

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, APRIL 8, 2016

APPLICATION OF

DELMARVA POWER & LIGHT COMPANY

SCC-CLERK'S OFFICE
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CASE NO. PUE-2015-00092

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For approval and certification of the
Virginia portion of the Piney Grove-Wattsville
138 kV/69kV transmission line project
under Va. Code § 56-46.1 and the Utility
Facilities Act, Va. Code § 56-265.1, *et seq.*

FINAL ORDER

On August 24, 2015, Delmarva Power & Light Company ("Delmarva" or "Company") filed with the State Corporation Commission ("Commission") an Application for a certificate of public convenience and necessity to construct and operate the Virginia portion of a transmission line extending from Maryland into Accomack County, Virginia.¹ Delmarva 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.* The Company filed direct testimony and other materials in support of its Application.

Specifically, Delmarva proposes to replace and rebuild an existing 69 kilovolt ("kV") transmission line,² which extends from the Piney Grove substation in Worcester County, Maryland, to the Wattsville substation in Accomack County, Virginia, with a double-circuit 138 kV/69 kV transmission line ("Project"). The proposed Project would be constructed using the right-of-way for the existing 69 kV line, and the existing wood poles would be replaced by

¹ On August 28 and September 23, 2015, Delmarva supplemented its Application with additional information filed by the Company.

² The existing 69 kV line is comprised of two circuits: (1) Circuit 6729, extending from the Piney Grove substation to the Kenney substation, located entirely in Maryland; and (2) Circuit 6712, extending from the Kenney substation to the Wattsville substation, located in Maryland and Virginia. Direct Pre-filed Testimony of Raymond F. Rouault at 4.

larger, weathering steel poles that can support both circuits.³ The total length of the Project is approximately 30.9 miles, 6.2 miles of which would be in Virginia between the Maryland-Virginia border and the Wattsville substation.⁴

According to the Application, the proposed Project is needed to address, among other things, a thermal overload identified in planning studies that could adversely impact reliability as early as June 2018.⁵ Additionally, the existing 69 kV transmission line, which was originally installed in the 1940s, must be replaced to address the risk associated with its age and condition.⁶ The in-service date for the Project is June of 2018.⁷

In its Application, Delmarva estimates that it will take 17 months to construct the Project.⁸ The Company estimates the total capital cost of the Project to be approximately \$44.7 million, of which approximately \$8.9 million is estimated for the Virginia portion.⁹

On September 30, 2015, the Commission issued an Order for Notice and Comment ("Procedural Order") in this proceeding that, among other things, docketed the case; directed the 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; and directed the Staff of the Commission ("Staff") to investigate the Application and file a report ("Staff

³ Application at 6-8. According to the Company, there would be a limited need to amend or supplement certain right-of-way agreements. Direct Pre-filed Testimony of Raymond F. Rouault at 9, 11.

⁴ Application at 7.

⁵ *Id.* at 4-6.

⁶ *Id.* at 4, 7.

⁷ *Id.* at 1.

⁸ Direct Pre-filed Testimony of Raymond F. Rouault at 16.

⁹ Application at 7; Direct Pre-filed Testimony of Jaclyn R. Cantler at 7.

Report"). The Commission received no notices of participation, requests for hearing, or public comments on the proposed Project.

As noted in the Procedural Order, the Staff requested the Department of Environmental Quality ("DEQ") to coordinate an environmental review of Delmarva's Project by the appropriate agencies and to provide a report on the review. On November 5, 2015, 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 Project. The Company should:

- Conduct an on-site delineation of wetlands and streams 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;
- Reduce solid waste at the source, reuse it and recycle it to the maximum extent practicable, and follow DEQ's recommendations to manage waste, as applicable;
- Coordinate with the Department of Conservation and Recreation ("DCR") on the development of measures to minimize adverse impacts to the aquatic ecosystem of the Wattsville Branch Stream Conservation Unit;
- Coordinate with the DCR for updates to the Biotics Data System database (if the scope of the Project changes or six months passes before the Project is implemented);
- Coordinate with the U.S. Fish and Wildlife Service and Department of Game and Inland Fisheries ("DGIF") to ensure compliance with federal and state guidelines for the protection of bald eagles;
- Coordinate with the DGIF regarding its recommendations to protect wildlife resources;
- Coordinate with the Department of Historic Resources regarding recommendations to conduct a comprehensive architectural and archaeological survey to evaluate identified resources for listing in the Virginia Landmarks Register ("VLR") and National Register of Historic

Places ("NRHP"); and to avoid, minimize, or mitigate for adverse impacts to VLR- and NRHP-eligible resources;

- Follow the principles and practices of pollution prevention to the extent practicable; and
- Limit the use of pesticides and herbicides to the extent practicable.¹⁰

On January 5, 2016, Staff filed its Staff Report summarizing the results of its investigation of Delmarva's Application. Staff concluded that Delmarva had reasonably demonstrated the need for the proposed Project and that it would increase reliability.¹¹ On January 19, 2016, Delmarva filed a letter indicating that the Company supports the conclusions of the Staff Report. The Company further stated that it has no objections to the DEQ's Summary of Recommendations.

