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June 17, 2024

BY ELECTRONIC DELIVERY

Mr. Bernard Logan, Clerk
c/o Document Control Center
State Corporation Commission
1300 East Main Street
Tyler Building - First Floor
Richmond, Virginia 23219

Application of Virginia Electric and Power Company For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 et seq.

Case No. PUR-2017-00002

Dear Mr. Logan:

Please find enclosed for electronic filing in the above-captioned proceeding Virginia Electric and Power Company's June 17, 2024 *Quarterly Update Report*.

Please do not hesitate to contact me if you have any questions regarding the enclosed.

Highest regards,

/s/ Jontille D. Ray

Jontille D. Ray

Encl.

Cc: David J. DePippo, Esq.
Vishwa B. Link, Esq.
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Service List

Idylwood Substation Rearrangement Project

Case No. PUR-2017-00002

Quarterly Update Report

June 17, 2024

Background

On September 8, 2021, the Virginia State Corporation Commission (“SCC”) issued an Order on Motion authorizing Virginia Electric and Power Company d/b/a/ Dominion Energy Virginia (“the Company”) to extend the project construction to the new December 31, 2026 in-service date for the Idylwood Substation Rearrangement Project (“Rebuild Project” or “Project”).¹

The Company, in part, requested the in-service date extension because:

The unanticipated delay in obtaining the necessary local approvals has disrupted the Company’s prior scheduling, sequencing, and planning for the construction of the Rebuild Project requiring the Company to release any prior outage requests it had made to support the prior schedule. In addition, the ability to obtain and coordinate both distribution- and transmission-side outages in northern Virginia, generally, and in the area of the Project, specifically, has become increasingly difficult due to customer and system loading. For example, because obtaining outages in the peak loading seasons of winter and summer generally is not possible, it essentially is mandatory that the work must be performed during the fall and spring. Moreover, the limited fall and spring outage windows must accommodate increased outage needs in the Northern Virginia area for ongoing projects and system needs. The Company also must coordinate its outages to ensure reliability contingencies in the area and must coordinate outages with certain customers, such as the Washington Metropolitan Area Transit Authority. Outages must be submitted months in advance. Adding to those scheduling difficulties, as part of compliance with its local approvals, construction is limited to certain times and must be performed in a manner that reduces noise to ensure the Company minimizes impacts to the nearby community. Recent work on another GIS project at a different substation has further informed the Company’s view on the added complexity of the installation of new GIS systems. Finally, compounding these variables, to the greatest extent possible, the Company must keep the Idylwood Substation energized during project construction to meet the growing load needs of the surrounding areas. These current circumstances have led to more complex, on-the-ground logistics and construction sequencing than initially anticipated for this Project during the proceeding before the Commission.²

¹ *Application of Virginia Electric and Power Company For approval and certification of electric transmission facilities under Va. Code § 56-46.1 and the Utility Facilities Act, Va. Code § 56-265.1 et seq.*, PUR-2017-00002, Order on Motion at 4 (Sept. 8, 2021).

² *Application of Virginia Electric and Power Company For approval and certification of electric transmission facilities: Idylwood Substation Rebuild and Rearrangement of 230 kV Transmission Lines #202, #207, #251, #266, #2035, and #2097*, PUR-2017-00002, Motion of Virginia Electric and Power Company for Relief from May 31, 2020 In-Service Date at 4-5 (Apr. 27, 2020).

As required by the Order on Motion, the Company shall:

- Submit quarterly construction status updates regarding the Rebuild Project to the Director of the Commission's Division of Public Utility Regulation until the Rebuild Project is completed or until further order of the Commission.
- Post each quarterly construction status update on the Company's website: www.DominionEnergy.com/shreve.
- Post its Construction Timeline on the website and update the Construction Timeline, as needed, to maintain accuracy.

Project Overview

The Idylwood Substation Rebuild Project rebuilds the existing Idylwood Substation on Shreve Road, originally built in the late 1950s, to support growing capacity and projected reliability concerns in the region. These enhancements will allow Dominion Energy to continue providing safe and reliable electric service to the community.

