

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

AT RICHMOND, JULY 26, 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 REQUEST TO PARTICIPATE IN PILOT PROGRAM

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").<sup>1</sup> 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

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<sup>1</sup> Ex. 3 (Application) at 2.

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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).<sup>2</sup>

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.<sup>3</sup>

On December 11, 2015, the Commission issued an Order for Notice and Hearing in this proceeding that, among other things, assigned a Hearing Examiner to conduct all further proceedings in this case and permitted interested persons to comment or participate in this case. The following parties filed notices of participation in this proceeding: Southview 66, LLC ("Southview"); FST Properties, LLC ("FST"); Somerset Crossing Home Owners Association, Inc. ("Somerset"); the Coalition to Protect Prince William County ("Coalition"); Old Dominion Electric Cooperative ("ODEC"); 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.

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<sup>2</sup> *Id.* at 3; Ex. 3 (Appendix) at 31-34. Ex. 19 (Joshipura Direct) at 16 sets forth the approximate cost for each alternative.

<sup>3</sup> 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."<sup>4</sup>

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.<sup>5</sup> After receiving information from Dominion that it was not feasible to construct the Railroad Route, on June 23, 2017, the Commission issued its Final Order, reiterating that the Project is needed and approving construction of the Carver Road Route.<sup>6</sup>

On September 22, 2017, Dominion filed an update with 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 this update to the Commission and certain pleadings filed by Dominion, Somerset and the Coalition regarding requests for rehearing or reconsideration, the Commission issued its Order Remanding for Further Proceedings ("Remand Order") on

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<sup>4</sup> Report at 79.

<sup>5</sup> *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).

<sup>6</sup> *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).

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."<sup>7</sup> The Remand Order, among other things, directed the Hearing Examiner 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."<sup>8</sup> The Remand Order further directed the Hearing Examiner to recommend whether the Commission should continue to find that the Project is needed.<sup>9</sup>

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.

On March 22, 2018, Dominion filed a Motion for Expedited Consideration of a Stipulated Settlement Regarding the Haymarket Project. At the hearing on April 30, 2018, the Stipulated Settlement Regarding the Haymarket Project ("Stipulation") and pre-filed remand direct testimony of Dominion and Staff were entered into the record without cross-examination.<sup>10</sup>

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<sup>7</sup> *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).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> On March 26, 2018, the Hearing Examiner entered a Ruling granting expedited consideration but denying the Company's request to consider the Stipulation prior to the April 30, 2018 evidentiary hearing.

The Stipulation was signed by counsel for Dominion, the Coalition and Somerset and was filed in response to Senate Bill 966 ("SB 966"),<sup>11</sup> which was signed by the Governor on March 9, 2018, to go into effect July 1, 2018.<sup>12</sup> 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 established in the GTSA<sup>13</sup> 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.<sup>14</sup> The Company also agreed to other conditions related to the construction of the Project.<sup>15</sup>

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"<sup>16</sup> and 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.<sup>17</sup>

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<sup>11</sup> 2018 Va. Acts chapter 296. This is also known as the Grid Transformation and Security Act of 2018 ("GTSA").

<sup>12</sup> *Id.*

<sup>13</sup> See Enactment Clause 2 of SB 966, codified as Code § 56-585.1:5.

<sup>14</sup> See generally Ex. 50 (Stipulation).

<sup>15</sup> *Id.* The non-stipulating parties did not object to the Stipulation.

<sup>16</sup> Report on Remand at 14.

<sup>17</sup> *Id.* at 14-15. The Hearing Examiner found 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. *Id.* at 14. Accordingly, the Hearing Examiner did not recommend approval or disapproval of the Stipulation.

On June 12, 2018, the Commission issued its Order on Remand, adopting 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 Remand and in the Commission's Interim Order dated April 6, 2017.<sup>18</sup> The Commission also noted that the language in Enactment Clause 2 of SB 966 appears to fit the description of the I-66 Hybrid Route.<sup>19</sup>

On July 2, 2018, Dominion filed the Request to Participate in the Pilot Program Established by Enactment Clause 2 of the Grid Transformation and Security Act of 2018 ("Written Pilot Program Request"). The Company requests approval of the Project, specifically the I-66 Hybrid Route, as a qualifying project under Section 2 of Enactment Clause 2 of SB 966.<sup>20</sup> Attached to Dominion's Written Pilot Program Request is a map showing the route agreed to in the Stipulation. The Company requests approval of the route, "subject to final engineering and with approval to make minor adjustments to the route as may be necessary based on coordination with Virginia Department of Transportation ('VDOT') and based on a good faith effort to further reasonably minimize adverse impacts to property owners and developers."<sup>21</sup> Dominion states further that its work with engineers, underground contractors, experts, VDOT and local property owners and developers "has yielded additional potential variations to the I-66 Hybrid Route that need to be explored further with VDOT and affected property owners."<sup>22</sup>

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<sup>18</sup> Order on Remand at 8. See Report on Remand at 5-8, 12-13, 14, and Interim Order at 10.

<sup>19</sup> Order on Remand at 8.

<sup>20</sup> Code § 56-585.1:5 B.

<sup>21</sup> Written Pilot Program Request at 4, citing Ex. 50 (Stipulation), ¶ 6.

