Exhibit 8

MODIFICATION NO. 1

TO

APPENDIX NUMBER 1

TO GENERAL JOINT USE AGREEMENT DATED 1-1-78

BETWEEN

VIRGINIA ELECTRIC AND POWER COMPANY

AND

CONTINENTAL TELEPHONE COMPANY OF VIRGINIA

THIS MODIFICATION to the above described agreement, MADE as of the 23rd day of December 1985, by and between the VIRGINIA ELECTRIC AND POWER COMPANY, party of the first part, and CONTINENTAL TELEPHONE COMPANY OF VIRGINIA, party of the second part, both duly organized and doing business under the laws of the Commonwealth of Virginia:

W I T N E S S E T H

WHEREAS, the parties hereto entered into a Joint Use Agreement dated January 1, 1978; and

WHEREAS, it is desirable to modify the annual payment and periodic readjustment of annual payments provisions of said agreement in consideration of the increase in cost of doing business that has occurred since January 1, 1978,

NOW THEREFORE, for and in consideration of the premises and mutual benefits to be derived from the covenants herein set forth, the parties hereto agree as follows:

(1) Section 18 "Annual Payment", of said Appendix Number 1 shall be modified to read as follows:

18.01 All poles jointly occupied by the parties hereto shall be subject to annual payment.

18.02 The party owning the least number of joint use poles shall make an annual payment to the other party in an amount equal to the number of poles by which it is deficient times an annual payment rate as follows:

1985	-	$ 5.65
1986	-	$11.00
1987	-	$15.00
1988	-	$21.00

18.03 A field survey of poles shall be conducted at intervals of five (5) years, or as otherwise mutually agreed upon, beginning in 1989 to determine the then current number of joint use poles owned by each party.

18.04 The party owning the larger number of joint use poles shall submit by June 1, of each year, a bill to the other party in accordance with Paragraphs 18.02, and 18.04 (a) and (b).

(a) The bill for the year of a survey shall be based on the number of poles determined by the survey.

(b) The bill for each of the years between surveys shall be based on the number of poles determined by the preceding survey.

(c) Settlement for shortages or overpayment shall be made at the completion of the next field survey.

18.05 Final settlement for the years between surveys. Upon completion of each field survey, the number of joint use poles determined thereby shall be compared with the number of poles determined by the preceding survey. Any difference shall be deemed to have occurred at a uniform rate annually and shall be spread evenly to the years back to the preceding survey. Payments previously made in accordance with the provision of Paragraph 18.04 (b) for the intervening years shall be adjusted for shortage or overpayment accordingly. However, for the next survey date of 1989 the shortage or overpayment adjustment for the intervening years will be made only for the period 1986-1989. There will be no adjustments for 1979-1985.

18.06 Interest shall be paid on the shortage or overpayment resulting from the final settlement pursuant to paragraph 18.05 for the years between surveys from July 1st of each year that payment is being adjusted to the date payment is received. Interest will be paid based on an effective annual rate based on the monthly average prime rate plus an additional one percentage point charged by banks on short-term business loans (as listed by the Federal Reserve Bulletin).

18.07 Annual payment shall cover the calendar year, and shall be made after receipt of the bill but not later than July 1, of the calendar year.

(2) Section 19 "Periodic Readjustment Of Annual Payments," of said Appendix Number 1 shall be modified to read as follows:

19.01 On January 1, 1989 and at the end of every three year period thereafter, the annual payment rate shall be subject to readjustment at the request of either party made in writing to the other not later than sixty (60) days before said date or at the end of any such three year period, as the case may be. If (6) six months after the receipt of such a request by

either from the other, the parties hereto have not agreed upon a readjustment, then the annual payment rate for the latest year set forth in section 18 shall be applied until otherwise agreed by the parties, provided, however, that said annual payment rate shall be cumulatively increased each year by an annual escalation factor of 3.82%.

(3) It is expressly understood and agreed that all other provisions of the said Joint Use Agreement dated January 1, 1978 and Appendices thereto shall remain in full force and effect.

(4) The effective date of this Modification Number 1 shall be January 1, 1986.

DONE in duplicate, each part being an original.

CONTINENTAL TELEPHONE
COMPANY OF VIRGINIA

By Harold J. Marshall
Harold J. Marshall
President

VIRGINIA ELECTRIC AND
POWER COMPANY

By H. A. Keever
H. A. Keever, Jr.
Vice President - Division Services

Exhibit 9

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE ("Settlement Agreement") is made and entered into as of December 31, 2002 (the "Effective Date") by and between **VERIZON SOUTH INC.**, a Virginia corporation having its principal headquarters at 600 Hidden Ridge, Irving, TX 75038, and having an office in the Commonwealth of Virginia at 8149 Walnut Grove Road, Mechanicsville, VA 23111 ("Verizon") and **VIRGINIA ELECTRIC AND POWER COMPANY**, a Virginia corporation doing business in the Commonwealth of Virginia as "Dominion Virginia Power," and having its principal office at One James River Plaza, 701 East Cary Street, Richmond, VA 23219 ("Dominion Virginia Power"). Each of Verizon and Dominion Virginia Power is hereafter designated individually as a "Party," and collectively as the "Parties."

RECITALS

1. Verizon (or its predecessors) and Dominion Virginia Power are parties to that certain General Joint Use Agreement, dated January 1, 1978, as modified by Modification No. 1 to Appendix Number 1 to General Joint Use Agreement Dated 1-1-78, dated December 23, 1985 (as modified, the "Joint Use Agreement") for the joint use of wood poles and other purposes set forth in the Joint Use Agreement.

2. Verizon and Dominion Virginia Power have been involved in certain disputes and disagreements between the Parties concerning a number of issues (the "Dispute") arising out of, or related to, the Joint Use Agreement. By way of example only, and without limitation, the Dispute includes pole ownership; the timing, methodology and validity of field surveys of joint use poles conducted by each Party; discrepancies in the results of the Parties' respective surveys concerning the distribution of, and differential in, pole ownership; and liability for, and the payment of, retroactive rental under the Joint Use Agreement.

3. After considering the benefits to be received by each Party under this Settlement Agreement, the Parties now desire fully and finally to compromise, settle and discharge all claims, controversies and demands arising out of or relating in any way to the Dispute.

NOW THEREFORE, in consideration of the promises and mutual covenants and agreements contained herein, the Parties covenant and agree as follows:

ARTICLE I
THE PARTIES' AGREEMENT

1.1 On the Effective Date, Verizon will deliver to Dominion Virginia Power a payment (the "Payment) of Five Million Four Hundred Thousand Dollars ($5,400,000.00) (reduced by the payment of Nine Hundred Sixty-Three Thousand Four Hundred Sixty-Eight and 18/100 Dollars ($963,468.18) made by Verizon to Dominion Virginia Power during 2001). The Payment will resolve the Dispute as it relates to amounts owed for pole rental through the Effective Date.