Due to the limited space at the site, Dominion Energy is investing in Gas Insulated Substation ("GIS") technology. The existing substation currently uses Air-Insulated Technology. By utilizing GIS technology, Dominion Energy will be able to largely utilize the substation's existing footprint while modernizing the facility to meet area demand and minimizing impact to surrounding neighbors. GIS is the best available technology and offers several benefits:

- GIS equipment takes up less space, allowing Dominion Energy to accommodate growth in the area, while operating within the existing property;
- GIS is more reliable than traditional air-insulated substations, meaning fewer outages for customers; and
- GIS requires less maintenance than traditional substations.

Idylwood Substation is a necessary and important component of the electrical system and is critical in maintaining reliability for the area. As such, it is necessary that most of the substation equipment remain energized while crews perform their work. This increases the complexity of the Project and has also impacted our timeline. To perform operations safely, crews must work in a limited space and temporarily relocate some of the equipment to install new equipment. Additionally, we must limit the number of crews working inside the substation at the same time.

Status Update

Each quarter, the Company will provide a construction update on the following information:

- Permitting
- Achievements
- Challenges
- Upcoming Construction
- Public Outreach and Communications

- Budget
- Noteworthy Changes

Permitting

The Company does not anticipate the need for any additional permits for this Project.

Achievements

Since the March 15, 2024 Quarterly Update, the Company has accomplished the following milestones for the Project, including:

- The Company completed its construction of the floor and walls of the 230 kV GIS building.
- On April 22, 2024, the Company received approval of its request to extend its existing Virginia Department of Transportation permit.

Key Challenges

None to report for the June 17, 2024 Quarterly Update.

Upcoming Construction

1. In June 2024, the Company will begin installation of the Gas Insulated Bus.
2. In September 2024, the Company will begin assembling GIS equipment.
3. Dominion Distribution will underground the lighting cables to place the new streetlights along the south side of Shreve Road in service. The undergrounding of the lighting cables was delayed from April 2024 due to traffic in the area. The Company will provide an update in a forthcoming Quarterly Update.

Public Outreach and Communications

The most recent notifications were the following:

1. On June 5, 2024, the Company notified the community of an increase in deliveries from mid-June to mid-September to support Gas Insulated Bus and GIS equipment installation.

Budget

The budget for the Project has increased from \$159 million to \$220 million.

\$157 million of \$220 million spent.

Noteworthy Changes

The Company's increase in budget for the Rebuild Project is due to several factors, some of which include the following:

- **AFUDC.** The largest impact to the cost of the project is the Allowance for Funds During Construction ("AFUDC"). The Project AFUDC for the month of May 2024 was

\$459,699. This cost changes and increases each month. From 2024 to end of 2026, the Company anticipates an average of approximately \$6 million in AFUDC costs per year.

- **Outages.** As previously mentioned in the Company's March 2024 Quarterly Update, due to other outages in the Project area, the Company's planned outages have been delayed by two months, which will delay the overall completion of the Project. The Project's two month delay resulted in an increase in costs of approximately \$1 million in AFUDC charges. The Company anticipates an associated increase in costs any time there is a change in the schedule or delay.
- **Unforeseen Circumstances.** The Rebuild Project's costs are impacted by unforeseen circumstances during the construction process. For example, the Company had to navigate unforeseen issues related to outages, weather, permitting, asbestos removal, COVID-19, changes in the scope of work, and contractor delays. These unforeseen circumstances, along with others, were not included in the estimated Project costs.
- **Change Orders.** Change orders from the vendors also impact the cost of the Project because the costs incurred by the vendors are then passed to the Company. Beyond reasonable contingency, costs associated with change orders are not typically included in the estimates for the Project. An example of an unforeseen change order is the Company's decision to change the building type of the 230 kV GIS building. The 230 kV GIS building type changed because of the supply shortages and issues caused by COVID-19. To adhere to the Project's schedule, the Company changed the material of the 230 kV GIS building from steel to concrete during the engineering process to avoid a one year delay of the Project. This scope of work change caused a \$1 million cost increase to the vendor, which in turn, caused a \$1 million cost increase for the Project. There are many examples of these types of change orders for the Project. The Company's increase in budget accounts for these additional change orders for the Project.

