 - b. Be served at a delivery voltage of thirty-four and one half (34.5) kV or greater where service is: i) from the low voltage side of dedicated substation facilities served from a one hundred fifteen (115) kV or higher transmission delivery point, or ii) from dedicated sub-transmission or primary distribution facilities emanating directly from a Cooperative delivery point served from a low side of one hundred fifteen (115) kV or higher transmission delivery source; and,
 - c. Customer's contracted billing demands exceed 25MW, and,
3. The customer must maintain an average annual load factor of at least seventy-five percent (75%) as detailed in the ESA; and,
4. The ESA term for distribution service shall be negotiable between the customer and the Cooperative, but the term shall be structured to recover the full cost of distribution and/or sub-transmission plant investment, maintenance and operation; and,
5. If at any time, the gross installed utility plant required to serve the customer's load is increased or decreased, the Cooperative reserves the right to adjust the

Rappahannock Electric Cooperative

SCHEDULE LP-DF

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appropriate customer charges to reflect the change in the gross utility plant in service; and,

6. This schedule is not available for breakdown, standby, supplemental, self-generation, net-metering, or resale service

III. TYPE OF SERVICE

Multi-phase, sixty (60) hertz, at available voltage and as detailed in the ESA.

IV. MONTHLY RATES

A. Service Charge per month:¹

Customer Count per Substation	Customer Service Charge per MVA
1	\$529.19
2	\$1,058.38
3	\$1,587.57
4	\$2,116.76
5	\$2,645.95
6	\$3,175.14
N	\$529.19/(1/N)

B. Delivery Service Charge:

\$874.04 per Installed MVA per month

C. Power Supply

The customer may execute a Power Service Agreement (PSA) for market-based rate electric supply service with an initial effective date not later than twelve (12) months prior to the date of desired service. The customer shall be responsible for all capacity and transmission charges incurred by the Cooperative (or its affiliate) associated with distribution, transmission or related service to the customer, including any charges incurred after the customer discontinues service.

Customer is required to provide power supply credit collateral support (as determined by the Cooperative) as provided in the applicable agreement.

¹ The Service Charge shall be charged based upon the number of customers associated with a substation.
Effective Date: 7/01/2025

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SCHEDULE LP-DF
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V. POWER FACTOR CORRECTION

The customer agrees to maintain unity power factor as nearly as practicable. In the event the Cooperative deems it necessary to install equipment to correct either leading or lagging power factor on its system, due to the customer's load, the customer shall be responsible for paying the Cooperative an upfront contribution-in-aid of construction equal to the installed cost of the equipment.

VI. EXCESS FACILITIES CHARGE

The Cooperative will provide electric plant facilities on a case-by-case basis up to the cost level supported by the revenues of the customer. Any additional costs of facilities furnished by the Cooperative will be considered additional facilities subject to the following: a) The customer shall pay a contribution-in-aide of construction for electric plant facilities considered additional facilities, and b) The customer shall be charged the following monthly fixed charge rates for the portion of the investment covered by the contributed capital:

Substation Investment 0.92%²

Customer may be required to pay additional contributions in aid of construction as provided in an ESA for any additional facilities, including the replacement of Excess Facilities (other than redundant facilities) previously installed to serve the customer.

VII. MINIMUM SERVICE CHARGE

The minimum distribution charge shall be the amount as specified under the ESA which includes the REC Service Charge, Delivery Service Charge plus any Excess Facilities Charge.

VIII. SERVICE IMPAIRING LOADS

The customer agrees to be responsible for any additional facilities, protective devices, or corrective equipment necessary to provide adequate service or prevent interference to transmission or distribution systems. Such loads include, but are not limited to, those requiring excessive capacity because of large momentary current demands or requiring close voltage regulation.

² To the extent the Cooperative determines that Excess Facilities are not classified as Substation Excess Facilities, the customer will pay a fixed charge rate in accordance with the Cooperative's Excess Facilities Schedule EF.

Rappahannock Electric Cooperative

SCHEDULE LP-DF

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IX. APPLICABLE TAXES

The total bill under the Schedule will be increased for any applicable taxes imposed by any governmental authority.

X. BILLING

Notwithstanding Section VII – Billing and Payment for Service of the Cooperative’s Terms and Conditions, Customer will be billed in accordance with the terms of the applicable ESA and PSA. Any amount not paid in accordance with the ESA shall be classified as delinquent for the applicable billing period and a Late Payment Charge will be applied. Any amount not paid in accordance with the applicable PSA shall be classified as delinquent for the applicable billing period and a Late Payment Charge will be applied.

Resolution # 2025-02-01

Resolution to Direct Staff to Continue Development of Ability to Serve Prospective Large Load Members

Resolution to Direct and Authorize Staff to Develop, Finalize and Submit an Application for Approval of a Large Power – Dedicated Facilities (“LP-DF”) Rate Schedule to the State Corporation Commission to Meet the Needs of Membership

WHEREAS, Rappahannock Electric Cooperative (REC) submitted an Application for Approval of an Affiliates Operating Services Agreement (Revised Affiliate Application) to the Virginia State Corporation Commission (Commission) on November 19, 2024, and

WHEREAS, on February 18, 2025, the State Corporation Commission approved the Operating Services Agreement and other related agreements (Loan Agreement, Trademark Agreement and Wholesale Power Form), and

WHEREAS, included within the Operating Services Agreement Application REC has described the need to develop a new rate schedule to serve prospective large load members, while protecting the interests of its existing membership, which will consider the setup and structure of its affiliate organization., and

WHEREAS, the REC Staff recognizes the need to identify a new class of membership within its territory. These members are typified by high load, and uninterrupted demand. This new load could surpass the Cooperative's current peak load requirements for its entire system, creating costs and risks that have not heretofore been encountered, and

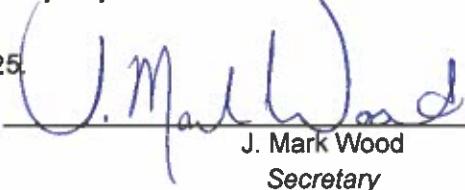
WHEREAS, REC Staff is working diligently to develop a rate schedule to serve this new class of large load member.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Rappahannock Electric Cooperative does hereby direct and authorize the President & CEO, or his designee, to execute any reasonable measures Staff sees fit to provide electric service to its prospective large load members and protect existing membership from risk associated with serving such load, including but not limited to the development, execution, and eventual submission to the Commission of an application for approval of an LP-DF rate schedule.

Certificate of Secretary

I, J. Mark Wood, Secretary of the Board of Directors of Rappahannock Electric Cooperative, acting pursuant to Article VI, Section 7 of REC's bylaws as amended and restated on January 22, 2025, do hereby certify that the above is a true and correct copy of a resolution adopted by the Board of Directors of REC at a meeting held on February 26, 2025, as reflected in Rappahannock Electric Cooperative's minute book and that the same has not been rescinded or modified in any way.

This 26th day of February 2025.



J. Mark Wood
Secretary