1.2. (a) As of the Effective Date, Dominion Virginia Power will transfer to Verizon title to four thousand five hundred (4,500) wood poles to be later identified through the reconciliation process described in section 1.3 below. A "Utility Pole Bill of Sale" substantially in the form set forth in Exhibit "A" to this Settlement Agreement shall accomplish transfer of title to such poles.

(b) The poles to be identified shall be disputed poles the ownership of which is not resolved in Verizon's favor during the process described in section 1.3 below.

(c) In the event that the reconciliation process described in section 1.3 below results in fewer than 4,500 disputed poles, the poles to be identified shall be as mutually agreed upon.

1.3. During calendar year 2003, the Parties will implement a process for reconciling, to the extent possible, their differences concerning ownership of poles that are subject to the Joint Use Agreement, and for identifying those poles the ownership of which is disputed by the Parties. This process will include the following:

(a) An exchange of pole data maps;

(b) An overlay of the Parties' maps to identify disputed poles;

(c) The appointment of teams from each Party to work together to develop and apply a methodology for determining ownership of disputed poles; and

(d) A dispute resolution process under which an officer of each Party (or such officer's designee) will make a good faith effort to resolve any issues upon which the Parties' teams are unable to agree.

1.4. Utilizing the methodology developed in section 1.3 above, the Parties, during calendar year 2007, will jointly conduct or commission, and will jointly pay for, a field audit of the poles jointly used by the Parties. The results of this audit will be effective on January 1, 2008. The base year for determining any amounts due as a result of the 2007 audit for any time periods prior to January 1, 2008 shall be 2003.

ARTICLE II
RELEASES

2.1. **Release By Verizon.** Verizon, on behalf of itself, its predecessors, successors and affiliates, and each of their present and former officers, directors, employees, employers, agents, attorneys, shareholders, subsidiary corporations, parent corporations and affiliated entities, hereby releases, acquits, and discharges Dominion Virginia Power, its predecessors, successors and affiliates, and each of their present and former officers, directors, employees, employers, agents, attorneys, shareholders, subsidiary corporations, parent corporations and affiliated entities, from any and all rights, actions, claims, demands, costs, allegations, liabilities, obligations, damages, and causes of action, whether known, suspected, or unknown, whether at law or in equity, contract, tort or otherwise, that Verizon had or now has or may claim to have had or now have concerning any matter arising out of or relating to the Dispute.

2.2 **Release by Dominion Virginia Power.** Dominion Virginia Power, on behalf of itself, its predecessors, successors and affiliates, and each of their present and former officers, directors, employees, employers, agents, attorneys, shareholders, subsidiary corporations, parent corporations and affiliated entities, hereby releases, acquits, and discharges Verizon, its predecessors, successors and affiliates, and each of their present and former officers, directors, employees, employers, agents, attorneys, shareholders, subsidiary corporations, parent corporations and affiliated entities, from any and all rights, actions, claims, demands, costs, allegations, liabilities, obligations, damages, and causes of action, whether known, suspected, or unknown, whether at law or in equity, contract, tort or otherwise, that Dominion Virginia Power had or now has or may claim to have had or now have concerning any matter relating to the Dispute.

2.3 **Full Release.** It is understood and agreed that this is a full and final release of any and all claims arising out of or related to the Dispute, and the Parties agree that it shall apply to all known and unknown claims, demands, liabilities, actions or causes of action arising out of, or in any way related to, the acts, omissions, transactions and occurrences asserted in the Dispute.

ARTICLE III
REPRESENTATIONS, WARRANTIES, AND COVENANTS

Each of Verizon and Dominion Virginia Power makes the following representations, warranties, and covenants, knowing that such representations, warranties, and covenants are a material inducement to the other Party to enter into this Settlement Agreement:

3.1 **Acknowledgement of Compromise.** The Parties agree and acknowledge that his Settlement Agreement is the result of a compromise and shall never be construed, for any purposes, as an admission by either Party of any liability or responsibility for the claims of the other Party released hereby. Each Party further disclaims any liability or responsibility for the claims of the other Party released hereby.

3.2 **Effectuation of This Settlement Agreement.** Each Party covenants and agrees, without additional consideration, to execute or cause to be executed, and to deliver to counsel for the other Party, any other documents, and to take or cause to be taken any other action, as may be necessary to consummate the provisions of this Settlement Agreement.

3.3 **Execution and Delivery; Requisite Power.** Each Party represents and warrants that (a) it has the power to execute, deliver and perform this Settlement Agreement; (b) all necessary action has been taken to authorize the execution, delivery and performance of this Settlement Agreement; (c) no consent, approval, authorization or declaration of any governmental authority, bureau, commission or agency, is required in connection with the execution, delivery and performance of this Settlement Agreement by such Party or the validity or enforceability of this Settlement Agreement; and (d) this Settlement Agreement has been duly executed and delivered by, and constitutes the valid and legally binding obligation of, such Party, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other similar laws, now or hereafter in effect, relating to or affecting the enforcement of creditors' rights generally.

ARTICLE IV
MISCELLANEOUS

4.1 **Scope of Agreement.** This Settlement Agreement shall be binding upon Verizon and Dominion Virginia Power and their successors and affiliated entities, and upon their administrators, representatives, executors, and assigns, and shall inure to the benefit of each of them.

4.2 **Governing Law.** This Settlement Agreement shall be governed by, and interpreted and construed in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law rules that may require the application of the laws of another jurisdiction.

4.3 **Construction of This Settlement Agreement.** The language of all parts of this Settlement Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against any Party. As used in this Settlement Agreement, the singular shall include the plural, and the use of any gender shall include any other gender, all as the context may require. If any provision of this Settlement Agreement conflicts with any provision of the Joint Use Agreement, the provisions of this Settlement Agreement shall prevail.

4.4 **Entire Agreement.** This Settlement Agreement, together with the Joint Use Agreement, embodies the entire agreement and understanding of the Parties in respect of the subject matter contained herein and supersedes all prior and contemporaneous negotiations, agreements and understandings, written or oral, with respect to the subject matter hereof. This Settlement Agreement may be amended only in writing signed by both Parties.

4.5 **Section Headings for Convenience.** Article and section headings appearing in this Settlement Agreement are inserted for convenience only and shall not be considered a part, or used in the interpretation, hereof.

4.6 **No Third Party Beneficiaries.** Except as expressly stated herein, this Settlement Agreement, is for the sole and exclusive benefit of the Parties, and nothing expressed or implied herein is intended, or shall be deemed, to benefit any other person or entity. None of such other persons or entities shall have any legal or equitable right, remedy or claim under this Settlement Agreement or under any provision hereof.

4.7 **Effective Date.** The provisions of this Settlement Agreement are binding and effective as of the Effective Date.

IN WITNESS WHEREOF, Verizon and Dominion Virginia Power have caused this Settlement Agreement to be executed by their duly authorized representatives as of the Effective Date.

VERIZON SOUTH INC.