<sup>22</sup> *Id.* at 5.

Dominion identifies five corridors ("Variation Corridors")<sup>23</sup> for Commission approval, to allow the Company the "flexibility to make engineering and impact minimization variations in these identified corridors," which "may allow the Company to implement construction methods in line with the stated goals of the Pilot Program and to make changes where feasible to maximize the separation from and/or reduce the impact to private property, including dwellings...[and] environmental resources..."<sup>24</sup> Dominion represents that the Variation Corridors "are all within the scope of the property owner notice provided by the Company in this proceeding."<sup>25</sup>

Dominion represents that it shared the Written Pilot Program Request, including the proposed Variation Corridors, with Staff, the Coalition, Somerset, FST, ODEC, and Southview. Dominion states that Staff does not oppose the Written Pilot Program Request; the Coalition and Somerset, respectively, support and consent to the Written Pilot Program Request; ODEC neither supports nor opposes the Written Pilot Program Request; and Southview takes no position on the Written Pilot Program Request.<sup>26</sup> On July 3, 2018, Dominion filed a letter with the Clerk of the Commission stating that FST has represented to the Company that it does not object to the Written Pilot Program Request.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion and finds as follows.

Code § 56-585.1:5 B provides, in part:

Notwithstanding any other law to the contrary, as a part of the pilot program established pursuant to this section, the Commission shall approve as a qualifying project a transmission line of 230 kilovolts or less that is pending final approval of

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<sup>23</sup> See *id.* at 6-9 for detailed descriptions of the five Variation Corridors.

<sup>24</sup> *Id.* at 5-6.

<sup>25</sup> *Id.* at 5.

<sup>26</sup> *Id.* at 9.

a certificate of public convenience and necessity from the 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 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 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 subsection. The 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 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 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.

As we stated in the Order on Remand, the language in Code § 56-585.1:5 B appears to fit the description of the I-66 Hybrid Route. We note that the Commission has previously approved transmission lines to be built within corridors that are wider than the final right-of-way of the route, in order to give the transmission line owner the flexibility to adjust project routes to address final engineering recommendations and to minimize impacts of the route.<sup>27</sup> We further note that none of the parties in this case objected to the route as proposed in the Written Pilot Program Request, including the Variation Corridors. Accordingly, pursuant to Code § 56-585.1:5 B, we approve the Company's Written Pilot Program Request, including the

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<sup>27</sup> See, e.g., *Application of Appalachian Power Company, For approval and certification of the Bland Area Improvements – 138 kV Transmission Line Rebuild Project Under Title 56 of the Code of Virginia*, Case No. PUE-2015-00090, 2016 S.C.C. Ann. Rept. 280, Final Order (June 7, 2016).

described Variation Corridors, as a qualifying project under the Pilot Program established in SB 966.

We also note the following for the record. The Carver Road Route, which we approved in our Final Order on June 23, 2017, would have cost consumers approximately \$62 million.<sup>28</sup> Given the unavailability of this route, on remand the Hearing Examiner received from Commission Staff updated estimated cost information on the remaining available routes, as follows: I-66 Overhead Route, \$51.2 million; Madison Route, \$67.8 million; and I-66 Hybrid Route, \$171.9 million.<sup>29</sup> Based on these updated cost estimates, the I-66 Hybrid Route, which is the route required under the provisions of SB 966, will cost ratepayers an additional \$120.7 million.<sup>30</sup>

Finally, the findings of the June 23, 2017 Final Order stand, except as modified by SB 966 and by this Order.

Accordingly, IT IS ORDERED THAT:

(1) Pursuant to Code § 56-585.1:5, the Commission issues the following certificates of public convenience and necessity:

Certificate No. ET-105ad, which authorizes Virginia Electric and Power Company under the Utility Facilities Act and Code § 56-585.1:5 to operate certificated transmission lines and facilities in Prince William County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00107, cancels Certificate No. ET-105ac, issued to Virginia Electric and Power Company in Case No. PUE-2014-00025 on February 11, 2016.

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<sup>28</sup> Interim Order at 15.

<sup>29</sup> Report on Remand at 12.

<sup>30</sup> *Id* at 12, n.91.

Certificate No. ET-91ab, which authorizes Virginia Electric and Power Company under the Utility Facilities Act and Code § 56-585.1:5 to operate certificated transmission lines and facilities in Loudoun County, all as shown on the map attached to the certificate, and to construct and operate facilities as authorized in Case No. PUE-2015-00107, cancels Certificate No. ET-91aa, issued to Virginia Electric and Power Company in Case Nos. PUE-2015-00053 and PUE-2015-00054 on August 23, 2016.

(2) The findings of the June 23, 2017 Final Order stand, except as modified by SB 966 and by this order.

(3) Within thirty (30) days from the date of this Order on Request to Participate in Pilot Program, the Company shall provide to the Commission's Division of Public Utility Regulation three copies of an appropriate map that shows the routing of the Project approved herein.

(4) Upon receiving the map directed in Ordering Paragraph (3), 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 (1) with the map attached.

(5) The Project approved herein must be constructed and in service by December 31, 2021. The Company, however, is granted leave to apply for an extension for good cause shown.

(6) This matter is dismissed.

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.