PUE-2012-00029 Part 2 of 2

MONTH XX, YEAR

CONCURRING PARTY:

SAVE THE JAMES ALLIANCE

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

CHESAPEAKE CONSERVANCY

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

UNITED STATES DEPARTMENT OF INTERIOR (NATIONAL PARK SERVICE, COLONIAL NATIONAL HISTORIC PARK)

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

UNITED STATES DEPARTMENT OF INTERIOR (NATIONAL PARK SERVICE, NORTHEAST REGION)

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

JAMES CITY COUNTY

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

THE COLONIAL WILLIAMSBURG FOUNDATION

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

PRESERVATION VIRGINIA

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

SCENIC VIRGINIA

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

NATIONAL TRUST FOR HISTORIC PRESERVATION

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

CHRISTIAN & BARTON, LLP (ON BEHALF OF BASF CORP)

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

JAMES RIVER ASSOCIATION

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

UNITED STATES DEPARTMENT OF INTERIOR (NATIONAL PARK SERVICE, AMERICAN BATTLEFIELD PROTECTION PROGRAM)

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

FIRST CALIFORNIA COMPANY JAMESTOWNE SOCIETY

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

DELAWARE TRIBE OF INDIANS

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

CHICKAHOMINY TRIBE

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

COUNCIL OF VIRGINIA ARCHAEOLOGISTS

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

MARGARET NELSON FOWLER

By:_____ Date:_____

MONTH XX, YEAR

CONCURRING PARTY:

PAMUNKEY INDIAN TRIBE

By:_____ Date:_____

ATTACHMENT A: DIRECT AND INDIRECT PROJECT APE MAPS

ATTACHMENT B: LIST OF DOCUMENTS SUBMITTED BY DOMINION IN SUPPORT OF CONSULTATION

1) *Phase II Evaluation Site 44JC0662 for the Dominion Virginia Power Skiffes Switching Station, James City County, Virginia (CRI, May 2012).*

2) *Phase I Cultural Resources Survey of the Proposed Approximately 20.2-mile Dominion Virginia Power Skiffes Creek to Whealton 230kV Transmission Line in James City and York Counties, and the Cities of Newport News and Hampton, Virginia, Volumes I and II* (CRI, July 2012).

3) *Phase I Cultural Resources Survey of the Proposed Dominion Virginia Power Skiffes Creek to Surry 500 kV Transmission Line Alternatives in James City and Surry Counties, Virginia, Volumes I and II,* (Stantec, July 2013, Revised April 2014).

4) Memoranda Titled: *Phase IA Walkover and Phase I Archaeological Survey - BASF Corridor Realignment – Surry to Skiffes Creek 500 kV Transmission Line Project* (Stantec, July 2014).

5) *Addendum to the Phase I Cultural Resources Survey of the Proposed Dominion Virginia Power Skiffes Creek to Surry 500 kV Transmission Line in James City, Isle of Wight and Surry Counties, Virginia (Stantec, October 2014). (Additional information regarding three properties {i.e. 047-5307; Artillery Site at Trebell's Landing, 090-0121; Hog Island, and 099-5282; Battle of Williamsburg} per VDHR's request was provided in Stantec's letter dated February 2, 2015.)*

6) *Addendum to A Phase I Cultural Resources Survey to the Proposed Approximately 20.2-mile Dominion Virginia Power Skiffes Creek to Whealton 230 kV Transmission Line in James City and York Counties, and the Cities of Newport News and Hampton, Virginia, Volumes I: Technical Report (Stantec, July 2015).*

7) *Visual Effects Assessment for the Proposed Dominion Virginia Power Surry to Skiffes Creek 500kV Transmission Line Project and Skiffes Creek 500-230-115 kV Switching Station James City, Isle of Wight, and Surry Counties (Stantec, March 2014).*

8) *Addendum to the Visual Effects Assessment for the Proposed Dominion Virginia Power Surry to Skiffes Creek 500 kV Transmission Line Project James City, Isle of Wight, and Surry Counties (Stantec, October 2014).*

9) Addendum to the Visual Effects Assessment for the Proposed Dominion Virginia Power Surry to Skiffes Creek 500 kV Transmission Line Green Spring Battlefield (Stantec, November 2014).

10) Interactive Simulations Surry-Skiffes Creek 500 kV Transmission Line James River Crossing (Dominion/TRUESCAPE, March 2015).