BY: P. A. Lacouture

Paul A. Lacouture, President
Verizon Services Group

VIRGINIA ELECTRIC AND POWER COMPANY

BY:

Craig S. Ivey
Vice President – Distribution Operations

EXHIBIT "A" TO
SETTLEMENT AGREEMENT AND MUTUAL RELEASE

UTILITY POLE BILL OF SALE

Virginia Electric and Power Company, a Virginia public service corporation doing business in the Commonwealth of Virginia as "Dominion Virginia Power," and having its principal office at One James River Plaza, 701 East Cary Street, Richmond, VA 23219 ("Seller"), in consideration of the Settlement Agreement dated November 15, 2002 (the "Settlement Agreement"), executed on behalf of Dominion Virginia Power by Craig S. Ivey, Vice President – Distribution Operations, and on behalf of Verizon South, Inc. by Paul A. Lacouture, President, Verizon Services Group, does hereby **CONVEY AND TRANSFER** to Verizon Virginia, Inc., ("Buyer"), having an office in the Commonwealth of Virginia at 8149 Walnut Grove Road, Mechanicsville, VA 23111, and to Buyer's successors and assigns, all of Seller's right, title and interest in the following described personal property (the "Property"):

> Four thousand five hundred (4,500) distribution poles jointly used by Dominion Virginia Power, on the one hand, and, on the other hand, by Verizon South, Inc. and its predecessors, including, without limitation, Verizon South/GTE Network Services, GTE Telephone Operations, and Continental Telephone Company of Virginia.

The specific poles to be conveyed shall be identified during calendar year 2003 pursuant to section 1.2 of the Settlement Agreement, using the reconciliation process described in section 1.3 of the Settlement Agreement.

This Bill of Sale shall be effective as to the transfer of the Property as of December 20, 2002.

VIRGINIA ELECTRIC AND POWER COMPANY

BY: _____
Julius M. Griles, Jr.
Project Manager – Joint Use

Exhibit 10

AGREEMENT BETWEEN VERIZON SOUTH INC. AND VIRGINIA ELECTRIC AND POWER COMPANY

THIS AGREEMENT is made and entered into as of June 7, 2006 (the "Effective Date") by and between **VERIZON SOUTH INC.** ("Verizon") and **VIRGINIA ELECTRIC AND POWER COMPANY** ("Dominion"). Dominion and Verizon are referred to herein collectively as the "Parties."

RECITALS

Verizon and Dominion entered into a Settlement Agreement and Mutual Release as of December 31, 2002 (the "2002 Settlement Agreement") to resolve certain disputes and disagreements between them concerning a number of issues arising out of, or related to, the General Joint Use Agreement dated January 1, 1978, as modified by Modification No. 1 to Appendix Number 1 to General Joint Use Agreement, dated December 23, 1985 (as modified, the "Joint Use Agreement") for the joint use and rental of wood poles and other purposes set forth in the Joint Use Agreement.

A dispute has now arisen between Verizon and Dominion regarding the calculation of pole rental under and pursuant to the Joint Use Agreement.

Pole ownership is important to Verizon and Dominion. As a pole owner, Verizon is interested in receiving information with respect to Dominion's reliability and planning releases as well as information related to jointly used poles. Dominion acknowledges the value of communicating this information.

Dominion and Verizon wish to continue their mutually beneficial joint use relationship for the installation and operation of both overhead and underground facilities. In accordance with this objective, and as provided in, and contemplated by, the 2002 Settlement Agreement, Dominion and Verizon wish to plan and execute a pole survey of jointly used poles in the territory covered by the overlapping service areas of Dominion and Verizon and to resolve any and all pole rental disputes between them.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements contained herein, Dominion and Verizon agree as follows:

1. This agreement shall constitute a modification to the Joint Use Agreement and, as to all issues expressly addressed herein, shall supersede the Joint Use Agreement and the 2002 Settlement Agreement.

2. On or before June 30, 2006, Verizon shall pay to Dominion the sum of Three Hundred Seventy-Three Thousand Seven Hundred Twenty-Two and 30/100 dollars ($373,722.30). This payment is based on an agreed annual payment rate of $42.29 per pole for the calendar years 2003, 2004 and 2005 and takes into consideration prior payments made by Verizon for those years. Upon receipt of the payment by

Dominion, Dominion and Verizon agree that all outstanding charges or claims related to the rental of poles between the Parties pursuant to the Joint Use Agreement for calendar years 2003, 2004, 2005 and all prior years are fully, forever and mutually resolved, compromised, settled and released.

3. On or before July 1, 2006, or within thirty (30) days of receipt of invoice, whichever is later, Verizon shall pay to Dominion the sum of One Million Thirty-Five Thousand Seven Hundred Twenty dollars ($1,035,720.00) for pole rental in 2006. This payment amount is based on an annual payment rate of $36.00 per pole for 28,770 poles.

4. On or before July 1, 2007, or within thirty (30) days of receipt of invoice, whichever is later, Verizon shall pay to Dominion the sum of Eight Hundred Sixty-Three Thousand One Hundred dollars ($863,100.00) for pole rental in 200~~6~~7. This payment amount is based on an annual payment rate of $30.00 per pole for 28,770 poles. JMA

5. Section 19, PERIODIC READJUSTMENT OF ANNUAL PAYMENTS, of Appendix Number 1 of the Joint Use Agreement is no longer in force, is hereby deleted from the Joint Use Agreement, and is superseded as follows:

(a) The rates for years 2003, 2004, 2005, 2006 and 2007 are as defined above by this Agreement.

(b) The Parties shall negotiate in good faith and agree to a written methodology for calculating the pole rental rate for 2008 and any year thereafter.

(c) If by January 1 of each year beginning in 2008, the Parties are unable to agree on a methodology and a pole rental rate for the new year, either party may require the other to submit the issue to binding arbitration pursuant to the Commercial Arbitration Rules of the American Arbitration Association. A single arbitrator shall hear and decide the dispute. Following a proper hearing, the arbitrator shall determine a reasonable pole rental rate (or methodology for deriving a reasonable pole rental rate) for that year and subsequent years based on the evidence that the Parties present to the arbitrator.

(i) If both Parties agree, the American Arbitration Association need not administer the arbitration conducted pursuant to this section 5(c) but instead, the arbitration may be either self-administered or administered by a different alternative dispute resolution firm.

(ii) The Parties shall share equally all fees, costs and expenses of such arbitration, as billed by the arbitrator or the alternative dispute resolution firm, if any. Each party shall pay its own costs and attorney's fees.

(iii) If the new rate is not determined by May 31, the party owing rent shall make payment to the other party on June 1 based on the pole rental rate of the year before. Once the Parties or the arbitrator determine the pole rental rate for

that year, the payment made on June 1 shall be adjusted according to the newly determined rate and the party owing a balance shall remit payment to the other party within thirty (30) days of such determination.

6. The 2007 pole survey shall meet the requirements of Article I of the 2002 Settlement Agreement. The Parties agree to meet no later than July 1, 2006 to negotiate and develop in good faith a Memorandum of Understanding to define the scope, methodology, timing, and division of costs of the 2007 and subsequent pole surveys. If the Parties cannot reach an agreement on or before September 1, 2006, either party may require the other party to arbitrate the matter under the procedures set forth above in section 5(c).

