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People's Counsel

December 10, 2018

Ms. Brenda Westbrook-Sedgwick
Commission Secretary
Public Service Commission of the
District of Columbia
1325 G Street, N.W., Suite 800
Washington, DC 20005

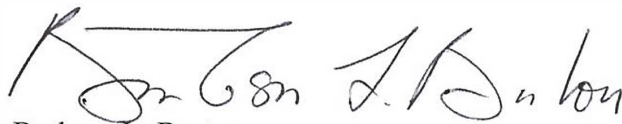
Re: Formal Case No. 1144, In the Matter of the Application of the Potomac Electric Power Company's Notice to Construct Two 230kV Underground Circuits from the Takoma Substation to the Rebuilt Harvard Substation and from the Rebuilt Harvard Substation to the Rebuilt Champlain Substation (Capital Grid Project)

Dear Ms. Westbrook-Sedgwick:

Please find enclosed for filing in the above-referenced proceeding the original and three copies of the *Supplemental Initial Comments of the Office of the People's Counsel for the District of Columbia Concerning the Potomac Electric Power Company's Errata to the Study Performed by Quanta Technology Filed October 30, 2018* (PUBLIC).

If there are any questions regarding this matter, please contact me at (202) 727-3071.

Sincerely,



Barbara L. Burton
Assistant People's Counsel

cc: All parties of record

In the Matter of the Potomac Electric Power Company's Notice to Construct Two 230kV Underground Circuits from the Takoma Substation to the Rebuilt Harvard Substation and from the Rebuilt Harvard Substation to the Rebuilt Champlain Substation (Capital Grid Project)

Formal Case No. 1144

I. INTRODUCTION

II. SUMMARY

¹ *Formal Case No. 1144, In the Matter of the Potomac Electric Power Company's Notice to Construct Two 230kV Underground Circuits from the Takoma Substation to the Rebuilt Harvard Substation and from the Rebuilt Harvard Substation to the Rebuilt Champlain Substation* ("Formal Case No. 1144"), Order No. 19738, rel. Nov. 7, 2018 ("Order No. 19738").

² D.C. Code § 34-804 (Lexis 2018).

³ *Formal Case No. 1144*, Potomac Electric Power Company's Errata to the Study Performed by Quanta Technology Filed as Appendix F to the Notice of Construction, filed October 30, 2018 (“Errata”).

Project (“CGP”). As the Office has demonstrated in its previous submissions in this proceeding, the reasonableness of the CGP (and resultant 230 kV loop in the District) is directly tied to the load growth assumptions that purport to demonstrate the need for the Mt. Vernon Substation and whether there are more cost-effective solutions to reliably serve that forecasted load. The Commission ordered such an analysis in Order No. 19274⁴ and the Quanta Report that Pepco submitted in response to Order No. 19274 revealed [BEGIN CONFIDENTIAL INFORMATION]

[END CONFIDENTIAL INFORMATION]

Now, without a supporting factual basis, through its Errata submission, Pepco has either re-written⁵ the Quanta Report or effectively directed Quanta to re-write its report [BEGIN CONFIDENTIAL INFORMATION]

[END CONFIDENTIAL

⁴ *Formal Case No. 1144*, Order No. 19274, rel. Feb. 14, 2018 (“Order No. 19274”).

⁵ As explained herein, it is not clear from the Errata submission whether Pepco edited the Quanta Report or whether Quanta itself revised its report based on the revised parameters dictated by Pepco.

⁶ *Formal Case No. 1144*, Errata at p. 1.

INFORMATION] Pepco has, in revising the Quanta Report, begged the very question that must be addressed to determine the reasonableness of the CGP.

[BEGIN CONFIDENTIAL INFORMATION]

[END CONFIDENTIAL INFORMATION] As it did the first time, the Commission should reject the Company's tactics, and insist that any approval of the CGP be based on a comprehensive demonstration of the reasonableness, safety, and need for the proposed facilities—including the Mt. Vernon Substation. While OPC's comments herein are focused on Pepco's Errata, the Office would be remiss if it did not reiterate that the \$1 billion estimated cost for the Capital Grid Project that ratepayers—not shareholders—will be required to pay cannot be viewed in isolation. The cost must be considered within the context of the District's current efforts to modernize the grid in the District of Columbia to advance the District's energy-efficiency and sustainability goals and other reforms affecting the provision of electric distribution service.