11) Cultural Resource Affects Assessment, Surry-Skiffes Creek-Whealton Transmission Line Project, Surry, James City, and York Counties, Cities of Newport News and Hampton, Virginia (Stantec, September 2015).

12) Photo Simulation Overview Surry-Skiffes Creek-Whealton Transmission Line Project, Surry, James City and York Counties, Cities of Newport News and Hampton, Virginia. (Dominion/TRUESCAPE, Revised August 2016).

ATTACHMENT C: LIST OF EFFECTED HISTORIC PROPERTIES UNDER CONSIDERATION

August 31, 2016

ATTACHMENT D: KEEPER'S DOE LETTER AND MAP

August 31, 2016

ATTACHMENT E: CORPS' SECTION 106 CONSULTATION AND PUBLIC INVOLVEMENT PLAN

Exhibit B

Exhibit B

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF	)	
	)	
VIRGINIA ELECTRIC AND POWER COMPANY	)	
d/b/a DOMINION VIRGINIA POWER	)	
	)	Case No. PUE-2012-00029
For approval and certification of electric facilities:	)	
Surry-Skiffes Creek 500 kV Transmission Line,	)	
Skiffes Creek-Whealton 230 kV Transmission Line, and	)	
Skiffes Creek 500 kV-230 kV-115 kV Switching Station	)	

UPDATE ON STATUS OF CERTIFICATED PROJECT
December~~November~~ 20~~29~~, 2016

Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company"), by counsel, pursuant to Ordering Paragraph (1) of the Order issued by the State Corporation Commission ("Commission") in this proceeding on June 5, 2015 ("Order Directing Updates"), hereby files this Update regarding the status of the Surry-Skiffes Creek Line, Skiffes Creek Switching Station ("Skiffes Station"), Skiffes Creek-Whealton Line, and additional transmission facilities (collectively, the "Certificated Project"). This Update supersedes prior updates submitted by the Company. For this Update to the Commission, the Company respectfully states as follows:

1. By its November 26, 2013 Order, as modified by its February 28, 2014 Order Amending Certificates in the above-styled proceeding and confirmed by its April 10, 2014 Order Denying Petition, the Commission approved and certificated under § 56-46.1 of the Code of Virginia ("Va. Code") and the Virginia Utility Facilities Act[1] the construction and operation by Dominion Virginia Power of the electric transmission lines and related facilities proposed by the

[1] Va. Code § 56-265.1 *et seq.*

Company in its Application filed in this proceeding on June 11, 2012 ("2012 Application"). Those orders provide that this case is to remain open until the proposed facilities are in service.

2. Those orders were appealed by BASF Corporation and jointly by James City County, Save The James Alliance Trust and James River Association ("JCC Parties") to the Supreme Court of Virginia, which issued its unanimous opinion in those appeals on April 16, 2015, affirming the Commission's approval and certification of these transmission facilities, which comprise the Certificated Project. *BASF Corp. v. State Corp. Comm'n*, ___ Va. ___, 770 S.E.2d 458, *reh'g denied*, ___Va. ____, ___ S.E.2d ___ (2015) ("*BASF*").

3. The Court's opinion in *BASF* also reversed and remanded (by a 4-3 vote) the holding in the Commission's November 26, 2013 Order that the term "transmission line" includes transmission switching stations such as Skiffes Station under Va. Code § 56-46.1 F, which exempts transmission lines approved by the Commission under that section from Va. Code § 15.2-2232 and local zoning ordinances. Petitions of the Commission and the Company seeking rehearing of this aspect of the *BASF* opinion were denied by the Court on May 15, 2015. As a result, the Company is now required to obtain local land use approval from James City County to construct Skiffes Station.

4. The Court issued its mandate and remand on June 4, 2015, returning the case to the Commission for further proceedings consistent with the views expressed in the written opinion of the Court.

5. The Commission stated in its Order Directing Updates:

> The evidence in this proceeding shows that the North Hampton Roads Area is in critical need of a significant electric system upgrade. The need is severe and fast approaching, and the reliability risks are far reaching. The facilities approved in this case, for which judicial review thereof has concluded, are needed to avoid violations of mandatory electric reliability standards

> approved under federal law to prevent: the loss of electric service to customers; transmission system overloads; and outages in the North Hampton Roads Area with cascading outages into northern Virginia, the City of Richmond, and North Carolina. Given the time required for the construction of significant electric infrastructure projects like the Certificated Project, and the magnitude of the projected reliability violations, the Commission directs Dominion to provide regular updates on the status of the Certificated Project, including but not necessarily limited to the Skiffes Station, the status of the Army Corps process, and the Company's plans for maintaining system reliability in the North Hampton Roads Area.