7. Within fifteen (15) days of the receipt by Dominion of the payments set forth in sections 2 and 3 above, Dominion shall dismiss, with prejudice, the Motion for Judgment filed in the Circuit Court for the City of Richmond on November 14, 2005 and captioned *Virginia Electric and Power Company d/b/a Dominion Virginia Power v. Verizon South Inc.*

8. Miscellaneous

a. Successors: This Agreement shall be forever binding upon their assigns and successors in interest and inures to the benefit of each of the Parties, and their respective successors and assigns.

b. Complete Agreement: By signing this Agreement, the Parties acknowledge that there are no covenants, promises, undertakings, or understandings outside of this Agreement, except as specifically set forth herein. Any modification of, or addition to, this Agreement must be in writing, signed by the Parties.

c. Knowing and Voluntary Agreement: By signing this Agreement, the Parties acknowledge that they have entered into this Agreement knowingly and voluntarily and after reviewing it with counsel of their choice, and they agree that, in the event of a dispute under this Agreement, there will be no construction of the wording of this Agreement against the other because this Agreement was prepared jointly.

d. Severability: If, for any reason, any paragraph, sentence, term, or clause in this Agreement is held to be invalid or unenforceable, such paragraph, sentence, term, or clause is severable from the Agreement, and such invalidity or unenforceability shall have no effect on the validity or enforceability of the remaining provisions.

e. Counterparts: This Agreement may be executed in multiple counterparts, each of which shall be deemed an original.

f. Authority: The persons executing this Agreement represent and warrant that they have the necessary authority to do so and that said execution binds both Parties to the terms hereof.

g. Governing Law: This Agreement, and the rights, duties and obligations hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

h. Further Cooperation. Upon request, the Parties shall execute and deliver, or cause to be executed and delivered, such other or further instruments or documents and do and cause to be done such other further acts as may be reasonably necessary and proper to carry out the intent and purpose of this Agreement.

IN WITNESS WHEREOF, Verizon and Dominion have caused this Agreement to be duly executed as of the Effective Date.

VIRGINIA ELECTRIC AND POWER COMPANY

BY: Julius M. Griles, Jr.
Julius M. Griles, Jr.
Manager -- Electric Design

VERIZON SOUTH, INC.

BY: C. L. Dunsey
Charles L. Dunsey
Vice President
Network Engineering & Planning - South

Exhibit 11

Confidential Exhibit

Exhibit 12

Confidential Exhibit

Exhibit 13

PUBLIC VERSION

Outside Plant Engineering
Piedmont Region

502 E. Piedmont Street
Culpeper, VA 22701

October 8, 2013

Virginia Electric and Power Company
Attention: Arlie Hahn
701 East Cary St – 8th Floor
Richmond, VA 23219

Certified Mail
Return Receipt Requested
also via email

Re: Rental Rate Readjustment for the Joint-Use Agreements between Virginia Electric and Power Company, Verizon Virginia, LLC. and Verizon South, Inc.

Dear Mr. Hahn,

[redacted] Verizon hereby gives notice that it is requesting an adjustment to the annual payment rate.

In its April 7, 2011 Pole Attachment Order, the FCC ruled that where an incumbent Local Exchange Carrier is attached to electric utility poles on terms and conditions comparable to those that apply to attachments made by other telecommunications carriers or cable TV operators, the incumbent LEC should pay the same attachment rate as those companies. Further, the FCC held that even in instances where an incumbent LEC is not similarly situated to a cable or telecommunications provider, an incumbent LEC should pay no more than the pre-existing FCC telecom rate that electric utilities may charge to telecommunications providers.

In order to determine which of these two rates applies, the FCC stated that incumbent LECs should have access to agreements between the electric utility (with appropriate confidentiality and/or redaction) and comparable telecom or cable providers. This letter constitutes Verizon's formal request that Dominion provide Verizon with a copy of Dominion's standard license agreement containing information on Dominion's standard rates, terms and conditions for telecommunications providers and cable companies, along with additional information reflective of the extent to which Dominion's standard terms and conditions may vary between Dominion and individual licensees.

Verizon would like this information no later than November 15th, so that we can meet in early December to establish the readjusted rental rates for 2014 and beyond.

If you have any questions, please call me.

Sincerely,

Stephen Mills

Exhibit 14

PUBLIC VERSION

Outside Plant Engineering
Piedmont Region

verizon

502 E. Piedmont Street
Culpeper, VA 22701

December 6, 2013

Sent via email to: Hahn, Arlie [arlie.a.hahn@dom.com]
Sent Fed-ex

Virginia Electric and Power Company
Attn: Arlie Hahn
One James River Plaza – 8th Floor
PO Box 26666
Richmond, VA 23261-6666

RE: Rental rate readjustment for the Joint-Use Agreements between Virginia Electric and Power Company, Verizon Virginia, LLC and Verizon South, Inc.

Dear Arlie:

Thank you for providing Verizon with Dominion's standard pole attachment agreement and rates as requested in my October 8, 2013 letter.

As was stated previously, on April 7, 2011, the FCC issued a Report and Order on Reconsideration ("Order") determining that incumbent local exchange carriers ("ILECs") are entitled to rates, terms, and conditions that are "just and reasonable." In the Order, the FCC explained that where ILECs are attaching to electric utilities' poles on terms and conditions comparable to those that apply to telecommunications carriers or cable operators, the ILEC should be afforded the same rate as the comparable provider. Further, the FCC held that even in instances where an ILEC is not similarly situated to a cable or telecommunications provider, the ILEC should not pay more than the pre-existing rate offered to telecommunications carriers.

There are very few differences between the standard pole attachment agreement provided by Dominion, and the current joint-use agreement between Dominion and Verizon. However, the current rental rate that Verizon pays to Dominion is more than [redacted] times the rate our competitors are paying for access to the same poles. Verizon is not willing to accept this disparity any longer.

Based on the FCC's Order and the current language in our joint use agreement, Verizon believes the rental rates should fall between the current CATV and CLEC rate. Accordingly, Verizon is proposing that the 2014 rental rates be set as follows:

Per pole rate paid by Verizon to Dominion
Per pole rate paid by Dominion to Verizon Virginia
Per pole rate paid by Dominion to Verizon South [redacted]

Please review Verizon's proposal and respond by December 27th. Should you have any questions or concerns, please contact me at 540-829-2711.

Sincerely,

Steve Mills
Verizon Network Engineering

Exhibit 15

PUBLIC VERSION

Dominion Virginia Power
701 East Cary Street, Richmond, VA 23219
Web Address: www.dom.com

Dominion®

December 16, 2013

Sent via email to Mills, Stephen C (Steve) [stephen.c.mills@verizon.com] and Fed-ex

Verizon Network Engineering
Attn: Steve Mills
502 E. Piedmont Street
Culpeper, VA 22701

Re: Request for Readjustment of Annual Pole Rental Rates

Dear Steve:

Dominion received Verizon's request on December 6, 2013, for readjustment of the annual pole rental rates charged to Verizon for attachments to Dominion's poles, [redacted] However, at this point it is unclear from this request, the basis for the substantial rate reductions that Verizon has proposed. So that Dominion may further consider and understand Verizon's request, please provide additional information, especially as related to the following matters.

