

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, OCTOBER 31, 2024

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APPLICATION OF
BARC ELECTRIC COOPERATIVE
and
BARCONNECTS, LLC

2024 OCT 31 P 4: 29
CASE NO. PUR-2024-00141

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

ORDER GRANTING APPROVAL

On August 12, 2024, BARC Electric Cooperative ("BARC") and its affiliate BARConnects, LLC ("BARConnects") (collectively, "Applicants"), completed an application ("Application") with the State Corporation Commission ("Commission"), under Chapters 3¹ and 4² of Title 56 of the Code of Virginia ("Code"), for approval for BARC to guarantee a \$31 million construction loan from CoBank to BARConnects (the "Guarantee"). The Applicants state the Guarantee will support BARConnects' construction of its Fiber-to-the-Home Project.³ Additionally, the Applicants paid the requisite filing fee of \$250.

On August 26, 2024, the Commission issued an Extension Order extending the initial time for review under Chapter 3 by 30 days. On October 4, 2024, the Commission issued a second Extension Order extending the review period by an additional 35 days.

The Applicants have stated that the Guarantee will effectively let them refinance and transfer, from BARC to BARConnects, previously incurred debt related to construction of fiber

¹ Va. Code § 56-55 *et seq.* ("Chapter 3").

² Va. Code § 56-76 *et seq.* ("Chapter 4").

³ Application at 1.

plant outside of BARC's certificated territory.⁴ The Applicants state the Guarantee is in the public interest as it will allow for BARConnects to ensure that the communities, both inside and surrounding BARC's service territory, have access to the essential service of broadband internet.⁵

The Applicants state that BARC's ability to attract capital on reasonable terms or meet its own obligations to provide reliable and affordable electric service will not be diminished or jeopardized by approval of the Guarantee.⁶ The Applicants represent that there is minimal risk that BARConnects will default on its loan.⁷

NOW THE COMMISSION, upon consideration of the Application, the Commission 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) BARC is authorized to enter into the Guarantee 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.

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.

⁴ See Exhibit A of the Application at 1.

⁵ Application at 2.

⁶ *Id.* at 2-3.

⁷ Exhibit A of the Application at 1.

Appendix

1. Separate approval shall be required for any changes to the Guarantee.
2. BARC shall file with the Commission a signed and executed copy of the approved Guarantee within ninety (90) days of the effective date of this Order Granting Approval, subject to administrative extension by the Commission's Director of the Division of Utility Accounting and Finance ("UAF Director").
3. The Applicants shall provide the UAF Director, at Accounting@scc.virginia.gov, with all journal entries related to the \$31 million construction loan and associated Guarantee, on both BARC's and BARConnects' books, within ninety (90) days of the effective date of this Order Granting Approval, subject to administrative extension by the UAF Director. Such journal entries shall include, but not be limited to, the recording of the \$31 million construction loan on BARConnects' books and the related payoff of any debt on BARC's and BARConnects' books.
4. BARC shall update and report all cumulative, outstanding obligations incurred on behalf of BARConnects 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.
5. All costs, inclusive of attorney fees and filing fees, associated with obtaining and maintaining the Guarantee to BARConnects, shall be charged to BARConnects, and the dates, accounts, and amounts of such transactions, as recorded on the books of BARC and BARConnects, shall be reported in BARC's ARAT.
6. BARC shall provide notice to the UAF Director, at Accounting@scc.virginia.gov, within thirty (30) days of any payments made by BARC on behalf of BARConnects under the Guarantee, with the notice to indicate the purpose and amount of such payments.
7. The Commission's approval shall have no accounting or ratemaking implications.
8. 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 reserves 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.