Order Directing Updates at 2-3.

Updates on Status of the Certificated Project

6. **Applications for Section 404 and Section 10 Corps Permits.** The Company has continued with its permitting efforts to construct the facilities that have been approved and certificated by the Commission. As the Commission is aware, the Company must obtain permits from the U.S. Army Corps of Engineers ("Corps") under Section 404 of the Clean Water Act to place fill material in the James River for construction of the transmission line towers and Section 10 of the Rivers and Harbors Act of 1899 for resulting obstructions to navigation. The Company filed a Joint Permit Application ("JPA") for the Corps permits in March of 2012 for the Surry to Skiffes Creek portion of the Certificated Project and a separate JPA for the Skiffes Creek to Whealton portion in June of 2013. In August 2013, the Company submitted a combined JPA for the Surry-Skiffes Creek Line and the Skiffes Creek-Whealton Line. This combined JPA superseded the permit applications for each such transmission line that had been submitted in March 2012 and June 2013.[2]

[2] The JPA also served as the application to obtain an authorization from the Virginia Marine Resources Commission ("VMRC") for encroachment on subaqueous beds of the Commonwealth in the James River and a Virginia Water Protection Permit from the Virginia Department of Environmental Quality. The latter permit also serves as the required Certificate under Section 401 of the Clean Water Act that the discharges for the Certificated Project will not result in a violation of water quality standards.

A. **National Environmental Policy Act ("NEPA").** The two Corps permits required for the placement of fill and obstruction to navigation trigger review under NEPA. The Corps has indicated it will prepare an Environmental Assessment ("EA") to satisfy this requirement. NEPA requires the Corps to evaluate alternatives as well as the direct, indirect and cumulative effects of the project on the human environment. As part of this NEPA review, on August 28, 2013, the Corps solicited public comments on the undertaking via public notice in accordance with the requirements of NEPA. The Corps received voluminous comments on the undertaking and has evaluated numerous alternatives. On October 1, 2015, the Corps published their Preliminary Alternatives Conclusions White Paper ("White Paper"), which concluded, in relevant part:

> Therefore, based on information presented to date, our preliminary finding is that two alternatives appear to meet the project purpose while reasonably complying with the evaluation criteria. These are Surry-Skiffes-Whealton 500 kV OH (AC) (Dominion's Preferred) and Chickahominy-Skiffes-Whealton 500kV. We have determined that other alternatives are unavailable due to cost, engineering constraints and/or logistics. Please note this is not a decision on whether Dominion's preferred alternative is or is not permittable, nor does it exclude further consideration of alternatives should new information become available.

White Paper at 7-8. A copy of the White Paper was attached as Exhibit A to the Company's October 2, 2015 Status Update filed with the Commission. On April 5, 2016, the Corps presented a response ("Corps Response" or "Response") to an Advisory Council on Historic Preservation~~Properties~~ ("ACHP") letter and indicated within its Response to ACHP that, "based on analysis of all information made available to date, the USACE finds nothing to indicate that Dominion's information regarding practicality of alternatives is flawed or incorrect. Additionally, Dominion has explored all feasible alternatives, including those identified by the consulting parties and the public to date." Corps Response at 3. A copy of the Corps Response

was attached as Exhibit A to the Company's April 12, 2016 Status Update filed with the Commission. The Corps will make its final selection of alternatives when it issues the EA which will accompany the permit decision.

B. **Endangered Species Act ("ESA").** The two Corps permits also trigger review under the ESA. The Corps must determine that the construction and operation of the facilities will not violate the ESA. The Corps has been consulting with the United States Fish and Wildlife Service regarding the Certificated Project's potential effect on the Northern Long Eared Bat ("NLEB"), and the National Marine Fisheries Service ("NMFS") regarding the Atlantic Sturgeon. Consultation will be completed with the issuance of the permit decision; however, NMFS indicated in a January 28, 2016 letter that they agreed with the Corps that the Project is not likely to adversely affect listed species. On April 12, 2016, the USFWS concurred with the Corps conclusions regarding the NLEB, indicating the Corps would permit Project construction without a time of year restriction on tree clearing.