The joint use agreements between Dominion and Verizon, including those provisions governing annual pole rental rates, resulted from arms-length negotiations between Dominion and Verizon, and their respective legal counsel, over the course of several years. Verizon has not indicated that any changed circumstances to the parties' joint use relationship, since executing the agreements in 2011, necessitate reductions to the agreed-upon annual pole rental rates, or conversely, that the rates negotiated are "unjust and unreasonable". Moreover, Verizon has not demonstrated that the current joint use agreements do not provide material advantages to Verizon, relative to its cable or CLEC competitors, as the FCC's 2011 Pole Attachment Order requires.[1] In fact, Verizon has requested an annual pole rental rate *less* than that paid by other providers of telecommunications services having attachments to Dominion's poles, without justification. [redacted]

Thank you.

Sincerely,

Arlie A. Hahn, Jr.
Dominion Customer Solutions System – Joint Use

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[1] *See* In the Matter of Implementation of Section 224 of the Act (WC Docket No. 07-245), A National Broadband Plan for Our Future (GC Docket No. 09-51), Report and Order and Order on Reconsideration, 26 FCC Rcd 5240, FCC 11-50 (rel. Apr. 7, 2011) at ¶ 217.

Exhibit 16

PUBLIC VERSION

Outside Plant Engineering
Piedmont Region

verizon

502 E. Piedmont Street
Culpeper, VA 22701

January 22, 2014

Sent via email to: Hahn, Arlie [arlie.a.hahn@dom.com]
Sent Fed-ex

Virginia Electric and Power Company
Attn: Arlie Hahn
One James River Plaza – 8th Floor
PO Box 26666
Richmond, VA 23261-6666

RE: Request for Readjustment of Annual Pole Rental Rates

Dear Arlie:

Verizon received Dominion's letter dated December 16, 2013, that requested additional information regarding Verizon's request for readjusting the annual pole rental rates.

The current Joint Use Agreement was signed prior to the FCC 11-50 ruling, which made it clear that ILECs such as Verizon are entitled to protection from unjust and unreasonable rates, especially in relation to comparably situated providers. The original negotiations with Dominion were initiated several years ago because the rental rate at the time had escalated to a point that was unreasonable. Throughout those negotiations, Verizon repeatedly asked that the rate formula methodology be based on the FCC's formula. From Verizon's perspective, the outcome of those negotiations was unsuccessful due in large part to the lack of equal bargaining power between Verizon and Dominion. As you know, Dominion owns the vast majority of the poles. As a result, Verizon was eventually forced to agree to a rate other than what we thought was fair and reasonable. But now the FCC has held that ILECs like Verizon have the right to be afforded rental rates that are aligned with their competitors.

With respect to differences between the current Joint-Use Agreement and Dominion's standard license agreement, we believe there are very few. [redacted] For purposes of the FCC order, this difference is immaterial.

Dominion stated that Verizon has requested a rental rate that is less than the rate paid by its CLEC competitors. [redacted] Verizon used the same methodology in calculating the rates that Dominion would be charged to occupy Verizon owned poles.

Should you have any questions or concerns, please contact me at 540-829-2711.

Sincerely,

Steve Mills
Verizon Network Engineering

Exhibit 17

PUBLIC VERSION

Dominion Virginia Power
701 East Cary Street, Richmond, VA 23219

Mailing Address: P.O. Box 26666
Richmond, VA 23261-6666

February 20, 2014

Sent via email to Mills, Stephen C (Steve) [stephen.c.mills@verizon.com] and USPS

Verizon Network Engineering
ATTN: Mr. Steve Mills
502 East Piedmont Street
Culpepper, Virginia 22701

Re: Request for Readjustment of Annual Pole Attachment Rental Rates

Dear Steve:

Dominion has given thorough consideration to Verizon's letter dated January 22, 2014, and believes that Verizon has misrepresented critical details of the negotiations resulting in the current Joint Use Agreements. Moreover, Verizon has not explained why the annual pole attachment rates agreed upon in 2011 are now unreasonable, and has made no attempt to document how its application of the FCC's rate formula for telecommunications attachments yields a lower rate for Verizon than for its CLEC competitors. Without such information, it is difficult for Dominion to assess what readjustment of the annual pole attachment rental rates paid by Verizon, if any, would be appropriate.

As an initial matter, Dominion's records reflect that the current Joint Use Agreements were signed by Verizon several months *after* the FCC released the 2011 Pole Attachment Order, declaring that ILECs must be accorded just and reasonable pole attachment rates. Therefore, Verizon had more than adequate time to consider the impact of that Order on its relationship with Dominion, and to demand further negotiation of any pole attachment rate to be included in the Joint Use Agreements that Verizon deemed to be unreasonable in light of the FCC's determinations. Dominion received no such demand from Verizon, and in fact, is surprised to learn that Verizon viewed the negotiation process as unfair.

Verizon also implies that Dominion rejected repeated requests to negotiate pole attachment rates based on the FCC's rate formulas and methodologies. Although the Act does not entitle Verizon to pole attachment rates calculated in accordance with the FCC-ordered rate formulas, the parties nevertheless agreed to an application of the rate framework for telecommunications attachments, based on the actual allocation of pole space between Verizon and Dominion on joint use poles. To date, Verizon has not submitted to Dominion any updated rate calculations, or any documentation supporting that the formula inputs used to calculate the baseline pole attachment rates set forth in the Joint Use Agreements are no longer accurate. Similarly, the proposed rate of [redacted] per pole lacks any foundation, and does not appear to be derived from any application of the rate formula for telecommunications attachments ordered by the FCC. Indeed, although Verizon acknowledges that its attachments occupy greater than one foot of space on joint use poles, Verizon nevertheless insists that the FCC's formula yields a rate less than the current Telecom Rate calculated for CLEC licensees, based on the presumed one foot of space occupied by CLEC attachments.

Verizon also has not demonstrated, based on the terms and conditions of the Joint Use Agreements, and on the parties' course of performance as joint pole owners, that the Telecom Rate extended to CLEC licensees is the maximum reasonable pole attachment rate that should be charged to Verizon. As the FCC explained in its 2011 Pole Attachment Order, an attachment rate equal to the Telecom Rate may be appropriate to the extent an ILEC is provided access to poles on terms and conditions comparable to those applied to CLECs and cable operators. [redacted] it is significant that Verizon realizes substantial cost savings, *as compared to its CLEC competitors*, through beneficial provisions of the Joint Use Agreements. In brief, Verizon enjoys such advantages as, [redacted] All of which Dominion believes are significant material advantages shared through our Joint Use Agreements and our partnership.

