

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 1, 2024

SOC - CLERK'S OFFICE
GOVERNMENT CONTROL CENTER

24101028

APPLICATION OF

CENTRAL VIRGINIA ELECTRIC COOPERATIVE
and
CENTRAL VIRGINIA SERVICES, INC.

2024 OCT - 1 P 3: 33
CASE NO. PUR-2024-00127

For approval pursuant to Title 56, Chapters
3 and 4 of the Virginia Code

ORDER GRANTING APPROVAL

On July 9, 2024, Central Virginia Electric Cooperative ("CVEC" or "Cooperative") and its affiliate Central Virginia Services, Inc. ("CVSI")¹ (collectively, "Applicants"), filed an application ("Application") with the State Corporation Commission ("Commission") pursuant to Chapter 3² and Chapter 4³ of Title 56 of the Code of Virginia ("Code") for approval for CVEC to provide guarantees in connection with: (1) a \$9 million increase to CVSI's existing line of credit with CoBank, and (2) a \$40 million construction loan from CoBank to CVSI (together, the "Guarantees"). Additionally, the Applicants paid the requisite filing fee of \$250. On July 22, 2024, the Commission issued an Extension Order extending the initial time for review under Chapter 3 by 30 days. On August 26, 2024, the Commission issued a second Extension Order extending the review period by an additional 35 days.

The Applicants state the Guarantees will support CVSI's construction of broadband facilities through the Regional Internet Service Expansion Project ("RISE Project"). The RISE

¹ CVSI is a wholly owned subsidiary of CVEC and does business as "Firefly Fiber BroadbandSM." Application at 2.

² Va. Code § 56-55 *et seq.* ("Chapter 3").

³ Va. Code § 56-76 *et seq.* ("Chapter 4").

Project is outside of CVEC's certificated electric service territory⁴ and involves Rappahannock Electric Cooperative and Dominion Energy Virginia as partners.⁵ The Applicants state the Guarantees are in the public interest as they will allow CVSI to access the funding needed to complete the construction currently planned for CVSI's portion of the RISE Project.⁶

The Applicants state that CVEC's ability to attract capital on reasonable terms and meet its own obligations to provide reliable and affordable electric service will not be diminished or jeopardized by approval of the Guarantees.⁷ The Applicants represent that there is little practical risk that CVSI will default on its loan and line of credit obligations to CoBank and therefore minimal risk that CVEC's Guarantees would be exercised.⁸

NOW THE COMMISSION, upon consideration of the Application, Staff's Action Brief, and the Applicants' response thereto, is of the opinion and finds that approval would not be detrimental to the public interest and the Application should be approved subject to the requirements set forth herein.

Accordingly, IT IS ORDERED THAT:

- (1) CVEC is authorized to enter into the Guarantees for the purposes noted in the Application and subject to the requirements set forth in the Appendix attached to this Order.
- (2) This case is dismissed.

⁴ See Applicants' response to Staff Informal Data Request No. 1-1, attached to Staff's Action Brief filed contemporaneously with this Order.

⁵ Application at 2.

⁶ *Id.* at 3.

⁷ *Id.* at 4.

⁸ *Id.*

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.

Appendix

1. Separate approval shall be required for any changes to either of the Guarantees.
2. CVEC shall file with the Commission a signed and executed copy of the approved Guarantees within ninety (90) days of the effective date of the Order in this case, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").
3. CVEC shall update and report all cumulative, outstanding obligations incurred on behalf of CVSI during the year covered in its Annual Report of Affiliate Transactions ("ARAT") submitted to the UAF Director at Accounting@scc.virginia.gov on May 1 of each year, subject to administrative extension by the UAF Director. Such report shall indicate the purpose and amount of each respective obligation, and when each is scheduled to end.
4. All costs, inclusive of attorney fees and filing fees, associated with obtaining and maintaining the Guarantees to CVSI, shall be charged to CVSI, and the dates, accounts, and amounts of such transactions, as recorded on the books of CVEC and CVSI, shall be reported in CVEC's ARAT.
5. CVEC shall provide a Report of Action to the UAF Director within ninety (90) days of the end of each calendar year, for the next ten (10) years. Such report shall outline the progress made towards increasing CVEC's equity ratio to the Equity Management Plan's goal of 35% to 40% as a percentage of assets. Should a given year's actual equity ratio deviate more than 200 basis points from the amount shown in the 10-year financial forecast provided in this proceeding, such report shall detail why the equity ratio has deviated. This report shall be subject to administrative extension or termination by the UAF Director.⁹
6. CVEC shall provide notice to the UAF Director within thirty (30) days of any payments made by CVEC on behalf of CVSI under the Guarantees, with the notice to indicate the purpose and amount of such payments.
7. CVEC shall provide notice to the UAF Director within thirty (30) days of the deterioration in any loan or guarantee metrics below the levels required by CVEC's or CVSI's lenders. Such notice shall apply to all of the current metrics.
8. The Commission's approval shall have no accounting or ratemaking implications.
9. The approval granted in this case shall not preclude the Commission from exercising its authority under the provisions of Code § 56-76 *et seq.* hereafter.

⁹ The Commission ordered a similar reporting requirement in Case No. PUR-2024-00043. In that case, CVEC requested authority to borrow \$30 million from CoBank, to refinance short-term debt used for fiber buildout, and \$70 million from Rural Utilities Service, to finance CVEC's construction work plan.

10. The Commission shall reserve the right to examine the books and records of any affiliate in connection with the approval granted in this case whether or not such affiliate is regulated by this Commission.