



September 21, 2018

Mr. Mark Jinks, City Manager  
City of Alexandria  
301 King St.  
Alexandria, VA 22314

**Transmission Project Preferred Proposal Changes to *Rebuild Solution*,  
No Construction Required Along Route 1 in Alexandria**

Dear Mr. Jinks,

As you are aware, over the last four years, our team at Dominion Energy has worked to address a forecasted reliability concern in the Alexandria-Arlington area. During this time, we have analyzed a number of options that would resolve forecasted load concerns, minimize disruption to neighbors and mitigate impacts within the city. I wanted to inform you of some significant changes to the scope of this project.

In our last letter in December, we shared that our two most viable alternatives to address the identified North American Electric Reliability Corporation (NERC) reliability violations were the *New Line Solution* and the *Rebuild Solution*. The *New Line Solution* involved constructing a new underground line between our Glebe Substation in south Arlington County and Pepco's Potomac River Substation in Alexandria. At that time, the *Rebuild Solution* was comprised of multiple components, including rebuilding and replacing existing underground cable in the city of Alexandria along Route 1 and existing overhead lines in Fairfax County, combined with substation upgrades in the county. Both solutions included the relocation of the Potomac Yards North Transition Station and a rebuild of the Glebe Substation in Arlington. While the *New Line Solution* at the time was projected to cost approximately \$50 million more than the *Rebuild Solution*, we felt, and Pepco and PJM agreed, that the new line offered the most resilient solution for the challenges known at the time.

In July, we received an updated base case study from PJM, our regional transmission organization, on load projections through 2023. The study gives a fresh look at energy needs in the region and across the grid. This updated study revealed several changes to our electrical planning horizon – removing the need for certain work and shifting other work out in some cases by potentially 15 years.

One key factor in the update from PJM is the effect of generation changes. In particular, Dominion Energy Generation's announcement in January that Possum Point Generating Units 3 and 4 would be placed into cold storage had multiple impacts on the system load forecast, including increasing the overload at Ox Substation in Fairfax County and entirely eliminating the

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need for the replacement of underground cables along Route 1 in Alexandria, both of which were components of the original *Rebuild Solution*.

In addition to changing the scope of the alternatives, these load changes significantly impacted the cost of each solution. Specifically, the estimated cost of the *Rebuild Solution* decreased from approximately \$290 million to approximately \$170 million. Alternately, the total estimated cost for the *New Line Solution* is approximately \$340 million.

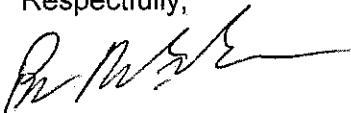
Following these changes, PJM, Pepco and our team concur that we can no longer advocate for the *New Line Solution* as the preferred alternative in our planned filing with the Virginia State Corporation Commission, because the cost difference between solutions are unjustifiable.

We feel confident at this time, based on the information before us today, that the revised scope of project will adequately address the NERC reliability violations identified, even if large new development comes to the Alexandria-Arlington area. However, we will continue to monitor and consider any new development plans and resiliency needs that may impact power delivery requirements in this area.

Our plan going forward is to complete detailed engineering on components of the current *Rebuild Solution* and present to PJM again. Once this work is completed, we will communicate the final scope and new SCC filing date(s).

We appreciate your collaboration on this project, and we will keep you and other stakeholders informed as we work to provide reliable energy in this region and throughout our service area.

Respectfully,



Bob McGuire  
Director, Electric Transmission Project Development & Execution  
Dominion Energy Electric Transmission

cc: Steve Chafin, Director, Electric Transmission Planning & Strategic Initiatives  
Wes Keck, Project Manager  
Deborah Tompkins Johnson, Regional Policy Director  
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