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

Sincerely,

Arlie A. Hahn, Jr.
Dominion Customer Solutions System – Joint Use

Exhibit 18

PUBLIC VERSION

Outside Plant Engineering
Piedmont Region

502 E. Piedmont Street
Culpeper, VA 22701

March 25, 2014

Sent via email to: Hahn, Arlie [arlie.a.hahn@dom.com]
Sent Fed-ex

Virginia Electric and Power Company
Attn: Arlie Hahn
One James River Plaza – 8th Floor
PO Box 26666
Richmond, VA 23261-6666

RE: Request for Readjustment of Annual Pole Rental Rates

Dear Arlie:

Verizon received Dominion's letter dated February 20, 2014, that requested additional information regarding Verizon's request for readjusting the annual pole rental rates.

To begin, let's be clear about our past negotiations. Verizon never said the negotiation *process* was unfair; it simply made the point that given the current pole ownership numbers, Verizon lacked bargaining power to negotiate on an equal footing with Dominion. And the fact that the current agreements were signed a few months after the FCC 11-50 ruling does not change that fact nor is it even relevant. Verizon could have demanded further negotiations after the Order came out, but it was apparent then that the appellate process the power companies were pursuing would be prolonged and that there would be no meaningful change in your position (or our bargaining strength) until the Order was finally, irrevocably upheld – which it now has been. For Dominion to now maintain that Verizon's willingness to enter into an agreement then, rather than prolong what had already been years of negotiations, forecloses its right to receive the rate protection the Order provides is the very definition of "no good deed goes unpunished." [redacted] Regardless of past negotiations, that is where we stand today. The FCC has made their ruling regarding pole attachments; that ruling was upheld in the DC Circuit Court; and Verizon does have the right to be afforded rental rates that are aligned with their competitors.

Dominion points to "substantial" cost savings and "significant material advantages" the Joint Use Agreement provides to Verizon over their competitors - but those same savings and advantages are granted by Verizon to Dominion, and are a product of Verizon and Dominion being pole owners. The current rates Verizon pays are [redacted] times the amount its competitors are being asked to pay. Verizon does not see the savings or the advantages of paying more to provide mutual benefits.

While Verizon certainly understands Dominion's desire to maintain the current rates based on whatever arguments it can muster, there is now a formula adopted by the FCC and upheld by the courts against which the reasonableness of those rates and your position can be measured. And they fail that test, badly. The FCC 11-50 order established a "zone of reasonableness" for pole attachment rates which consists of and upper bound and lower bound to which the rates should fall to be considered reasonable. The lower bound is the FCC's new Telecom rate, which approximates the CATV rate. The upper bound is determined by the old Telecom rate. Given the FCC's Order, the zone of reasonableness in terms of space allocation falls between 7.41% and 16.89%. Yet, under the current agreement, Verizon is paying a rate [redacted]

[redacted]

It has been 5 months since Verizon requested per the Joint Use Agreement that the rates be reviewed for readjustment. Verizon has also provided Dominion with a proposal along with responses to Dominion's additional requests for information. Rather than continue to engage in a war of letters, it would seem most productive to set up a meeting as soon as possible between executives with the authority to resolve this matter once and for all. [redacted]

Please let me know as soon as possible Dominion's interest in, and availability for, such a meeting.

Should you have any questions or concerns, please contact me at 540-829-2711.

Sincerely,

Steve Mills
Verizon Network Engineering

Exhibit 19

PUBLIC VERSION

Dominion Virginia Power
701 East Cary Street, Richmond, VA 23219

Mailing Address: P.O. Box 26666
Richmond, VA 23261-6666

April 28, 2014

Mr. Steve Mills
Verizon Outside Plant Engineering – Piedmont Region
502 East Piedmont Street
Culpepper, VA 22701

Dear Steve,

Dominion has received Verizon's letter dated March 25, 2014, and welcomes Verizon's suggestion of an executive-level meeting for further discussion of the pole attachment rates currently applied to Verizon, pursuant to the parties' Joint Use Agreements.

Dominion maintains that the agreed-upon annual rate framework set forth in the parties' current Joint Use Agreements continues to yield pole attachment rates that are "just and reasonable", within the meaning of Section 224(b)(1) of the Act, [redacted] Per Verizon's demand, Dominion is amenable to negotiating an appropriate readjustment of the pole attachment rates applied to Verizon and Dominion, respectively, within the rate framework that the Joint Use Agreements provide. To that end, Dominion has requested that Verizon detail and provide documentation of specific changes to the agreed-upon pole attachment rate calculation inputs that Verizon believes would support a readjustment of pole attachment rates, pursuant to the Joint Use Agreements. Dominion looks forward to receiving this documentation in advance of the parties' upcoming executive-level meeting.

Dominion strongly disagrees with Verizon's repeated claims that the 2011 Pole Attachment Order entitles Verizon to an annual pole attachment rate within the bounds established by the regulated rates charged to cable service providers, and to telecommunications carriers, pursuant to Section 224 of the Act. Indeed, the 2011 Pole Attachment Order plainly states that "just and reasonable pole attachment rates for incumbent LECs are not bound by the formulas in sections 224(d) or (e)." *See* 2011 Pole Attachment Order at ¶ 217. This point was reiterated by the D.C. Circuit, on judicial appeal. *American Elec. Power Serv. Corp. v. FCC*, 708 F.3d 183, 186 (D.C. Cir. 2013) ("...to make clear just what the Commission has not done, ... it has not purported to bring ILECs under the new telecom rate adopted under § 224(e)(1).") Moreover, it appears that Verizon does not dispute the extent to which the Joint Use Agreements provide material benefits to Verizon, as compared to CLEC competitors having attachments on

Dominion's poles. Accordingly, nothing in the 2011 Pole Attachment Order suggests that a "just and reasonable" rate must be comparable to the rate charged by Dominion to CLECs, pursuant to Section 224(e)(1) of the Act.

Dominion is available to attend an executive-level meeting (at 9AM on any of the following dates – May 13th, 15th, 20th, or 22nd), and will have present at the meeting an individual authorized to resolve this matter on Dominion's behalf. Dominion suggests that participation in this meeting be limited only to business representatives of Dominion and Verizon. However, if Verizon prefers to be represented by counsel, please advise in advance of the meeting, to enable Dominion to make the appropriate arrangements.

Please contact me regarding your preferred meeting date, or if you have any further questions.

Sincerely,

Arlie A. Hahn, Jr.

Arlie A. Hahn, Jr.
Dominion Customer Solutions System – Joint Use

Exhibit 20

Mills, Stephen C (Steve)

From: Mike Roberts (VirginiaPower - 1) <mike.roberts@dom.com>
Sent: Wednesday, September 24, 2014 11:02 AM
To: Mills, Stephen C (Steve)
Cc: Mike Graf (VirginiaPower - 1); Arlie A Hahn (VirginiaPower - 1)
Subject: FERC data - 5 year average
Attachments: 5 year data.xlsx

Steve:
Attached is our data for 7 years showing 3 rolling 5 year averages for you review.

