

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY
d/b/a DOMINION VIRGINIA POWER

CASE NO. PUE-2016-00020

For approval and certification of
Cunningham-Dooms 500 kV Transmission
Line Rebuild under Va. Code
§ 56-46.1 and the Utility Facilities Act,
Va. Code § 56-265.1 *et seq.*

FINAL ORDER

On March 2, 2016, 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 certification for transmission facilities in connection with the proposed rebuild of the Cunningham-Dooms Line #534 ("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.*

According to the Application, the Company proposes to rebuild, entirely within its existing right-of-way ("ROW"), approximately 32.7 miles of its existing 500 kV Cunningham-Dooms Line #534 ("Cunningham-Dooms Line") transmission line in Fluvanna, Albemarle, and Augusta Counties located between the Company's existing Cunningham Switching Station in Fluvanna County and its existing Dooms Substation in Augusta County (collectively, the "Rebuild Project").¹

On March 30, 2016, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the

¹ Application at 2.

Company to provide notice of its Application; granted the opportunity for interested persons to request a hearing, comment on the Application, and participate in the proceeding; directed the Commission's Staff ("Staff") to investigate the Application and file a report ("Staff Report") containing the Staff's findings and recommendations; and assigned a Hearing Examiner to conduct all further proceedings in this matter. No notices of participation were filed in this proceeding. Twenty-one interested persons filed comments requesting a local public hearing on the Company's Application. By Hearing Examiner's Ruling issued July 1, 2016, a local public hearing in Charlottesville, Virginia, was scheduled on August 8, 2016, for the receipt of public witness testimony, and the Company was directed to file supplemental testimony addressing any public witness testimony during the local public hearing by September 2, 2016.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of the proposed Rebuild Project by the appropriate agencies and to provide a report on the review. On May 12, 2016, DEQ filed its report ("DEQ Report") with the Commission. 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 Recommendations regarding the proposed Rebuild Project. The Company should:

- Conduct an on-site delineation of all wetlands and stream crossings within the project area with verification by the U.S. Army Corps of Engineers, using accepted methods and procedures, for areas that do not have confirmed field delineations and follow DEQ's recommendations to avoid and minimize impacts to wetlands and streams;
- 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 regarding its recommendations to protect natural heritage resources as well as for updates to the Biotics Data System database;

- Coordinate with the DCR Karst Program regarding its recommendations to protect karst features;
- Coordinate with the Department of Game and Inland Fisheries regarding its recommendations for a mussel survey and to protect other wildlife resources;
- Coordinate with the Virginia Outdoors Foundation regarding its recommendations to protect open-space properties;
- Coordinate with the DCR Division of Planning and Recreational Resources regarding its recommendations to protect scenic and recreational resources;
- Coordinate with the Department of Historic Resources regarding its recommendations to protect historic and archaeological resources;
- Coordinate with the Department of Aviation regarding its recommendations to ensure airport safety;
- Coordinate with the Department of Health on the implementation of mitigation measures to protect water supplies;
- Follow the principles and practices of pollution prevention to the maximum extent practicable;
- Limit the use of pesticides and herbicides to the extent practicable; and
- Coordinate with the Thomas Jefferson Planning District regarding its request for consideration of structures to allow broadband service use.²

On July 14, 2016, Staff filed 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 Staff recommended that the Company's rebuttal testimony address the feasibility of using structures with a dulled finish and quantify any incremental costs associated therewith.⁴

² DEQ Report at 6-7.

³ Staff Report at 18.

⁴ *Id* at 18-19.

On July 28, 2016, Dominion filed rebuttal testimony in which the Company stated that, with the exception of a few clarifying points, it agrees with the Staff Report.⁵ The Company further stated that it can address the recommendations identified in the DEQ report and will coordinate with all relevant agencies.⁶ With respect to dulling the finish of the transmission towers, the Company states that while technically and commercially feasible, the Company does not support the use of a chemical post-treatment process to dull the galvanized finish of the transmission towers.⁷ The Company states that improper application of the chemical treatment could result in a shortened service life for the galvanized coating on the steel lattice towers.⁸ The Company further states that the galvanized towers will dull out naturally over time, within four to five years, reaching the same level of general appearance as galvanized steel that has received the chemical dulling treatment.⁹

On August 8, 2016, a public hearing was held in Charlottesville, Virginia. Twenty-three public witnesses appeared and testified at the hearing.