⁷ *Formal Case No. 1144*, Order No. 19274 ¶12.

III. COMMENTS

A. The Errata Is Inherently Unreliable.

Pepco's Errata is inherently unreliable and fails for numerous reasons. [BEGIN CONFIDENTIAL INFORMATION]

[END CONFIDENTIAL INFORMATION] It is therefore not clear from Pepco's submission that Quanta independently ran the revised study or even supports the conclusions reached in the modified Quanta Report. [BEGIN CONFIDENTIAL INFORMATION]

[END CONFIDENTIAL INFORMATION] In light of these critical omissions, the Commission should give no probative weight to the Company's Errata filing.

B. The Quanta Report

Pepco's revised Report continues to ignore the Commission's clear directives. On May 10, 2017, Pepco filed its first Notice of Construction¹⁰ for the CGP which called for the Harvard and Champlain Substations to be served by a pair of 230 kV transmission cables extending 5 miles from the Takoma Substation. Information in that initial filing indicated the Harvard and

⁸ *Formal Case No. 1144*, Errata at p. 1.

⁹ *Formal Case No. 1144*, Errata at p. 1.

¹⁰ *Formal Case No. 1144*, Potomac Electric Power Company, Formal Notice of Construction of Capital Grid Project, filed May 10, 2017 ("NOC-1").

Champlain Substations would be served radially from the Takoma Substation. That filing also indicated Pepco planned to file a second NOC in the future to address the 5-mile-long duct line for the 230 kV transmission cables,¹¹ which included the transmission line from the Harvard Substation to the Buzzard Point Substation. Pepco stated that the delay in filing the second NOC was intended to allow the Company to assess the impact of DER¹² on the timing of the construction of the new Mt. Vernon Substation.¹³

In Order No. 19274, the Commission rejected Pepco's piecemeal filing of the CGP and instead ordered the Company to provide more information so that the Commission could "complete a comprehensive evaluation regarding the reasonableness, safety, and need of the proposed [CGP] facilities."¹⁴ Specifically, the Commission found:

[T]he reasonableness and need for the proposed 10-mile 230 kV line should not be separately evaluated in two five-mile sections as the concept of a networked transmission system compels the Commission to evaluate the benefits of the entire ten-mile 230 kV line taken as a whole. *

Formal Case No. 1144, Order No. 19274 ¶12. Recognizing that determining the need for the proposed Mt. Vernon Substation was critical to the overall reasonableness of the CGP as Pepco proposed, the Commission ordered the Company to "include an analysis both with and without the Mt. Vernon Substation"¹⁵ and respond to the Synapse Energy Economics study, "which

¹¹ *Formal Case No. 1144*, NOC-1 at p. 2.

¹² "DER" refers to distributed energy resource. Battery energy storage system ("BESS") is also considered a DER.

¹³ *Formal Case No. 1144*, NOC-1 at p. 2.

¹⁴ *Formal Case No. 1144*, Order No. 19274 ¶12.

¹⁵ *Formal Case No. 1144*, Order No. 19274 ¶13.

addresses the need and timing of the proposed Mt. Vernon Substation in the context of additional [Distributed Energy Resources (“DER”)] growth.”¹⁶

In response, Pepco engaged Quanta to develop a non-wires alternative (“NWA”) to achieve deferral of the in-service date for the Mt. Vernon Substation by one, two, three, or more years.¹⁷ The Quanta Report, which was released on June 15, 2018, concluded: **[BEGIN CONFIDENTIAL INFORMATION]**

¹⁶ *Formal Case No. 1144*, Order No. 19274 ¶14.

¹⁷ *Formal Case No. 1144*, Order No. 19724, Attachment A at p. 1.

¹⁸ *Formal Case No. 1144*, Potomac Electric Power Company, Capital Grid Project Notice of Construction Filing, Appendix F at p. vi, filed June 29, 2018 (“NOC-2”).

¹⁹ *Formal Case No. 1144*, *Comments of the Office of the People’s Counsel for the District of Columbia Concerning the Potomac Electric Power Company’s Formal Notice of Construction of the Capital Grid Project and the Affidavit of Kevin J Mara*, Mara Affidavit at p. 62, filed September 27, 2018 (“Comments” and “Mara Affidavit”).

