

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 4, 2019

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JOINT PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUR-2018-00186

and

THE POTOMAC EDISON COMPANY

For authority to transfer utility assets pursuant to the Utility Transfers Act, Va. Code § 56-88 *et seq.*, and for certification of the facilities pursuant to the Utility Facilities Act, Va. Code § 56-265.1 *et seq.*

ORDER FOR NOTICE AND COMMENT

On December 3, 2018, Virginia Electric and Power Company d/b/a Dominion Energy Virginia ("Dominion") and the Potomac Edison Company ("Potomac Edison") (collectively, "Petitioners"), filed a joint petition ("Petition") with the State Corporation Commission ("Commission"), pursuant to the Utility Transfers Act,¹ seeking approval for (1) the acquisition by Dominion of certain transmission facilities from Potomac Edison relating to the Virginia portion of the 500 kilovolt ("kV") Mt. Storm-Valley Line, designated by Dominion as Line #550 ("Mt. Storm-Valley 500 kV Line"); and (2) the acquisition by Dominion of certain transmission assets from Potomac Edison relating to the 500 kV Front Royal-Meadow Brook Line, designated by Dominion as Line #580 ("Front Royal-Meadow Brook 500 kV Line") (collectively, the "Transmission Facilities"). Dominion respectfully requests Commission approval to acquire the Transmission Facilities from Potomac Edison pursuant to the Utility Transfers Act, and Potomac Edison respectfully requests Commission approval to transfer the Transmission Facilities to

¹ Code ("Code") § 56-88 *et seq.*

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Dominion.² In addition, Dominion respectfully requests that the Commission approve, and amend the certificate of convenience and necessity for, the acquisition and operation of the Transmission Facilities pursuant to the Utility Facilities Act. Collectively, the approvals requested herein are referred to as the "Proposed Transaction."

According to the Petitioners, Potomac Edison and Dominion are co-owners of the Virginia portions of the existing Mt. Storm-Valley 500 kV Line.³ Pursuant to the FERC interconnection agreement, which memorializes the joint ownership and responsibilities of each party with respect to the Virginia Facility, Dominion is the responsible party that performs the operations and maintenance ("O&M") of the Mt. Storm-Valley 500 kV Line. Pursuant to the Purchase and Sales Agreement, Dominion will acquire Potomac Edison's interest in, and shall perform the O&M on, a 38.46% undivided ownership interest from the West Virginia - Virginia state line extending to a point of attachment to the jointly owned dead end structure directly outside the Northwest corner of Valley Station, located in Virginia, a segment of 500 kV line traveling a distance of approximately 30.8 miles from Valley Station toward Mt. Storm Station, located in West Virginia.⁴

According to the Petitioners, Potomac Edison and Dominion co-own the existing Front Royal-Meadow Brook 500 kV Line. Pursuant to the FERC interconnection agreement, which memorializes the joint ownership and responsibilities of each party with respect to the Virginia

² As part of the same transaction described in this Joint Petition, Monongahela Power Company ("Mon Power") is selling its share of the portion of the Mt. Storm-Valley 500 kV Line located in West Virginia to Dominion.

³ Mon Power and Potomac Edison each currently owns a 38.46% undivided ownership interest in the Mt. Storm-Valley 500 kV Line, and Dominion owns the remaining 61.54%. Mon Power's interest resides in West Virginia and comprises approximately 33.6 miles, and Potomac Edison's interest resides in Virginia and comprises approximately 30.8 miles.

⁴ Petition at 4-5.

Facility, Potomac Edison is the responsible party that performs the O&M of approximately 5.3 miles of the Front Royal-Meadow Brook 500 kV Line. Pursuant to the Purchase and Sales Agreement, Dominion will acquire Potomac Edison's interest in, and shall perform the O&M on, a 61.54% undivided ownership interest in a segment of 500 kV line traveling a distance of approximately 5.3 miles from Meadow Brook Station toward Front Royal Station.

The Petitioners assert that the Proposed Transaction is in the public interest because it would simplify the ownership structure for the Transmission Facilities and would permit Dominion, Potomac Edison, and Mon Power to consolidate their O&M efforts with respect to these transmission lines.⁵ According to the Petition, the historical cost allocation of the Transmission Facilities would remain due to the collective benefits all Petitioners receive from the Transmission Facilities to service their respective customers.⁶

Further, and also with respect to the approval Dominion seeks pursuant to the Utility Facilities Act, Dominion asserts that the Proposed Transaction would not impair or jeopardize the provision of adequate service to the public at just and reasonable rates, and Dominion would continue to ensure that adequate and reliable transmission service is maintained.⁷ The Proposed Transaction, according to Dominion, would have no material adverse effect on reliability of electric service provided by Potomac Edison or Dominion.⁸

The Petitioners also refer to the transfer of the Greenland Gap-Meadow Brook Line, which the Petitioners seek to transfer to Dominion as part of a separate proceeding in Case No.

⁵ *Id.* at 9.

⁶ *Id.* at 7.

⁷ *Id.*

⁸ *Id.* at 8-9.