On September 2, 2016, the Company filed the Supplemental Testimony of Gerald W. Jackson responding to the public witness testimony received during the local public hearing. Company witness Jackson reiterated the Company's position regarding the use of chemically-dulled galvanized steel towers.

The Report of Howard P. Anderson, Jr., Hearing Examiner ("Report") was entered on November 9, 2016. In his Report, the Hearing Examiner found that: the proposed Rebuild

⁵ Rebuttal Testimony of Amanda M. Mayhew at 2.

⁶ *Id.* at 3.

⁷ Rebuttal Testimony of Robert B. Smith at 6.

⁸ *Id.*

⁹ *Id.*

Project is justified by the public convenience and necessity; the proposed Rebuild Project will maximize the use of existing ROW; the recommendations contained in the DEQ Report are reasonable and should be adopted by the Commission as conditions of approval; the proposed Rebuild Project is essential to support ongoing economic development and overall system reliability; the proposed Rebuild Project is not suitable for underground construction; and the proposed Rebuild Project, with its use of existing ROW and tower design, reasonably mitigates the overall impact and generally improves the aesthetics of the proposed Rebuild Project.¹⁰ The Hearing Examiner further found that requiring the Company to use a chemical dulling process on the newly installed towers is unwarranted.¹¹ The Report noted that the new towers would dull naturally over a few years and that detrimental effects of the chemical dulling process on the towers' life span were unknown.¹²

On December 21, 2016, Staff filed a Motion to Take Judicial Notice ("Motion") requesting that the Commission take judicial notice in this proceeding of the Hearing Examiner's Ruling issued on October 20, 2016, in Case Nos. PUE-2015-00073, PUE-2015-00074, PUE-2015-00080, and PUE-2015-00087¹³ approving for implementation a pilot program being conducted by Dominion to test the darkening chemical called Natina® on certain galvanized tower structures located on the Company's Dooms-Lexington transmission line. On January 12, 2017, Dominion responded to the Motion and on January 30, 2017, Staff filed a reply.

¹⁰ Report at 23.

¹¹ *Id.* at 22.

¹² *Id.*

¹³ *Petition of James W. Gercke v. Virginia Electric and Power Company, et al.*, Case Nos. PUE-2015-00073, PUE-2015-00074, PUE-2015-00080, PUE-2015-00087, Hearing Examiner's Ruling (Oct. 20, 2016).

On March 2, 2017, the Commission issued an Order Directing Supplemental Filings related to the chemical dulling of the tower structures. The Company and Staff subsequently made the filings directed therein.

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, and that certificates of public convenience and necessity authorizing the Rebuild Project should be issued subject to the 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." Code §56-46.1 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.

Code § 56-46.1 B 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 ROW 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."

Need

The Commission finds that the Company's proposed Rebuild Project is needed. No party has challenged the need for the proposed Rebuild Project. The record reflects that completing the Rebuild Project would replace aging infrastructure that is nearing the end of its expected service life and maintain the reliability of the grid.¹⁴

Economic Development

The Commission finds that the proposed Rebuild Project will promote economic development in the Commonwealth of Virginia by maintaining the operations reliability of the transmission line and, in turn, continuing to ensure the delivery of sufficient supplies of electrical power.

¹⁴ See, e.g., Prefiled Testimony of Armando de Leon at 10-15; Application, Appendix at 1-6.

