

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 12, 2018

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2015-00107

For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation

ORDER ON REMAND

On November 6, 2015, Virginia Electric and Power Company ("Dominion " or "Company") filed with the State Corporation Commission ("Commission") an application ("Application") for a certificate of public convenience and necessity for the proposed Haymarket 230 kilovolt ("kV") double circuit transmission line and 230-34.5 kV Haymarket Substation. 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.*

Through its Application, the Company requests Commission authority to: (i) construct a new 230-34.5 kV Haymarket Substation in Prince William County; (ii) convert its existing 115 kV Gainesville-Loudoun Line #124, located in Prince William and Loudoun Counties, to 230 kV operation ("Line #124 conversion"); and (iii) construct in Prince William County and the Town of Haymarket a new 230 kV double circuit transmission line from a tap point approximately 0.5 mile north of the Company's existing Gainesville Substation on the Line #124 conversion to the new Haymarket Substation (the "Haymarket Loop").¹ The Line #124 conversion, the Haymarket Loop and Haymarket Substation are referred to herein as the "Project." In the Application, the Company proposed the following five alternative routes for the

¹ Ex. 3 (Application) at 2.

Haymarket Loop: (1) I-66 Overhead Route (\$51 million); (2) I-66 Hybrid Route (\$167 million); (3) Railroad Route (\$55 million); (4) Carver Road Route (\$62 million); and (5) Madison Route (\$68 million).²

The Company states in its Application that the Project is necessary to provide service to a new data center campus in Prince William County and to maintain reliable electric service to its customers in the area in accordance with mandatory North American Electric Reliability Corporation Reliability Standards for transmission facilities and the Company's transmission planning criteria.³

On December 11, 2015, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, established a procedural schedule and assigned a Hearing Examiner to conduct all further proceedings in this case, including the filing of a final report with the Hearing Examiner's findings and recommendations. The following parties filed notices of participation in this proceeding: Southview 66, LLC; FST Properties, LLC; Somerset Crossing Home Owners Association, Inc. ("Somerset"); the Coalition to Protect Prince William County ("Coalition"); Old Dominion Electric Cooperative; Heritage Hunt HT, LLC, Heritage Hunt Commercial, LLC, Heritage Hunt Retail, LLC, Heritage Hunt Office Condominium, LLC, Heritage Sport & Health, LLC, RBS Holdings, LLC, and BKM at Heritage Hunt, LLC (collectively, "Heritage Hunt"); and Prince William County Board of Supervisors. Heritage Hunt and Prince William County Board of Supervisors subsequently withdrew their notices of participation.

² *Id.* at 3; Ex. 3 (Appendix) at 31-34. Ex. 19 (Joshipura Direct) at 16 contains the approximate cost for each alternative.

³ Ex. 3 (Application) at 2.

Following several local hearings in the Town of Haymarket and an evidentiary hearing on June 21 and 22, 2016, in Richmond, Virginia, on November 15, 2016, the Hearing Examiner issued the Report of Glenn P. Richardson, Hearing Examiner ("Report"). The Hearing Examiner found, among other things, that "[t]he Project is needed so [Dominion] can continue to provide reasonably adequate service to its customers at reasonable and just rates" and "[t]he Carver Road Route reasonably minimizes the Project's impact on the environment, scenic assets, and historic resources."⁴

On April 6, 2017, the Commission issued an Interim Order finding that the Project is needed and that both the Railroad Route and the Carver Road Route meet the statutory criteria in this case.⁵ The Commission directed the Company "to request Prince William County to take the actions necessary to remove any legal constraints blocking construction of the Railroad Route" and explained that the Project would need to be constructed along the Carver Road Route if Prince William County was unwilling to remove the legal constraints that blocked construction of the transmission line along the Railroad Route.⁶

On June 5, 2017, the Company filed an Update to the Commission stating that it was not feasible to construct the Railroad Route due to the legal inability to procure the necessary

⁴ Report at 79.

⁵ *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation*, Case No. PUE-2015-00107, Doc. Con. Cen. No. 170420047, Interim Order at 10, 11 (Apr. 6, 2017).

