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SENATE BILL NO. 1437

Offered January 23, 2015

A BILL to establish a pilot program to place an electrical line underground.

Patron—Black

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. § 1. There is hereby established a pilot program to construct a qualifying electrical line of 230 kilovolts or more in whole or in part underground, as set forth in this act.

§ 2. A. Notwithstanding any other law to the contrary, as a part of the pilot program established pursuant to this act, the State Corporation Commission (the Commission) shall approve as a qualifying project an electrical line of 230 kilovolts or more that receives or has received a certificate of public convenience and necessity from the State Corporation Commission, which line is to run a distance of not less than five miles and not more than 10 miles from an existing substation to a data center located in an area zoned for commercial purposes, in order to provide electrical service to the data center. The line 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 that the line be included in the pilot program pursuant to this act. 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 require the underground construction of any portion of the line that is not within an area zoned for industrial purposes. The Commission shall make a finding establishing the termini of the underground portion of the line, provided that such termini shall be located within a distance from the substation nearest the data center that is consistent with generally accepted industry standards. 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 approval for constructing the above-described portion of the line as a double circuit underground shall not impair or delay the implementation of the certificate of public convenience and necessity and no further notice, testimony, or hearings shall be required in connection with such approval. 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 line, including acquiring the cables necessary for the underground installation. Approval of a line pursuant to this act for inclusion in the pilot program shall be deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such line and any substations or transition locations that may be required.

B. If the qualifying project approved in subsection A provides only radial, rather than networked, electric service, there shall be a presumption of need in applications filed for a certificate of public convenience and necessity for electrical transmission lines that will complete the network for such qualifying project. The Commission shall give priority on its docket for any such application of a public utility. Upon written request of the public utility for participation in the pilot program pursuant to this section, the Commission shall approve the construction of such additional network facilities in whole or in part underground, and such additional network facilities shall be considered a qualifying project for purposes of this act. The Commission shall not require the submission of additional technical and cost analyses as a condition of such approval but may request such analyses for its review.

§ 3. 1. For purposes of this act, a project shall be qualified to be placed underground, in whole or in part, if an engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground;

2. The estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability; and

3. The governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the line to be placed underground.

§ 4. A. If the Commission identifies an application as a potentially qualified project for purposes of the pilot program, the Commission shall request that the public utility provide technical and cost analyses for placing the proposed line overhead and for placing the proposed line, in whole or in part, underground.

B. If any application relates to the construction of a proposed line to meet a specific and identifiable industry's needs, and the project must be completed by the public utility within a specific amount of time to facilitate an economic development agreement, then such application need not include the two

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59 analyses, so long as the public utility provides documentation regarding the economic development
60 agreement.

61 § 5. The Commission shall report annually to the Governor and the General Assembly on the
62 progress of the pilot program by no later than December 1 of each year that this act is in effect. The
63 Commission shall submit a final report to the Governor and the General Assembly no later than
64 December 1, 2017, analyzing the entire program and making recommendations about the continued
65 placement of such lines underground in the Commonwealth.

66 § 6. For any qualifying project chosen pursuant to this act and not fully recoverable as charges for
67 new transmission facilities pursuant to subdivision A 4 of § 56-585.1, the Commission shall approve a
68 rate adjustment clause. The rate adjustment clause shall provide for the full and timely recovery of any
69 portion of the cost of such project not recoverable under applicable rates, terms, and conditions
70 approved by the Federal Energy Regulatory Commission and shall include the use of the fair return on
71 common equity most recently approved in a Commission proceeding for such utility, as defined by
72 subsection A of § 56-585.1. Such costs shall be entirely assigned to the utility's Virginia jurisdictional
73 customers. The Commission's final order regarding any petition filed pursuant to this act shall be
74 entered not more than three months after the filing of such petition.

75 § 7. Approval of a proposed line for inclusion in this program shall not preclude the placing of
76 existing or future overhead facilities in the same area or corridor by other projects.

77 § 8. The provisions of this act shall not be construed to limit the ability of the Commission to
78 approve additional applications for placement of transmission lines underground.

79 § 9. Insofar as the provisions of this act are inconsistent with the provisions of any other law or
80 local ordinance, the provisions of this act shall be controlling.