Rights-of-Way and Routing

Dominion has adequately considered existing ROW. If approved, the proposed Project would be located entirely within existing ROW.¹⁵

Scenic Assets and Historic Districts

During the local public hearing in this proceeding, public witnesses expressed concern about the impact of the proposed galvanized finish of the steel tower structures on scenic and historic assets in the Rebuild Project area.¹⁶ While technically and commercially feasible, the Company does not support use of a chemical post-treatment process to dull the galvanized finish of the tower structures.¹⁷ In particular, the Company expressed concern regarding the risk that such treatment would harm the galvanized coating of the steel, resulting in a shortened life of the tower structures.¹⁸ Staff's investigation revealed no reports of additional service life or maintenance issues with chemically-dulled structures.¹⁹

After consideration of the record including the required supplemental filings, the Commission will require chemical dulling of the tower finish for this particular Rebuild Project under the circumstances of this case to mitigate the visual impacts of the Rebuild Project. The

¹⁵ Application, Appendix at 37.

¹⁶ Report at 10-17.

¹⁷ Rebuttal Testimony of Robert B. Smith at 3-8; Supplemental Testimony of Gerald W. Jackson, Response to August 8, 2016 Public Hearing Testimony and Public Witness Comments in Cunningham-Dooms 500 kV Transmission Line Rebuild Project; Supplemental Testimony of Robert B. Smith, Response of Dominion Virginia Power to March 2, 2017 Order Directing Supplemental Filing in Cunningham-Dooms 500 kV Transmission Line Rebuild Project; Response of Dominion Virginia Power to Staff's Supplemental Filing of March 30, 2017, in Cunningham-Dooms 500 kV Transmission Line Rebuild Project.

¹⁸ The Commission is aware of an on-going pilot project to test the application of Natina[®], a darkening agent, on two tower structures on the Dooms-Lexington Line, and as requested by Staff and unopposed by the Company, took judicial notice of the Hearing Examiner's October 20, 2016 Ruling in Case Nos. PUE-2015-00073, PUE-2015-00074, PUE-2015-00080 and PUE-2015-00087. Order Directing Supplemental Filings at 5 n.18 and 7.

¹⁹ See, e.g. Staff Supplemental Filing on the Application of Virginia Electric and Power Company for approval and certification of electric facilities, Cunningham-Dooms 500 kV transmission line rebuild, at 1-26.

Commission further notes in regard to impacts on scenic and historic districts that the Rebuild Project will be located within existing ROW. 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.

Environmental Impact

Pursuant to § 56-46.1 A and B of the Code, the Commission is required to consider the proposed 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 proposed 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 proposed 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.²⁰ We therefore find that, as a condition to our approval herein, Dominion must comply with all of DEQ's recommendations as provided in the DEQ Report. Further, Dominion should be required to obtain all necessary environmental permits and approvals needed to construct and operate the Rebuild Project.

Accordingly, IT IS ORDERED THAT:

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

²⁰ The DEQ recommendations are set forth above and discussed in the DEQ Report.

(2) Pursuant to Code §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, the Company's request for certificates 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-58m, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Albemarle County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00020; Certificate No. ET-58m cancels Certificate No. ET-58l issued to Virginia Electric and Power Company on January 25, 2012, in Case No. PUE-2011-00039.

Certificate No. ET-64x, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Augusta County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00020; Certificate No. ET-64x cancels Certificate No. ET-64w issued to Virginia Electric and Power Company on March 25, 2014, in Case No. PUE-2013-00118.

Certificate No. ET-81k, which authorizes Virginia Electric and Power Company under the Utility Facilities Act to operate certificated facilities in Fluvanna County, all as shown on the detailed map attached to the Certificate, and to construct and operate facilities as authorized in Case No. PUE-2016-00020; Certificate No. ET-81k cancels Certificate No. ET-81j issued to Virginia Electric and Power Company on December 22, 2014, in Case No. PUE-2014-00007.

(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 (3) copies of an appropriate map that shows the routing of the transmission line approved herein in addition to the facilities shown on the map for cancelled Certificate Nos. ET-58l, ET-64w, and ET-81j.

(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 June 1, 2019. The Company, however, is granted leave to apply for an extension for good cause shown.

(7) This matter is dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: Lisa S. Booth, Esquire, Dominion Resources Services, Inc., 120 Tredegar Street, Richmond, Virginia 23219; Vishwa B. Link, Esquire, McGuireWoods LLP, Gateway Plaza, 800 E. Canal 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, Floor 8, Richmond, Virginia 23219-3424. 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.