

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2018-00075

For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

FINAL ORDER

On May 15, 2018, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed with the State Corporation Commission ("Commission") an application for approval and for a certificate of public convenience and necessity to construct and operate electric transmission facilities in Chesterfield County, Virginia, Prince George County, Virginia, and the City of Hopewell, Virginia ("Application"). Dominion filed the Application pursuant to § 56-46.1 of the Code of Virginia ("Code") and the Utility Facilities Act, Code § 56-265.1 *et seq.*

Dominion proposes: (i) to rebuild, entirely within an existing right-of-way, an approximately 8.2-mile section of the existing 11.0-mile 230 kV transmission Lines #211 and #228, which run from the Company's existing Chesterfield Substation in Chesterfield County to the Company's existing Hopewell Substation in the City of Hopewell; (ii) to rebuild two structures on Lines #211 and #228 near the Chesterfield Substation on Company-owned property; and, (iii) to complete minor equipment replacements at both the Chesterfield Substation and Hopewell Substation (collectively, the "Rebuild Project").

On June 1, 2018, the Commission issued its Order for Notice and Hearing ("Procedural Order"), which, among other things, directed the Company to provide notice of its Application to

interested persons and the public; provided interested persons the opportunity to comment on the Application or to participate as a respondent in this proceeding; directed the Commission's Staff ("Staff") to investigate the Application and to file testimony and exhibits containing Staff's findings and recommendations; scheduled hearings to receive public witness testimony and other evidence on the Application, and assigned a Hearing Examiner to conduct further proceedings in this matter.

On June 7, 2018, the Old Dominion Electric Cooperative filed a notice of participation in this proceeding.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the Rebuild Project by the appropriate agencies and to provide a report on the review. On August 7, 2018, DEQ filed with the Commission its report ("DEQ Report"), which included a Wetlands Impact Consultation prepared by DEQ.¹ The DEQ Report provides general recommendations for the Commission's consideration that are in addition to any requirements of federal, state, or local law. Specifically, the DEQ Report contains the following Summary of Findings and Recommendations regarding the Rebuild Project. The Company should:

- Conduct an on-site delineation of wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- Follow DEQ's recommendations regarding erosion and sediment control and stormwater management;
- Follow DEQ's recommendations regarding air quality protection;

¹ Ex. 11 (DEQ Report).

- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable;
- Coordinate with the Department of Conservation and Recreation's ("DCR") Division of Natural Heritage ("DNH") for updates to the Biotics Data System database if six months have passed before the project is implemented or if the scope of work changes. Additionally, coordinate with DCR DNH further if any work is proposed in the marshes at the Appomattox River near the Point of Rocks area;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations to protect terrestrial and aquatic wildlife;
- Coordinate with the Department of Historic Resources regarding the recommended architectural and archaeological surveys;
- Coordinate with the Department of Aviation regarding the recommendation to coordinate with Richmond International Airport and the Richmond Executive-Chesterfield County Airport to mitigate potential airspace hazards or impacts that may affect future development;
- Coordinate with the Department of Health regarding its recommendations to protect public drinking water sources and water utility infrastructure;
- Coordinate with the Virginia Outdoors Foundation if the project area changes or the project does not start for 24 months;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Coordinate with DCR's Division of Planning and Recreational Resources regarding minimizing the visual impacts of river crossings and the utilization of the native plant material for land stabilization;
- Limit the use of pesticides and herbicides to the extent practicable.²

² *Id.* at 6-7.

On August 17, 2018, Staff filed its testimony and an attached Staff Report summarizing the results of its investigation of Dominion's Application. Staff concluded that Dominion had reasonably demonstrated the need for the proposed Rebuild Project.³

On October 12, 2017, Dominion filed rebuttal testimony.

On September 11, 2018, a hearing was convened in which Dominion and Staff introduced evidence into the record.