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- ²⁰ *Formal Case No. 1144*, NOC-2, Appendix F at p. iv.
- ²¹ *Formal Case No. 1144*, NOC-2, Appendix F at p. 34.
- ²² *Formal Case No. 1144*, Errata at p. 1.

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- ²³ *Formal Case No. 1144*, Errata at p. 1.
- ²⁴ *Formal Case No 1144*, NOC-2 at p. 23.
- ²⁵ *Formal Case No. 1144*, NOC-2 at p. 23.

[END CONFIDENTIAL INFORMATION] The re-built Harvard Substation, scheduled for completion in 2022,²⁶ will serve a total of 82.2 MVA of load, which includes 35.5 MVA from the original Harvard Substation and 46.7 MVA of load from the Champlain Substation.²⁷ This 82.2 MVA of load would be the only load on the transmission loop until 2026.²⁸ The cost of the transmission line upgrades at Takoma Substation and re-construction of the Harvard Substation is \$553 million,²⁹ assuming no cost overruns. Ratepayers will be responsible for absorbing this large capital project that will provide service to only 3.0% of the

²⁶ *Formal Case No. 1144*, NOC-2 at p.23.

²⁷ *PEPACR-2018-01-E*, Potomac Electric Power Company 2018 Annual Consolidated Report, pp. 36-37, filed April 2, 2018 (“2018 ACR”).

²⁸ The Waterfront Substation is currently reliably served via 138 kV transmission lines and is, therefore, not included in this analysis.

²⁹ Pepco estimates the following costs for these components of the Capital Grid Project: \$258 million for the underground transmission line, \$115 million for the facilities at Takoma Substation, and \$180 million for the Harvard Substation. *See Formal Case No 1144*, NOC-2 at p. 25.

total peak load in the District from 2022 to 2026.³⁰ This is further evidence that the CGP must be justified based on load growth and the need for the Mt. Vernon substation relative to other alternatives. **[BEGIN CONFIDENTIAL INFORMATION]**

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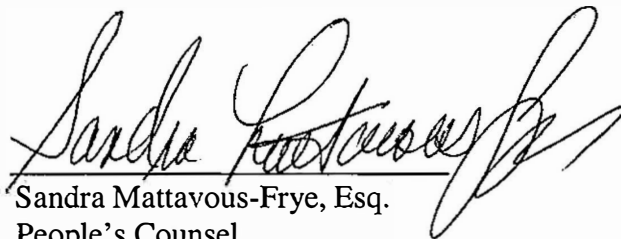
CONFIDENTIAL INFORMATION]

³⁰ According to the 2018 ACR, the project peak load in 2022 is 2,740 MVA and the load at the proposed Harvard Substation is 94 MVA. *PEPACR-2018-01-E* at p. 25.

IV. CONCLUSION

WHEREFORE, for the foregoing reasons, the Office requests that the Commission, for the reasons stated herein and in OPC's September 27, 2018 Comments, reject Pepco's June 29, 2018 NOC and grant such other relief as the Commission deems necessary.

Respectfully submitted,



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Dated: December 10, 2018

CERTIFICATE OF SERVICE

Formal Case No. 1144, In the Matter of the Application of the Potomac Electric Power Company's Notice to Construct Two 230kV Underground Circuits from the Takoma Substation to the Rebuilt Harvard Substation and from the Rebuilt Harvard Substation to the Rebuilt Champlain Substation (Capital Grid Project)

I certify that on December 10, 2018, a copy of the "Supplemental Initial Comments of the Office of the People's Counsel for the District of Columbia Concerning the Potomac Electric Power Company's Errata to the Study Performed by Quanta Technology Filed October 30, 2018" (PUBLIC) was served on the following parties of record by hand delivery, first class mail, postage prepaid or electronic mail:

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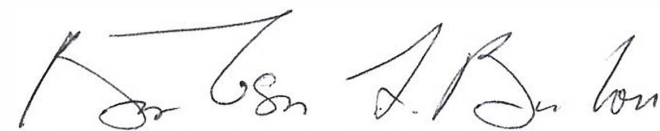
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A handwritten signature in black ink, appearing to read "Barbara L. Burton", written over a horizontal line.

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