This spread sheet also shows the correct page , column and line numbers used for our calculations of the Cable and Telecom rates. Please not also that data is 2 years behind the current year rate. IE the rate for 2009 uses 2007 FERC data.

I want to point out a couple of things.

1. Only data is averaged. Where there is a calculation I calculated on the 5 year average. I did not average these rows.
2. I used 1.5 feet for The Verizon Space used. For cable and Telecom we only use 1 foot.
3. The Rate of Return in the average columns is for the last year of the 5 year rolling averages. This is determined by the SCC at our rate cases.
4. Number of poles in the average Columns are also the most current numbers per our records .. It is not averaged.
5. Depreciation Rate per the IRS is calculated every 3 years and the most current percentage is used. When this changes it will be posted on the FERC Form I page and column as noted.
6. The bottom line rents shown are from top to bottom... The Cable Rate, the Full Telecom Rate and the Urban adjustment on the Telecom rate (per the April 7th order)

Again remember only data is averaged. Calculations are done on these results.

Let me know if you need anything else...

Michael C. Roberts (Mike)

Joint Use Administrator
(NJUNS Board Member)
701 E. Cary Street
Richmond,VA 23219-3927

P.O. Box 26666
Richmond, VA 23261

mike.roberts@dom.com
Cell - 804-921-4705
Office - 804-775-5063

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PUBLIC VERSION

Dominion Virginia Power CATV & TELECOM Rate
Based on FCC Calculation
5 year History

Line	Description	Acct Ref or Data Source	FERC Form 1 Reference or Formula	2009 Rate	2010 Rate	2011 Rate	2012 Rate	2013 Rate	2014 Rate	2015 Rate	2011 -2015 5 year Average of FERC	2009-2013	2010 -2014
				2007 Data	2008 Data	2009 Data	2010 Data	2011 Data	2012 Data	2013 Data			
1	**Taxes Accrued**												
2	Taxes other than Income	408.1	Page 114 (c) Ln14	170,206,271	180,445,848	187,980,794	219,061,246	218,863,031	228,291,978	244,844,647	219,808,339	181,391,134	206,928,579
3	Income Taxes - Federal	409.1a	Page 114 (c) Ln15	143,214,661	110,553,311	466,267,004	(117,363,727)	(28,011,801)	97,008,483	341,953,536	151,970,699	138,480,870	105,690,654
4	Income Taxes - Other	409.1b	Page 114 (c) Ln16	(40,319,033)	27,578,556	84,840,277	1,787,453	78,320,916	87,009,974	51,143,148	60,620,354	27,271,881	55,907,435
5	Provision for Deferred Inc. Tax	410.1	Page 114(c) Ln17	793,226,670	1,152,932,794	1,011,762,080	2,446,790,798	1,674,332,709	1,496,374,549	1,027,819,762	1,531,415,980	1,022,722,730	1,556,438,586
6	Provision for Deferred Inc. Tax (cr.)	411.1	Page 114 (c) Ln18	(548,716,839)	(839,850,411)	(1,441,726,836)	(1,817,729,353)	(1,201,512,270)	(1,044,550,047)	(784,582,180)	(1,258,020,137)	(809,999,618)	(1,269,073,783)
7	Investment Tax Cr. Adj. - Net	411.4	Page 114 (c) Ln19	(9,658,218)	(4,321,713)	(1,165,406)	(1,048,243)	(1,233,567)	(1,145,226)	(1,017,219)	(1,121,932)	(8,403,346)	(1,782,831)
8	Operating Taxes - Total		L2 + L3 + L4 + L5 + L6 + L7	507,953,512	627,338,385	307,957,913	731,498,174	740,759,018	862,989,711	880,161,694	704,673,302	551,463,650	654,108,640
9													
10	**Gross Investment Utility Plant**		Page 200 (c) Ln 8	19,866,139,784	21,036,341,836	21,929,076,225	23,140,772,213	25,351,760,603	28,202,094,898	29,570,482,058	25,638,837,199	20,156,402,168	23,932,009,155
11													
12	**Accumulated Depreciation Electric Plant**		Page 200 (c) Ln 22	8,581,122,796	8,902,928,100	9,327,604,398	9,721,960,597	10,308,511,555	10,743,819,815	11,231,470,285	10,266,673,330	8,634,557,779	9,800,964,893
13													
14	**Gross Investment in Poles**												
15	Poles, Towers, Fixtures	364	Page 207 (g) Ln 64	584,527,953	602,508,108	631,005,419	663,249,221	698,579,580	736,896,451	764,910,219	698,928,178	585,263,160	666,447,756
16	Overhead Conductor	365	Page 207 (g) Ln65	820,394,673	882,666,460	942,825,318	1,005,745,733	1,080,745,092	1,154,738,411	1,228,814,537	1,082,573,818	826,766,503	1,013,344,203
17	Services	369	Page 207 (g) Ln 69	1,033,516,160	1,083,302,039	1,126,203,984	1,168,856,575	1,210,237,868	1,258,368,500	1,306,817,610	1,214,096,907	1,000,922,917	1,169,393,793
18	Total Overhead Accounts		L15 + L16 + L17	2,438,438,786	2,568,476,607	2,700,034,721	2,837,851,529	2,989,562,540	3,150,003,362	3,300,542,366	2,995,598,904	2,412,952,581	2,849,185,752
19	**Net Deferred Operating IncomeTaxes**												
20	Debit	190	Page 111(d) Ln 82	(1,242,863,772)	(1,073,116,041)	(1,387,488,786)	(1,430,373,015)	(1,542,243,124)	(1,475,934,054)	(1,724,401,780)	(1,512,088,152)	(1,027,051,186)	(1,381,831,004)
21	Credit	281 -283	Page 113(d) Ln 57	3,529,311,024	3,645,375,749	3,573,890,770	4,263,732,065	4,876,106,844	5,275,291,206	5,794,738,388	4,756,751,855	3,302,517,224	4,326,879,327
22	Total Net Deferred Operating Income Taxes		L20 + L21	2,286,447,252	2,572,259,708	2,186,401,984	2,833,359,050	3,333,863,720	3,799,357,152	4,070,336,608	3,244,663,703	2,275,466,039	2,945,048,323
23													
24	**Gross Investment Distribution Plant**		Page 207 (g) Ln 75	6,892,641,251	7,215,618,010	7,531,601,443	7,853,882,422	8,201,744,181	8,650,089,494	9,055,403,411	8,258,544,190	6,780,892,795	7,890,587,110
25													
26	**Accumulated Depreciation Distribution Plant**		Page 219 (b) Ln 26	2,647,356,440	2,781,787,722	2,935,401,937	3,110,239,350	3,281,893,484	3,454,648,084	3,616,698,764	3,279,776,324	2,601,202,711	3,112,794,115
27													
28	**Mainten. Of Overhead Lines**	593	Page 322 (b) Ln 149	73,018,517	83,584,164	76,817,467	83,955,367	118,678,941	99,274,650	73,629,425	90,471,170	85,576,249	92,462,118
29													
30	**Total Administrative And General Exp**	920 - 935	Page 323 (b) Ln 197	395,019,609	425,651,411	472,318,629	653,388,600	416,085,673	341,153,911	388,641,347	454,317,632	413,561,195	461,719,645
31													
32	**Depreciation Rate - Poles**		Page 337 (e) Ln 28 (not updated every year)	3.7%	3.45%	3.45%	3.45%	3.33%	3.33%	3.33%	3.33%	3.33%	3.33%
33													
34	**Number of Poles**	Utility Company Records		970,622	973,315	977,512	978,774	980,181	981,604	982,605	982,605	980,181	981,604
35													
36	**Rate of Return**	Authorized ROR from SCC		0.1125	0.1125	0.1125	0.1125	0.1125	0.1125	0.1000	0.1000	0.1125	0.1125
37													
38	Depreciation % Distribution		L26 / L24	38.41%	38.55%	38.97%	39.60%	40.01%	39.94%	39.94%	39.71%	38.36%	39.45%
39													
40	Depreciation Reserve (Poles)		L15 * L38	224,508,107	232,280,818	245,931,034	262,655,298	279,533,685	294,299,604	305,502,662	277,570,482	224,511,457	262,910,050
41													
42	Net Deferred Oper Income Taxes (Poles)		(L15-L40) /(L10 - L12)*L22	72,943,301	78,487,453	66,811,830	84,584,720	92,868,363	96,320,140	101,965,331	88,937,643	71,245,386	84,101,219
43	Net Investment (Poles)		L15 - L40 - L42	287,076,545	291,739,837	318,262,555	316,009,204	326,177,533	346,276,707	357,442,227	332,420,053	289,506,318	319,436,487
44	Net Investment Bare Pole		L43 * 0.85	244,015,063	247,978,861	270,523,171	268,607,823	277,250,903	294,335,201	303,825,893	282,557,045	246,080,370	271,521,014
45	Net Cost Of a Bare Pole		L44 / L34	$251.40	$254.78	$276.75	$274.43	$282.86	$299.85	$309.20	$287.56	$251.06	$276.61
46													
47	**Carrying Charges**												
48	Depreciation Rate		L32*L15/L43	0.0753	0.0713	0.0684	0.0724	0.0713	0.0709	0.0713	0.0700	0.0673	0.0695
49	Admin Rate		L30/(L10-L12-L22)	0.0439	0.0445	0.0453	0.0617	0.0355	0.0250	0.0272	0.0375	0.0447	0.0413
50	Maint Rate		L28 / (L18 - (L26/L24*L18) - (L22/L10*L18))	0.0598	0.0661	0.0557	0.0614	0.0848	0.0676	0.0482	0.0634	0.0704	0.0673
51	Taxes		L8/(L10-L12-L22)	0.0564	0.0656	0.0296	0.0691	0.0633	0.0632	0.0617	0.0581	0.0596	0.0585
52													
53	Space Occupied By Attacher	1 ft per FCC		1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
54	Average Pole Height	Company Data		37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50	37.50
55	Depth In Ground	FCC Presumption		6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
56	Average Attachment Height	Company Survey		18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
57	Usable Space	FCC Presumption	L54-L55-L56	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50	13.50
58	Number Of Attachers	Company Survey		2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
59	Unusable Space		L56 + L55	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00
60													
61													
62	**Cable Rate:**	FCC Formula	L53/L57 * L45 *(L51 + L50 +L49 + L48 + L36)	**$9.72**	**$10.19**	**$9.58**	**$11.50**	**$11.55**	**$11.30**	**$10.59**	**$10.51**	**$9.89**	**$10.73**
63													
64	**Telecom Rate (full Rate)**	FCC Formula	((L53 +(2/3 * L59)/L58)/L54) * L45 *(L36 + L48 + L49 + L50 +L51)	**$17.86**	**$18.72**	**$17.60**	**$21.13**	**$21.21**	**$20.76**	**$19.46**	**$19.31**	**$18.17**	**$19.70**
65													
66	**Telecom Rate (April 7,2011 order)**					**$11.61**	**$13.94**	**$14.00**	**$13.70**	**$12.84**	**$12.74**	**$11.99**	**$13.00**