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 proposed Project. The Commission finds that certificates of public convenience and necessity authorizing the 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."

¹⁰ DEQ Report at 5-6.

¹¹ Staff Report at 14.

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."

Need

The Commission finds that the Company's proposed Project is needed. The need for the Project is unchallenged. The record reflects that completing the Project would replace an aging

transmission line that is nearing the end of its expected service life and maintain reliability of the grid.¹²

Economic Development

The Commission finds that the proposed Project will promote economic development in the Commonwealth, including the area of the Project, by assuring continued reliable bulk electric power delivery to the region and thereby maintaining the reliability of the electric transmission system.¹³

Routing and Right-of-Way

For meeting the Company's reliability needs, the Commission finds that the Project is preferable to other electrical and routing alternatives considered in this proceeding. This finding is based on our consideration of, among other things, cost, environmental impact, routing constraints, and transmission system needs, including the need to rebuild the existing 69 kV transmission line.¹⁴

In addition, Delmarva has adequately considered existing rights-of-way. If approved, the proposed Project would be located entirely within existing rights-of-way, with the possible exception of one pole and associated equipment necessary for the new 138 kV line to terminate at the Wattsville substation.¹⁵

¹² See, e.g., Staff Report at 4-7; Application, Response to Guidelines at 1-18.

¹³ See, e.g., Staff Report at 13.

¹⁴ See, e.g., Staff Report at 11-13; Application, Response to Guidelines at 19-24; Direct Pre-filed Testimony of Raymond F. Rouault at Schedule RFR-2.

¹⁵ See, e.g., Staff Report at 9-10; Direct Pre-filed Testimony of Raymond F. Rouault at 9.

Scenic Assets and Historic Districts

Due to the fact that the Project will be located within existing rights-of-way, the Commission finds that adverse impacts on scenic assets and historic districts in the Commonwealth will be minimized 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 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 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 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.¹⁶ We therefore find that, as a condition to our approval herein, Delmarva must comply with all of DEQ's recommendations as provided in the DEQ Report.

Maryland

As part of an interstate transmission line, the electrical circuits of the Project extend beyond the bounds of Virginia. Indeed, the need for the Virginia portion of this double-circuit transmission line, as proposed and approved herein, is based, in part, on a continuation of the line to an electrical termination point at a substation in Maryland. However, the record indicates that the proposed construction of the Maryland portion of this line is pending before the Maryland

¹⁶ The DEQ recommendations are set forth above and discussed in the DEQ Report.

Public Service Commission ("Maryland PSC").¹⁷ Consequently, prior to commencing construction of the Project approved herein, Delmarva must submit to the Staff a copy of the order from the Maryland PSC approving a Maryland portion of the double-circuit transmission line. Additionally, the Company shall submit regular reports advising Staff of the status of the Maryland proceedings.

Accordingly, IT IS ORDERED THAT:

- (1) Delmarva is authorized to construct and operate the 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 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 certificate of public convenience and necessity to Delmarva:

Certificate No. ET-9h which authorizes Delmarva Power and Light Company under the Utility Facilities Act to operate certificated transmission lines and facilities in Accomack County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00092; cancels Certificate No. ET-9g, issued to Delmarva Power and Light Company on December 3, 2010, in Case No. PUE-2009-00106.
- (4) Within thirty (30) days from the date of this Final Order, the Company shall provide to the Commission's Division of Energy Regulation three 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 No. ET-9g.

¹⁷ Staff Report at 1, n.2.

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

(6) Prior to commencing construction of the Project approved herein, Delmarva must submit to the Commission's Division of Energy Regulation a copy of the order from the Maryland Public Service Commission approving a Maryland portion of the double-circuit 138 kV/69 kV transmission line.

(7) On or before April 29, 2016, and every four (4) weeks thereafter until construction of the Project can commence, the Company shall submit to the Commission's Division of Energy Regulation monthly reports advising Staff of the status of the Maryland proceedings.

(8) The Project approved herein must be constructed and in service by June 2018. The Company, however, is granted leave to apply for an extension for good cause shown.

(9) As there is nothing further to come before the Commission, this matter is dismissed and the papers filed herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Timothy E. Biller, Esquire, Hunton & Williams LLP, 951 East Byrd Street, Richmond, Virginia 23219-4074, Matthew K. Segers, Esquire, Pepco Holdings, Inc., 701 Ninth Street, NW, Suite 1100, Washington, D.C. 20068; and C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General, Division of Consumer Counsel, 900 East Main Street, Second Floor, Richmond, Virginia 23219. A copy also shall be delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.