

**REBUTTAL TESTIMONY
OF
JOHN D. SMATLAK
ON BEHALF OF
VIRGINIA ELECTRIC AND POWER COMPANY
BEFORE THE
STATE CORPORATION COMMISSION OF VIRGINIA
CASE NO. PUE-2007-00031**

1 **Q. Please state your name and position with Virginia Electric and Power Company**
2 **(“Dominion Virginia Power” or the “Company”).**

3 A. My name is John D. Smatlak, and I am Vice President – Transmission for Dominion
4 Virginia Power.

5 **Q. Did you pre-file direct testimony on April 19, 2007, in this case?**

6 A. Yes.

7 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

8 A. The purpose of my rebuttal testimony is to comment on the Staff of the State Corporation
9 Commission’s (“Commission”) direct and supplemental testimony and to address the
10 state of the electric transmission system in Virginia in 2011.

11 **Q. Will the use of various terms in your rebuttal testimony be consistent with**
12 **definitions assigned to those terms used in your direct testimony and in the**
13 **Company’s Application in this proceeding?**

14 A. Yes. In addition, I may define additional terms in my rebuttal testimony.

15 **Q. Can you discuss the direct testimony of the Commission Staff?**

16 A. The Commission Staff hired two independent expert consultants to review the
17 Company’s Application (and that of Trans-Allegheny Interstate Line Company or
18 TrAILCo in Case No. PUE-2007-00033) in this proceeding. I will only address the Staff

1 witnesses' findings as they relate to Dominion Virginia Power's Application. One
2 consulting group, Bates White, LLC ("Bates White"), examined the Company's
3 determination of need for the 500 kV line from 502 Junction – Loudoun ("502 Junction -
4 Loudoun Project) as a whole, and from the Meadow Brook Substation to the Loudoun
5 Substation ("the Project") in particular, and the projected cost estimates for engineering
6 and construction for the Dominion Virginia Power and TrAILCo portions of the 502
7 Junction – Loudoun Project. In its report to the Staff titled "Needs Analysis of the
8 Proposed 502 Junction-Mt. Storm-Meadowbrook-Loudoun 500 kV Transmission
9 Line"("Bates White Need Report"), Bates White stated that in December 2007, pursuant
10 to a Staff discovery request, it received two additional power flow cases from the
11 Company and that it was "continuing to analyze the need for the line based on the latest
12 available information." Bates White stated it intended to supplement its finding based on
13 this information "at the earliest possible time." Bates White Need Report at ¶ 11, page 4.

14 A second consultant, Wayne D. McCoy of Miller-Stephenson and Associates, P.C.
15 ("Staff witness McCoy"), studied the Company's proposed routing of the Project,
16 including a full analysis of both the Proposed Route and Alternate Route and the
17 Company's rejected routes. The Staff also included direct testimony from Cody D.
18 Walker of the Commission's Division of Energy Regulation. Other Company rebuttal
19 witnesses will address the testimony of Mr. Walker and the cost estimate review
20 conducted by Bates White.

1 **Q. Please describe the supplemental Staff testimony filed on January 28, 2008.**

2 A On January 28, 2008, the Commission Staff filed Supplemental Staff Testimony which
3 included an additional report titled “Needs Analysis of the Proposed 502 Junction-Mt.
4 Storm-Meadowbrook-Loudoun 500kV Transmission Line, Supplemental Report to the
5 Virginia State Corporation Commission” (“Bates White Supplemental Need Report”).

6 **Q. Please describe the Company’s assessment of the Bates White Need Report.**

7 A. Although other Company rebuttal witnesses address the Bates White Need Report in
8 greater detail, overall the Company is gratified by the results and findings by Bates White,
9 which are completely independent of the Company and the process of transmission
10 planning. Bates White found that

11 ...without the proposed Loudoun Line, NERC and DVP reliability criteria
12 cannot be met in 2011 or 2016. In other words, there is a need to improve
13 the existing power system to reliably serve the expected demand growth in
14 both 2011 and 2016. The Applicants’ proposed Loudoun Line would fully
15 resolve the expected reliability violations in 2011.

16 Bates White Need Report at ¶10, page 4. This finding represents an independent
17 validation of the findings of the Company, PJM Interconnection, LLC (“PJM”),
18 TrAILCo, and the Company’s independent evaluator, KEMA.

19 **Q. Please describe the Company’s assessment of the Bates White Supplemental Need**
20 **Report.**

21 A. The Bates White Supplemental Need Report further endorses the findings in the Bates
22 White Need Report. Bates White conducted their analysis of the most “up-to-date”
23 power flow cases and still found that the “need for the proposed Loudoun Line persists.”
24 Bates White Supplemental Need Report at ¶¶ 1-2, page 1. As with the Bates White Need
25 Report, the overall findings of the Bates White Supplemental Need Report and its

1 independent verification of the need validated and reinforced the results found by the
2 Company, PJM, TrAILCo and KEMA.

3 I would like to suggest one issue of caution to the Commission. We understand the desire
4 of the Commission Staff to be able to evaluate the need for this Project based on the most
5 "up-to-date" information, and they have done so. However, the transmission planning
6 process is dynamic and continual, with new power flow cases routinely being developed
7 as part of the process. In any siting process, it is important to recognize that there is
8 adequate updated information, and a decision must be made. At this point, the
9 Applicants, PJM and KEMA have shown the need for the Project, the Commission Staff
10 has verified the need, and re-verified it based on December 2007 data. The Company
11 urges the Commission now to consider the great weight of the data presented before it on
12 need and move the process forward.

13 **Q. Why is it important for the Commission to act on the Company's Application at this**
14 **time?**

15 **A.** As detailed in my direct testimony, in the direct testimony of the other need witnesses and
16 in the rebuttal testimony of the Company's need witnesses, it is clear that it is critical for
17 the Project to be in operation by Summer 2011. This finding has been confirmed by the
18 Bates White Need and Supplemental Need Reports. As I stated in my direct testimony,
19 this Project is being proposed to address electric transmission reliability, and if not built,
20 reliable service to hundreds of thousands of our customers in the northern Virginia region
21 is at serious risk.

1 The Company takes its public utility obligations seriously and urges the Commission to
2 act expeditiously on this Application (and that of TrAILCo) to enable the Company to
3 build the necessary facilities by the Summer of 2011.

4 **Q. Please comment on Staff witness McCoy's findings.**

5 A. Staff witness McCoy provided another independent review of the Company's findings.
6 McCoy provides a comprehensive and complete review, in addition to the Company's, of
7 the entire Proposed Route and Alternate Route. Staff witness McCoy found that the
8 Proposed Route should be selected for the Project. The Company's routing witnesses
9 address McCoy's findings in more detail, but, from my perspective, the Company is
10 encouraged that the Staff's independent review yielded the same conclusion as the
11 Company. The Proposed Route should be chosen.

12 **Q. Mr. Smatlak, can you please summarize your rebuttal testimony?**

13 A. Yes. The Staff's independent consultants have each verified the need for the 502
14 Junction – Loudoun Project, including Dominion Virginia Power's portion, and that the
15 Proposed Route should be pursued. Bates White updated its analysis with data from as
16 recent as December 2007, and, as in their earlier report, found a critical need to install
17 facilities by the summer of 2011. The need is critical in 2011 and cannot be ignored in
18 favor of perceived alternatives that are not controllable by the Company, PJM or the
19 Commission. For these reasons, and those set forth in the direct and rebuttal witnesses
20 testimony, the Project should be approved.

21 **Q. Does this conclude your testimony?**

22 A. Yes, it does.