The Report of D. Mathias Roussy, Jr., Hearing Examiner ("Report") was entered on September 26, 2018. In his Report, the Hearing Examiner found that:

1. The proposed Rebuild Project, a partial rebuild of Lines #211 and #228, is needed to address aging infrastructure and maintain transmission system reliability;
2. There is currently no need to rebuild Lines #211 and #228 in their entirety;
3. The Rebuild Project would maximize the use of existing right-of-way;
4. The Rebuild Project would reasonably minimize adverse impact on the scenic assets, historic districts, and environment of the area concerned;
5. Restricting the Company's placement of the Rebuild Project's poles within the existing right-of-way to only lots where existing structures are located would limit the Company's ability to incorporate factors such as reliability, safety, cost, engineering, or environmental considerations when placing the new poles in close proximity to the existing structure locations;
6. The unopposed recommendations in the DEQ Report should be adopted by the Commission as conditions of approval;
7. Dominion should be required to consult with DCR regarding updates to the Biotics Data System only if (a) the scope of the Rebuild Project involves material changes, or (b) 12

³ Ex. 5 (Staff Report) at 18.

months from the date of the Commission's Final Order in this proceeding pass before construction of the Rebuild Project commences;

8. The Rebuild Project would support economic development; and

9. Dominion should be directed to provide more detailed analysis of demand-side management ("DSM") incorporated in the Company's planning studies used in support of transmission CPCN applications.⁴

On October 17, 2018, Dominion filed comments on the Hearing Examiner's Report. Dominion stated that the Company supports the findings and recommendations contained in the Report related to the Rebuild Project and requests that the Commission adopt the Report and approve the Company's Application.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds that the public convenience and necessity require that the Company construct the Rebuild Project. The Commission finds that a certificate of public convenience and necessity authorizing the Rebuild Project should be issued subject to certain findings and conditions contained herein.

Approval

The statutory scheme governing the Company's Application is found in several chapters of Title 56 of the Code.

Section 56-265.2 A 1 of the Code provides that "it shall be unlawful for any public utility to construct . . . facilities for use in public utility service . . . without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege."

⁴ Report at 18-19.

Section 56-46.1 of the Code further directs the Commission to consider several factors when reviewing the Company's Application. Subsection A of the statute provides that:

Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted Additionally, the Commission (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, . . . and (b) shall consider any improvements in service reliability that may result from the construction of such facility.

Section 56-46.1 B of the Code further provides that "[a]s a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned."

The Code further requires that the Commission consider existing right-of-way easements when siting transmission lines. Section 56-46.1 C of the Code provides that "[i]n any hearing the public service company shall provide adequate evidence that existing rights-of-way cannot adequately serve the needs of the company." In addition, § 56-259 C of the Code provides that "[p]rior to acquiring any easement of right-of-way, public service corporations will consider the feasibility of locating such facilities on, over, or under existing easements of rights-of-way."

Public Convenience and Necessity

The Commission finds that the Company's proposed Rebuild Project is needed. As found by the Hearing Examiner, the Rebuild Project is necessary to address reliability needs as well as to replace aging infrastructure.⁵

Economic Development

The Commission finds that the proposed Rebuild Project will maintain transmission system reliability by replacing aging infrastructure for transmission lines that the evidence in this case demonstrates are needed for system reliability, and therefore will promote economic development.

Rights-of-Way and Routing

Dominion has adequately considered existing rights-of-way. The Rebuild Project, as proposed, would be constructed on existing rights-of-way, and the Company does not expect to require new easements.⁶

Scenic Assets and Historic Districts

As noted above, the Rebuild Project will be constructed on existing rights-of-way already owned and maintained by Dominion. The Commission finds that use of the existing route will minimize adverse impacts on scenic assets and historic districts in the Commonwealth of Virginia as required by § 56-46.1 B of the Code.

Pole Location

The Commission finds that the Company shall consider reliability, safety, cost, engineering, and environmental impacts when locating replacement poles in close proximity to

⁵ Report at 14.

⁶ Ex. 9 (Application Appendix) at 59.

the existing tower locations. Therefore, the Commission will not restrict the replacement poles to the same lots where existing structures are located.

Demand Side Management

In Case No. PUE-2012-00029, the Commission found that evidence that planning studies may be over-relying on demand response warranted further evaluation in future transmission CPCN proceedings.⁷ Accordingly, the Commission directed Dominion to provide, in future transmission CPCN applications, more detailed analysis of DSM resources incorporated in the Company's planning studies used in support of such applications.⁸

In the instant case, the Company's Application does not include any analysis of the DSM incorporated in these studies. Instead, the Company included the following footnote in its Application: "[t]he Company did not consider [DSM] as part of this Application because the Rebuild Project is driven by the need to replace aging, end-of-life infrastructure."⁹

We find that additional analysis of DSM's incorporation in planning studies may be appropriate to evaluate future applications, including for reasons other than those the Commission identified in Case No. PUE-2012-00029. Legislation enacted this year requires Dominion to develop a proposed program for energy efficiency measures at an aggregate cost of

⁷ *Application of Virginia Electric and Power Company d/b/a Dominion Virginia Power, For approval and certification of electric facilities: Surry-Skiffes Creek 500 kV Transmission Line, Skiffes Creek-Wheaton 230 kV Transmission Line, and Skiffes Creek 500 kV-230 kV-115 kV Switching Station*, Case No. PUE-2012-00029, 2013 S.C.C. Ann. Rep. 240, 251, Final Order (Nov. 26, 2013).