C. **National Historic Preservation Act ("NHPA").** Finally, the two Corps permits trigger review under the NHPA. Section 106 of the NHPA requires the Corps to take into consideration the effect of permitted activities on historic properties. The NHPA process has four components (a) evaluation of alternatives, (b) identification of historic properties that might be affected, (c) evaluation of whether and to what extent the federally permitted project will have an adverse effect on those historic properties and (d) mitigation of those adverse effects. This process commenced with the issuance of the initial public notice on August 28, 2013. The comments received helped facilitate the initial steps of the review process and provided interested members of the public with an opportunity to comment on alternatives, the identification of historic properties and potential effects, which includes Carter's Grove,

Jamestown and Hog Island. The Corps identified an Area of Potential Effect (APE") which is shown on a map included as Exhibit A to the Company's February 9, 2016 Status Update filed with the Commission. The Corps, in coordination with the State Historic Preservation Office ("SHPO"), then identified organizations that have a demonstrated interest in the treatment of historic properties associated with the Certificated Project ("Consulting Parties") within the APE.

(i) **Alternatives.** The Corps has conducted its alternative analysis under the NHPA concurrently with that under NEPA described in Paragraph 7 above.

(ii) **Historic Property Identification.** On November 13, 2014, the Corps issued a second public notice soliciting comments specific to historic property identification and an alternatives analysis. The Corps and SHPO reached initial agreement on historic properties within the APE on May 1, 2015. On June 19, 2015, the Advisory Council on Historic Preservation ("ACHP") requested that the Corps consider whether a portion of the Captain John Smith Chesapeake National Historic Trail ("CAJO") is eligible for inclusion on the National Register of Historic Places. On July 2, 2015, the Corps made a request to the Keeper of the Register ("Keeper") concerning the eligibility of the CAJO within the APE. On August 14, 2015, the Keeper made a determination that a portion of the CAJO is eligible for listing on the National Register of Historic Places as a contributing element of a historic district within the APE.

(iii) **Determination of Effects.** On May 21, 2015 the Corps issued a third public notice to assist in evaluation of the effects of the Certificated

Project on the identified historic properties and evaluation of alternatives or modifications which could avoid, minimize or mitigate adverse effects of the undertaking. As part of the process to assist in consideration of historic impacts, the Company prepared a Consolidated Effects Report ("CER") to merge the various studies that had been prepared beginning in 2011 into a single document. The Corps published the CER on October 1, 2015. The Corps and SHPO subsequently reached agreement on the list of adversely effected properties.

(iv) **Mitigation.** A draft mitigation plan was developed, and the Corps provided for a Consulting Parties comment period on the draft mitigation plan; the draft mitigation plan and comment period was noticed to the Consulting Parties on December 30, 2015, and ended January 29, 2016. A fifth Consulting Parties meeting was held February 2, 2016 to discuss mitigation for impacts to historic properties. A revised draft mitigation plan was developed, which the Corps noticed on June 13, 2016 to the Consulting Parties for a comment period ending July 13, 2016. A copy of the revised mitigation plan was attached as Exhibit A to the Company's June 14, 2016 Status Update filed with the Commission. On July 6, 2016, the Corps extended the comment period until July 27, 2016. On December 7, 2016, the Corps noticed to the Consulting Parties a further revised mitigation plan for a comment period ending December 21, 2016, which subsequently was extended to January 11, 2017. Additionally, the Corps scheduled a conference call among Consulting Parties for January 19, 2017 to allow for any follow-up

and / or clarifying discussion. A copy of the further revised mitigation plan is attached as Exhibit A to this update. The Corps is working toward entering into a Memorandum of Agreement with the SHPO and the ACHP regarding mitigation. If such an agreement is not possible, consultation will terminate and the Corps will make its permit determination after affording the ACHP an opportunity to file comments.

(v) **Consulting Party Meetings**. In total, the Corps has hosted five Consulting Parties meetings to date (September and December 2014, June and October 2015 and February 2016) to discuss alternatives to the Certificated Project, identification of and impacts to historic properties and potential mitigation opportunities. On October 7, 2016, the Corps welcomed the Pamunkey Indian Tribe as a consulting party following their request to participate in the Section 106 consultation process.