⁶ *Id.* at 14-15.

rights-of-way. On June 23, 2017, the Commission issued its Final Order, reiterating that the Project is needed and approving construction of the Carver Road Route.⁷

Following separate requests for rehearing or reconsideration filed by the Coalition and Somerset, the Commission issued an Order Granting Reconsideration on July 14, 2017 (which suspended the Final Order) and an Order Directing Additional Pleadings on July 24, 2017. In response to a Company motion on July 25, 2017, the Commission issued an Order on Requested Abeyance, directing the Company to file a report with the Commission on or before September 22, 2017, advising whether the Carver Road Route is constructible ("Update"), and extending the pleading cycle established for the requests for rehearing or reconsideration.

On September 22, 2017, Dominion filed its Update to the Commission, advising that the Company was not able to secure the necessary approvals from Prince William County to construct the Carver Road Route and requesting that the Commission authorize construction of the I-66 Overhead Route. Following Dominion's September 22, 2017 Update to the Commission and the pleadings filed by Dominion, Somerset and the Coalition regarding the requests for rehearing or reconsideration, the Commission issued its Order Remanding for Further Proceedings ("Remand Order") on December 6, 2017. Therein the Commission noted that the parties' pleadings "seek to introduce new information regarding the need for" the Project and that Dominion's Update "also contains new information on additional variations to the routes proposed in the record."⁸ The Remand Order, among other things, directed the Hearing Examiner

⁷ *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation, Case No. PUE-2015-00107, Doc. Con. Cen. No. 170630252, Final Order at 3 (June 23, 2017).*

⁸ *Application of Virginia Electric and Power Company, For approval and certification of electric transmission facilities: Haymarket 230 kV Double Circuit Transmission Line and 230-34.5 kV Haymarket Substation, Case No. PUE-2015-00107, Doc. Con. Cen. No. 171210061, Order Remanding for Further Proceedings at 2 (Dec. 6, 2017).*

to "conduct additional proceedings to receive evidence and legal analysis regarding: (1) new information as proffered by the parties that the Hearing Examiner finds relevant to the issue of the need for " the Project; and "(2) Dominion's additional variations to the routes proposed in the record."⁹ The Remand Order further directed the Hearing Examiner to recommend whether the Commission should continue to find that the Project is needed.¹⁰

Pursuant to Hearing Examiner's Rulings dated December 13, 2017, and January 23, 2018, the Company and the Commission Staff ("Staff") filed remand direct testimony and exhibits; a public hearing was held on February 8, 2018, to receive testimony from public witnesses; and an evidentiary hearing was convened on April 30, 2018. As part of its testimony, Staff provided updated cost information for the remaining routes under consideration, including additional costs associated with variations proposed by the Company. Staff reported the following estimated costs: (1) I-66 Overhead Route (\$51 million); (2) I-66 Hybrid Route (\$172 million); and (3) Madison Route (\$68 million).¹¹

On March 22, 2018, Dominion filed a Motion for Expedited Consideration of a Stipulated Settlement Regarding the Haymarket Project. On March 26, 2018, the Hearing Examiner entered a Ruling granting expedited consideration but denying the Company's request to consider the Stipulated Settlement Regarding the Haymarket Project ("Stipulation") prior to the April 30, 2018 evidentiary hearing. At the hearing on April 30, 2018, the Stipulation and pre-filed remand direct testimony of Dominion and Staff were entered into the record without cross-examination.

⁹ *Id.*

¹⁰ *Id.*

¹¹ Ex. 54 (Joshiपुरa Remand Direct) at 8-9.

