

**BEFORE THE CORPORATION COMMISSION
OF THE STATE OF OKLAHOMA**

IN THE MATER OF THE APPLICATION)
OF CANADIAN VALLEY ELECTRIC)
COOPERATIVE, INC. FOR APPROVAL OF)
SPECIAL REGULATORY TREATMENT)
FOR EXTRAORDINARY POWER COSTS)
ARISING FROM EXTREME WINTER)
WEATHER; WAIVER OF APPLICABLE)
POWER COST ADJUSTMENT TARIFF)
AND RULES UNDER OAC 165:50; AND)
APPROVAL OF ALLOCATION AND)
RECOVERY METHOD OF COSTS.)

CAUSE NO. PUD 202100158 _____



APPLICATION

COMES NOW Canadian Valley Electric Cooperative, Inc., a rural electric cooperative, hereinafter referred to as "Applicant," "CVEC" or "Company," and in support of this Application, would show the Court as follows:

I. PARTIES.

CVEC is a cooperative electric utility that owns and operates plant, property, and other assets used for the distribution and retail sale of electric power and energy in the State of Oklahoma. CVEC is incorporated in the State of Oklahoma, is subject to the regulatory authority of this Commission with respect to its retail rates and charges for sales of electricity made within the State of Oklahoma, and has its principal place of business at 11277 North Highway 99, Seminole, Oklahoma 74868. Applicant is represented for the purpose of these proceedings by the following named individuals whose addresses are reflected below:

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II. BACKGROUND AND FACTUAL INFORMATION.

1. On February 12, 2021, Governor Stitt declared a state-wide emergency due to winter storm Uri, which brought about “[e]xtreme freezing temperatures and severe winter weather including snow, freezing rain, and wind beginning February 7, 2021, and continuing.” In his declaration, the Governor stated, “There is hereby a declared a disaster emergency caused by severe winter weather in all 77 Oklahoma Counties that threatens the public’s peace, health, and safety.”

2. CVEC is requesting that the Commission approve the regulatory treatment, described below, which will allow the cooperative to recover the extraordinary costs associated with winter storm Uri.

3. CVEC is a distribution member with an “all-requirements contract” to purchase all of its capacity and energy requirements from Western Farmers Electric Cooperative (“WFEC”). During winter storm Uri in February 2021, WFEC incurred extraordinarily high fuel costs to provide electric service to all of its member cooperatives. The amount of fuel cost incurred solely as a result of the storm was greater than the amount of fuel costs that WFEC typically

incurs during a one-year period. Due to the magnitude of the costs, WFEC developed and implemented options for its recovery of the costs.

4. WFEC determined the total increased cost incurred by it due solely to the storm and has allocated those costs to each distribution cooperative member based on consumption during the month of February 2021. CVEC's allocated cost from WFEC is in excess of \$15,000,000.

5. WFEC provided two options for the payment of the allocated costs by each distribution member cooperative. The first option allows each member to pay their allocated share of the costs with interest over a five-year period in monthly payments to WFEC as a component of the monthly power billing. The second option allows each member to pay the full amount of their allocated share in one up-front payment.

6. The CVEC Board of Trustees considered the benefits and costs of each option as well as the impact on CVEC members. While the first option is simpler to administer by CVEC, the CVEC Board determined that the five-year recovery period used by WFEC would result in a greater financial impact on CVEC's members than available with alternative financing for a longer period. Therefore, CVEC determined to implement the second option. CVEC has borrowed the funds for ten (10) years at a low fixed interest rate and will make full payment of its allocated share of the costs to WFEC in a single payment. This will reduce the rate increase for its members.

7. Unless certain regulatory measures are taken, this amount in excess of \$15,000,000 will be immediately flowed through directly to CVEC's members as provided in CVEC's Power Cost Adjustment ("PCA") tariff, which is prescribed by the Commission's rules (OAC 165:50).

8. To avoid the enormous impact members would suffer if the amount of full payment to WFEC was passed along in a single month, CVEC will request in this same cause specific

emergency modifications to existing regulatory requirements for the recovery of the above-described costs.

9. CVEC is obligated to repay costs to WFEC and will do so during November 2021. Accordingly, CVEC is filing an Emergency Application with this Application pursuant to 165:5-9-3.

10. In addition to the Emergency Application, CVEC will file a Motion for Emergency Waiver and Approval to Establish Regulatory Treatment, wherein it will seek: 1) a waiver of the terms of its existing PCA in addition to waiver of the provisions underlying OAC 165:50, to the extent inconsistent with the process proposed herein; and 2) approval of regulatory treatment for the extraordinary costs from Winter Storm Uri.

III. LEGAL AUTHORITY.

Article IX, §18 *et seq.* of the Oklahoma Constitution; Title 17 Oklahoma Statutes Section 151 *et seq.*; the Oklahoma Administrative Code 165:5 and 165:50.

IV. RELIEF SOUGHT.

WHEREFORE, PREMISES CONSIDERED, Applicant requests the Commission issue an order: 1) waiving the terms of CVEC's existing PCA in addition to waiver of the provisions underlying OAC 165:50, to the extent inconsistent with the process proposed herein; 2) approve regulatory treatment for the extraordinary costs from Winter Storm Uri, including costs rendered for professional services; 3) find the costs and expenses incurred in creating the regulatory asset to be prudent; 4) approve an appropriate allocation and recovery method of these extraordinary costs and expenses to CVEC's members; and (5) grant such other and further relief as the Commission may determine to be fair, just and equitable.

Respectfully submitted,



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Certificate of Service

I hereby certify that on the 27th day of October 2021, a true and correct copy of the foregoing Application was electronically transmitted to the following:

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