D. **Public Hearing.** A fourth public notice was published October 1, 2015 providing notice of a public hearing on all aspects of the Corps permitting process held on October 30, 2015 at Lafayette High School in Williamsburg, Virginia. The Corps conducted its public hearing on October 30, 2015, during which approximately 80 witnesses appeared to present their views to the Corps. The period for written public comments associated with the October 30, 2015 public hearing (originally scheduled to close on November 9, 2015) was subsequently extended to close of business November 13, 2015, concurrent with the public comment period for the CER and White Paper.

7. **Virginia Marine Resources Commission ("VMRC") Permit.** The Company must obtain an authorization from the VMRC for encroachment on subaqueous beds of the

Commonwealth in the James River. The Company continues to coordinate with VMRC, based upon their desire to have additional certainty surrounding the Corps permitting.

8. **Federal Aviation Administration Review.** Additionally, the Federal Aviation Administration has completed its review of all of the proposed 500 kV structures; the 230 kV structures; and associated cranes and has made a determination of no hazard to air navigation.

9. **James City County Special Use Permit.** Consistent with the Court's opinion in *BASF*, on June 17, 2015, the Company filed a special use permit application ("SUP"), a rezoning request, a substantial accord determination request and a height waiver application for a switching station in James City County associated with the Certificated Project. Comments from County staff were received on July 2, 2015, and the Company responded to the County July 10, 2015. The County produced additional comments on the resubmission on July 17, 2015, and the Company responded on July 24, 2015. On July 23, 2015, an open house was hosted by Dominion Virginia Power to discuss the switching station. There were 26 attendees. The switching station was placed on the James City County Planning Commission agenda scheduled for August 5, 2015, and legal notices were run on July 22 and July 29, 2015 to alert the public of the meeting. A favorable staff report was issued July 29, 2015 recommending approval of the switching station. On August 5, 2015, the James City County Planning Commission voted 4 to 2 against recommending approval of the Company's switching station. Pursuant to Va. Code § 15.2-2232, on August 17, 2015, the Company filed an appeal of the substantial accord determination to the James City County Board of Supervisors (the "JCC Board"). The JCC Board will make the final determination on the SUP, rezoning and height waiver requests and will hear the appeal on the substantial accord determination, and it is anticipated that all four items will be considered during the same meeting of the JCC Board. The appeal and the other

pending applications were to be considered by the JCC Board at its October 13, 2015 public meeting, but the Company submitted a letter on September 17, 2015 requesting that action on the appeal be deferred until the JCC Board's meeting on November 24, 2015. The JCC Board approved that request at its meeting on September 22, 2015. A subsequent request was submitted by the Company on November 6, 2015 to defer the vote on the matter until the JCC Board's January 12, 2016 meeting; this request was approved by the JCC Board on November 10, 2015. The Company had anticipated that the decision of the JCC Board would be better informed by the status of the Corps process in January of 2016; so, on December 4, 2015, the Company submitted a letter of request for further deferral of the JCC Board's public hearing on this matter to the JCC Board's February 9, 2016 meeting; this request was approved by the JCC Board on December 8, 2015. The Company sought on January 8, 2016 an additional deferral until the March 8, 2016 JCC Board meeting. The JCC Board approved this request at their January 12, 2016 meeting. However, due to further delay in the Corps process, the Company sought an additional deferral until the August 9, 2016 JCC Board meeting unless the Corps issues its permits before that date, which deferral request was approved by the JCC Board on February 9, 2016. With continuing delays in the Corps process, the Company submitted an additional deferral request dated June 27, 2016 until the December 13, 2016 JCC Board meeting unless the Corps issues its permits before that date. The JCC Board approved the Company's June 27, 2016 deferral request. With additional delays in the Corps process, the Company submitted another deferral request dated November 14, 2016 until the June 27, 2017 JCC Board meeting~~ unless the Corps issues its permit prior to that date~~. The JCC Board approved the Company's November 14, 2016 deferral request on November 22, 2016.

10. **James City County Site Plan**. On September 11, 2015, in advance of the JCC

Board's vote on the aforementioned items, the Company, at its own risk, submitted the Switching Station site plan to the County for review. Comments from JCC and other review agencies have been reviewed by the Company and were addressed in the Company's November 16, 2015 second submission of the Switching Station site plan. Review comments were received on the second submission of the site plan, and the Company reviewed and responded to these comments with a third submission of the site plan with revisions on February 2, 2016. All comments on the third submission have been received, and the Company responded to these comments in their fourth submission of the site plan on April 27, 2016. On May 17, 2016, the County provided approval of the Company's Water Quality Impact Assessment. Further comments were generated by other departments. The Company resubmitted the site plan on July 19, 2016. The switching station site plan received its conditional approval from the County review departments pending the legislative action by the JCC Board.