⁸ *Id.* In Case No. PUE-2012-00029, the Commission recognized - before directing more detailed analysis - that the PJM load forecasts incorporated in Dominion's load flow modeling studies include DSM resources that had cleared PJM's three-year forward capacity auction. *Id.* In the instant case, counsel for Dominion represented at the hearing that the Company continues this practice. Tr. at 33-34 (Link).

⁹ Ex. 2 (Appendix) at 5, n.8.

no less than \$870 million for the ten-year period beginning July 1, 2018.¹⁰ To the extent such investments occur, they could, among other things, defer or eliminate the need for some transmission infrastructure projects. The benefit of deferred investment might not be realized if load forecasts used in load flow studies fail to incorporate, where appropriate, such DSM analysis. Consequently, additional detail on the extent to which DSM has been incorporated in planning studies may inform evaluations of the reliability needs presented to justify future transmission line applications, including for end-of-life projects. Therefore, the Commission again directs the Company to provide more detailed analysis of DSM incorporated in planning studies used in support of future transmission CPCN applications, including rebuild projects.

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the Rebuild Project's impact on the environment and to establish such conditions as may be desirable or necessary to minimize adverse environmental impacts. The statute further provides that the Commission shall receive, and give consideration to, all reports that relate to the Rebuild Project by state agencies concerned with environmental protection.

The Commission finds that there are no adverse environmental impacts that would prevent the construction or operation of the Rebuild Project. The DEQ Report supports a finding that the Company's proposed route reasonably minimizes adverse environmental impacts, provided that the Company complies with the recommendations set forth in the DEQ Report. We therefore find that as a condition of our approval herein, Dominion must comply with each of DEQ's recommendations as provided in the DEQ Report with the following exceptions. The Commission adopts the Hearing Examiner's recommendation that the Company shall consult

¹⁰ 2018 Va. Acts chapter 296, Enactment Clause 15.

with DCR for updates to the Biotics Data System only if: (i) the scope of the Rebuild Project involves material changes, or (ii) 12 months from the date of this Order pass before the Rebuild Project commences construction.¹¹

Accordingly, IT IS ORDERED THAT:

(1) Dominion is authorized to construct and operate the Rebuild Project as proposed in its Application, subject to the findings and conditions imposed herein.

(2) Pursuant to §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for a certificate of public convenience and necessity to construct and operate the Rebuild Project is granted as provided for herein, subject to the requirements set forth herein.

(3) Pursuant to the Utility Facilities Act, § 56-265.1 *et seq.* of the Code, the Commission issues the following certificates of public convenience and necessity to Dominion:

Certificate No. ET-73v, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Chesterfield County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00075, cancels Certificate No. ET-73u, issued to Virginia Electric and Power Company in Case No. PUE-2004-00041 on September 28, 2004.

Certificate No. ET-104p, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Prince George County and the City of Hopewell, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUR-2018-00075, cancels Certificate No. ET-104o issued to Virginia Electric and Power Company in Case No. PUE-2016-00135 on June 6, 2017.

¹¹ Report at 11.

(4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the transmission line approved herein.

(5) Upon receiving the map directed in Ordering Paragraph (4), the Commission's Division of Public Utility Regulation forthwith shall provide the Company copies of the certificates of public convenience and necessity issued in Ordering Paragraph (3) with the map attached.

(6) The Rebuild Project approved herein must be constructed and in service by December 31, 2020. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter hereby is dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: David J. DePippo, Esquire, Dominion Energy Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Vishwa B. Link, Esquire, Jennifer D. Valaika, Esquire, Andrea D. Gardner, Esquire, and Sarah R. Bennett, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219; John A. Pirko, Esquire, and James P. Guy, II, Esquire, LeClairRyan P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 202 N. 9th Street, 8th Floor, 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.