The Stipulation was signed by counsel for Dominion, the Coalition and Somerset and was filed in response to Senate Bill 966 ("SB 966"),¹² which was signed by the Governor on March 9, 2018, to go into effect July 1, 2018.¹³ In the Stipulation, the Coalition and Somerset agreed not to contest the need for the Project or to seek to enter additional evidence into the case record in return for the Company's agreement to file, on or before July 2, 2018, a written request for approval of the I-66 Hybrid Route under the Pilot Program and for issuance of a certificate of public convenience and necessity for the I-66 Hybrid Route, upon a Commission order affirming that the Project is needed.¹⁴ The Company also agreed to other conditions related to the construction of the Project.¹⁵

On May 7, 2018, the Hearing Examiner issued the Report on Remand of Glenn P. Richardson, Hearing Examiner ("Report on Remand"). The Hearing Examiner found that the Project continues to be needed "to serve the significant load growth projected in the Haymarket Load Area."¹⁶ The Hearing Examiner also found, however, that he had no authority to determine whether the Stipulation should be approved, as the Remand Order directed the Hearing Examiner to address only the continuing need for the Project and receive evidence on the various route variations proposed by the Company and contained in the record.¹⁷ Accordingly, the Hearing

¹² 2018 Va. Acts chapter 296.

¹³ *Id.*

¹⁴ *See generally* Ex. 50.

¹⁵ *Id.* The non-stipulating parties did not object to the Stipulation.

¹⁶ Report on Remand at 14.

¹⁷ *Id.* Though the Hearing Examiner did not make any recommendation that the Commission adopt a specific transmission line route, he noted that based on Staff's updated cost estimates, ratepayers would incur an additional \$120.7 million in costs if the Stipulation were approved. *Id.* at 12, n.91.

Examiner did not recommend approval or disapproval of the Stipulation. Instead, the Hearing Examiner recommended that the Commission adopt the Hearing Examiner's finding that the Project continues to be needed and grant such other relief that the Commission finds appropriate in this case.¹⁸

On May 18, 2018, the Coalition, Somerset and Dominion ("Joint Parties") filed Joint Comments on the Report on Remand. The Joint Parties reiterated their commitment to the Stipulation and asked that the Commission expeditiously accept and approve the Stipulation.¹⁹ NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Enactment Clause 2 of SB 966 provides:

Notwithstanding any other law to the contrary, as a part of the pilot program established pursuant to this act, the State Corporation Commission shall approve as a qualifying project a transmission line of 230 kilovolts or less that is pending final approval of a certificate of public convenience and necessity from the State Corporation Commission as of December 31, 2017, for the construction of an electrical transmission line approximately 5.3 miles in length utilizing both overhead and underground transmission facilities, of which the underground portion shall be approximately 3.1 miles in length, which has been previously proposed for construction within or immediately adjacent to the right-of-way of an interstate highway. Once the State Corporation Commission has affirmed the project need through an order, the project shall be constructed in part underground, and the underground portion shall consist of a double circuit.

The State Corporation Commission shall approve such underground construction within 30 days of receipt of the written request of the public utility to participate in the pilot program pursuant to this section. The State Corporation Commission shall not require the submission of additional technical and cost analyses as a condition of its approval but may request such analyses for its review. The State Corporation Commission shall approve the underground construction of one contiguous segment of the transmission line that is approximately 3.1 miles in length that was previously proposed for construction within or immediately

¹⁸ *Id.* at 14-15.

¹⁹ Joint Comments at 2.

adjacent to the right-of-way of the interstate highway, for which, by resolution, the locality has indicated general community support. The remainder of the construction for the transmission line shall be aboveground. The Commission shall not be required to perform any further analysis as to the impacts of this route, including environmental impacts or impacts upon historical resources.

The electric utility may proceed to acquire right-of-way and take such other actions as it deems appropriate in furtherance of the construction of the approved transmission line, including acquiring the cables necessary for the underground installation.²⁰

The above statutory language appears to fit the description of the I-66 Hybrid Route.

Accordingly, we adopt the Hearing Examiner's finding that the proposed Project continues to be needed to provide reasonably adequate service in the Haymarket Load Area for the reasons set forth in the Report on Remand²¹ and in the Commission's Interim Order dated April 6, 2017.²²

Accordingly, IT IS ORDERED THAT:

- (1) We adopt the Hearing Examiner's finding of need in the Report on Remand.
- (2) This case is continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.

²⁰ 2018 Va. Acts chapter 296 at lines 1390-1413.

²¹ See Report on Remand at 5-8, 12-13, 14.

²² See Interim Order at 10.