11. Upon obtaining the required approvals, the Company intends to commence construction of the Certificated Project. The Company will continue to report to the Commission material developments in its permitting and construction activities on the schedule set forth in the Order Directing Updates.

12. **Mercury and Air Toxics Standards ("MATS") Extension.** Additionally, the Company notes that the inability to begin construction for the past three years since the Application was filed with the Commission has made it impossible for the proposed facilities to be completed and in service by December 31, 2015, as provided in the Commission's February 28, 2014 Order Amending Certificates. As permitted by federal environmental regulations, the Company has obtained from the Virginia Department of Environmental Quality a one-year extension of the April 16, 2015 deadline for Yorktown Units 1 and 2 to comply with the U.S.

Environmental Protection Agency's ("EPA") MATS regulation that will be achieved by retiring the units, which drove the original June 1, 2015 need date for the new transmission facilities. On October 15, 2015, the Company submitted a Petition seeking from the EPA an administrative order under EPA's Administrative Order Policy for the MATS rule,[3] which, if granted, would provide an additional one-year waiver of non-compliance with the regulations that drive those retirements and further extend the need date for the Certificated Project to June 1, 2017. On December 2, 2015, the Federal Energy Regulatory Commission ("FERC") issued Comments on the Company's request to EPA, stating that Yorktown Unit Nos. 1 and 2 "are needed during the administrative order period, as requested by Dominion, to maintain electric reliability and to avoid possible NERC Reliability Standard violations."[4] On April 16, 2016, the EPA issued an Administrative Order[5] under Section 113(g) of the Clean Air Act ("CAA") authorizing the Company to operate the Yorktown coal-fired units (Units 1 and 2) through April 15, 2017 under certain limitations consistent with the MATS rule.

13. On June 29, 2015, the United States Supreme Court ("Supreme Court") in *Michigan, et al. v. Environmental Protection Agency, et al.*, __U.S. __(2015) reversed and remanded (by a 5-4 vote) the EPA's MATS regulation to the United States Court of Appeals for the D.C. Circuit Court ("D.C. Court of Appeals") for further proceedings consistent with the Supreme Court's Opinion. This decision does not change the Company's plans to close coal units at Yorktown Power Station or the need to construct the Certificated Project by 2017. The Court's ruling required that EPA consider the cost of implementation. The decision neither

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[3] *The Environmental Protection Agency's Enforcement Response Policy For Use of Clean Air Act Section 113(a) Administrative Orders In Relation To Electric Reliability and the Mercury and Air Toxics Standard.* EPA Memorandum from Cynthia Giles, Assistant Administrator of the Office of Enforcement and Compliance Assurance to EPA Regional Administrators, Regional Counsel, Regional Enforcement Directors and Regional Air Division Directors (December 16, 2011).

[4] *Virginia Electric and Power Company*, Docket No. AD16-11-000, 153 FERC ¶ 61,265.

[5] *See* https://www.epa.gov/sites/production/files/2016-04/documents/mats-caa-113a-admin-order-0416-virginia-electric-power-co-virginia.pdf.

vacated the rule nor placed a stay on its implementation. On July 31, 2015, the Supreme Court formally sent the litigation back to the D.C. Court of Appeals, to decide whether to vacate or leave in place the MATS rule while the EPA works to address the Supreme Court decision.

14. On November 20, 2015, in response to the Supreme Court decision, the EPA proposed a supplemental finding[6] that consideration of cost does not alter the agency's previous conclusion that it is appropriate and necessary to regulate coal- and oil-fired electric utility steam generating units ("EGUs") under Section 112 of the CAA. The proposed supplemental finding was published for public comment on December 1, 2015. 80 Fed. Reg. 75025 (Dec. 1, 2015). The public comment period closed on January 15, 2016.

15. On December 15, 2015, the D.C. Court of Appeals in *White Stallion Energy, LLC v. Environmental Protection Agency*, No. 12-1100, 2015 U.S. App. LEXIS 21819 (D.C. Cir. 2015) issued an order remanding the MATS rulemaking proceeding back to EPA without vacatur. This action means that the MATS rule remains applicable and effective. The D.C. Court of Appeals noted that EPA had represented it was on track to issue by April 15, 2016, a final finding regarding its consideration of cost.