PUR-2018-00187, filed concurrently with this case.⁹ Petitioners represent that if approved, both transactions would close on the same date.¹⁰ According to the Petition, the net book value of the transmission facilities being transferred in PUR-2018-00187 would exceed the net book value of the transmission facilities proposed for transfer in this case. Therefore, as part of the Proposed Transaction, Potomac Edison would provide a direct cash payment of the net purchase price to Dominion.¹¹ According to the Petition, the reduction in net transmission plant in service from the combined transfer in this case and the transfer in in Case No. PUR-2018-00187 will serve to reduce Dominion's rate base.¹²

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that the Petition should be docketed; that the Commission's Staff ("Staff") should conduct an investigation of the Proposed Transaction and present its findings in a report ("Staff Report"); that this Order for Notice and Comment should be served upon interested persons; and that interested persons should have an opportunity to comment or request a hearing on the Petition.

Accordingly, IT IS ORDERED THAT:

(1) This case is docketed and assigned Case No. PUR-2018-00186.

(2) Copies of the Petition and the Commission's Order for Notice and Comment may be obtained by submitting a written request to counsel for Dominion, Vishwa B. Link, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916. If acceptable to the requesting party, the Petitioners may provide the documents by electronic

⁹ See, e.g., *id.* at 6.

¹⁰ *Id.*

¹¹ *Id.* at 6-7. The transactions will be recorded in two separate journal entries.

¹² *Id.* at 7.

means. Copies of these documents also shall be available for interested persons to review in the Commission's Document Control Center, located on the first floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, between the hours of 8:15 a.m. and 5 p.m., Monday through Friday, excluding holidays. Interested persons also may download unofficial copies from the Commission's website: <http://www.scc.virginia.gov/case>.

(3) On or before January 18, 2019, the Petitioners shall serve a copy of this Order for Notice and Comment on the chairman of the boards of supervisors and county attorneys of Augusta, Rockingham, Frederick, and Warren Counties. On or before January 18, 2019, the Petitioners also shall serve a copy of this Order for Notice and Comment on Shenandoah Valley Electric Cooperative and Rappahannock Electric Cooperative. Service shall be made by first class mail to the customary place of business or residence of the public utilities and persons served.¹³

(4) On or before January 29, 2019, the Petitioners shall file proof of service as ordered herein with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, including the name, title, and address of each official served.

(5) On or before January 29, 2019, any interested person may file written comments on the Petition with the Clerk of the Commission at the address set forth in Ordering Paragraph (4). Any interested person desiring to submit comments electronically may do so on or before January 29, 2019, by following the instructions found on the Commission's website:

¹³ Service may be made electronically if a locality has submitted a written request to the Company for electronic service, pursuant to the Commission's April 19, 2016 Order in Case No. PUE-2016-00039. *See Petition of Virginia Electric and Power Company, For a continuing waiver of 20 VAC-5-201-10 J of the Rules Governing Utility Rate Applications and Annual Informational Filings to permit electronic service to local officials upon request, Case No. PUE-2016-00039, Doc. Con. Cen. No. 160420194, Order (Apr. 19, 2016).*

<http://www.scc.virginia.gov/case>. Compact disks or any other form of electronic storage medium may not be filed with the comments. All comments shall refer to Case No. PUR-2018-00186.

(6) On or before January 29, 2019, any person wishing to request a hearing on the Petition shall file such request for hearing with the Clerk of the Commission. If not filed electronically, an original and fifteen (15) copies of the request for hearing shall be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (4). All requests for hearing shall refer to Case No. PUR-2018-00186 and shall include: (i) a precise statement why a hearing should be conducted in this matter; and (ii) a precise statement why such issues cannot adequately be addressed in comments. A copy also shall be served on counsel for Dominion at the address set forth in Ordering Paragraph (2) and on counsel for Potomac Edison, Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219.

(7) The Staff shall analyze the Petition and present its findings in a Staff Report filed on or before March 1, 2019.

(8) On or before March 8, 2019, the Petitioners may file with the Clerk of the Commission any response to the Staff Report, comments, and requests for hearing. If not filed electronically, an original and fifteen (15) copies of the response may be submitted to the Clerk of the Commission at the address set forth in Ordering Paragraph (4).

(9) The Commission's Rule of Practice and Procedure 5 VAC 5-20-260, *Interrogatories or requests for production of documents and things*, shall be modified for this proceeding as follows: responses and objections to written interrogatories and requests for production of documents shall be served within five (5) calendar days after the receipt of the same. In addition

to the service requirements of Rule 5 VAC 5-20-260, on the day that copies are filed with the Clerk of the Commission, a copy of the interrogatory or request for production shall be served electronically, or by facsimile, on the party to whom the interrogatory or request for production is directed or the assigned Staff attorney if the interrogatory or request for production is directed to the Staff.¹⁴ Any person who requests a hearing shall provide to the Petitioners, the Staff, and any other persons who filed requests for hearing any workpapers or documents used in preparation of the request for hearing, promptly upon request. Except as so modified, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-240 *et seq.*

(10) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Timothy E. Biller, Esquire, Hunton Andrews Kurth LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219; Jeffrey P. Trout, Esquire, Potomac Edison, 10802 Bower Avenue, Williamsport, Maryland 21795; Vishwa B. Link, Esquire, and Lauren E. Wood, Esquire, McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219-3916; Audrey T. Bauhan, Esquire, and Teirra M. Evertte, Esquire, Dominion Energy Services, Inc., Law Department - Riverside 2, 120 Tredegar Street, Richmond, Virginia 23219; 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.

¹⁴ The assigned Staff attorney is identified on the Commission's website, <http://www.scc.virginia.gov/case>, by clicking "Docket Search," and clicking "Search Cases," and entering the case number, PUR-2018-00186, in the appropriate box.