16. On December 1, 2015, the Company filed with the Commission a motion to extend the date for completion and placement in service of the Certificated Project to the date twenty (20) months after the date on which the Corps issues a construction permit for the Certificated Project. On December 22, 2015, the Commission issued an Order granting the Company's motion to extend.

Plans for Maintaining System Reliability in the North Hampton Roads Area

17. In order to ensure reliability for the Peninsula while the Surry-Skiffes Creek Line

[6] *See* http://www.gpo.gov/fdsys/pkg/FR-2015-12-01/pdf/2015-30360.pdf.

is being constructed in anticipation of the Yorktown Unit 1 and 2 retirements, the Company is conducting a rigorous inspection and maintenance program ("Inspection Program"). The focus of the Inspection Program is transmission lines and stations for assets that directly serve the Peninsula. This includes, but is not limited to, the lines and stations from Chickahominy east to Newport News, as well as lines from Surry and Chuckatuck that feed into the southern end of the Peninsula. The Inspection Program focuses on the human performance factor that will be emphasized consistently over the work period to ensure the Electric Transmission and Station workforce involved in supporting the assets on the Peninsula are cognizant of the ongoing construction. The Inspection Program will also consist of a complete evaluation of all abnormal equipment logs that require equipment maintenance or replacement in order to ensure that all equipment is in-service, and infrared reviews of stations and transmission lines prior to and during long critical outages to identify any weak links in the system that need attention to prevent unplanned outage events. More frequent aerial and foot patrols of transmission lines and stations will also be incorporated into the Inspection Program. Lastly, the outages required to address any outstanding equipment issues will be scheduled around the necessary planned outages to support the construction of the Certificated Project to limit the overall system exposure.

18. Additional inspection and maintenance work that is currently being conducted as part of the Inspection Program includes performing substation inspections quarterly; augmenting quarterly inspections with Technical Oversight Inspections of select stations; increasing infrared inspections of affected substations; performing infrared inspections every two weeks if load exceeds 18,000 MW; and reviewing all Corrective & Preventative Maintenance orders for substation equipment and relay systems to ensure they are completed or can be deferred during

construction of the Certificated Project.

19. Foundation work on the existing transmission lines at the James River Bridge was completed at the end of 2015. Additional inspection and maintenance work is also being planned for the future (prior to construction of the Certificated Project). This additional future work under the Inspection Program includes the following: all line switches will be inspected and any necessary maintenance performed prior to construction; all questionable compression conductor connections will be inspected and any necessary repairs will be made prior to commencement of work; one month prior to beginning work, a foot patrol will be done on the four 230 kV lines serving the Peninsula, and any issues found will be corrected prior to commencement of work; one week prior to beginning work, an aerial patrol will be done on the four 230 kV lines serving the Peninsula, and any issues found will be corrected prior to commencement of work; and bi-weekly aerial patrols will be done throughout the construction of the Certificated Project on these four 230 kV lines to identify any issues that may have surfaced since the previous patrol. The bi-weekly aerial patrols will specifically look for equipment integrity issues identified through visual inspection, corona camera, and infrared camera; and any third-party work on or near the right-of-way with a potential threat to the lines, which will be identified and addressed accordingly. Should the permit be delayed and Yorktown is forced to shut down without the line in service, the above actions will be taken well in advance of the Yorktown coal unit closures.

20. If the Certificated Project is not in-service by the time that Yorktown Units 1 and 2 must retire to be in compliance with effective environmental regulations, then the plan for maintaining system reliability for the Peninsula will include careful planning of transmission outages and minimum work on assets on the Peninsula while the planned outages to support the construction of the Certificated Project outages are underway. Under some unplanned event

scenarios, the reliability plan must include shedding of load in the amounts necessary to reduce stress on the system below critical demand levels. The shedding of load could occur in some instances at system load levels well below peak demand levels, on the order of 16,000 MW or higher. The exact system load level, load shed amounts and locations will be dependent on the circumstances that exist on the system at the time.

21. The Company will continue to report to the Commission material developments of its plans for maintaining system reliability on the schedule set forth in the Order Directing Updates.

Respectfully submitted,

VIRGINIA ELECTRIC AND POWER COMPANY

By: _____

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