Exhibit 21

Confidential Exhibit

Exhibit 22

PUBLIC VERSION

Outside Plant Engineering
Piedmont Region

verizon

502 E. Piedmont Street
Culpeper, VA 22701

November 14, 2014

Sent via FedEx and email to Arlie.a.hahn@dom.com

Virginia Electric and Power Company
Attn: Arlie A. Hahn, Jr.
One James River Plaza – 8th Floor
P.O. Box 26666
Richmond, VA 23261-6666

Re: Dominion Power's Proposed Readjustment of Annual Pole Rental Rates

Dear Arlie:

Dominion Power's October 21st rental rate proposal makes clear that the parties' efforts to negotiate a reasonable and appropriate rental rate adjustment have failed. For over a year, Verizon has sought a rate adjustment that respects its right under federal law to a just, reasonable, and competitively neutral rate. In response, Dominion has now asked Verizon to pay a *higher* rate that is [redacted] the rate applicable to Verizon's competitors. This is unacceptable.

[redacted] Please be in touch as soon as possible to discuss the selection of a mutually agreeable mediator. Verizon certainly hopes that adding a mediator to these discussions will finally allow the parties to resolve this rate dispute without the need to terminate the agreements or seek regulatory relief.

Sincerely,

Steve Mills
Verizon Network Engineering

Exhibit 23

Huther, Christopher

From: Douglass, John <jdougla2@richmond.edu>
Sent: Tuesday, June 02, 2015 10:41 AM
To: Huther, Christopher; Brett Heather Freedson
Subject: Conclusion of Mediation

Brett and Chris,

I write to confirm that Verizon Virginia LLC - Verizon South Inc. and Dominion Virginia Power undertook mediation of matters relating to adjustment of pole rental rates under the parties' joint use agreements. The mediation concluded on May 29, 2015. The matters remain unresolved.

Best wishes,

John G. Douglass
Professor of Law
University of Richmond, School of Law
Richmond, VA 23173
jdougla2@richmond.edu
804-289-8198

Exhibit 24

PUBLIC VERSION

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 29, 2014

SCC-CLERK'S OFFICE
DOCUMENT CONTROL CENTER

2014 APR 29 P 4: 29

PETITION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2013-00072

For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

FINAL ORDER

On August 30, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion Virginia Power" or "Company"), pursuant to § 56-585.1 A 5 of the Code of Virginia ("Code") and Rules 10 (20 VAC 5-201-10) and 60 (20 VAC 5-201-60) of the Rules Governing Utility Rate Applications and Annual Informational Filings[1] of the State Corporation Commission ("Commission"), the Commission's Rules Governing Utility Promotional Allowances,[2] the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management ("DSM") Programs,[3] and the Commission's April 19, 2013 Order in Case No. PUE-2012-00100,[4] filed with the Commission its petition for approval to implement new demand-side management programs and for approval of updates to its rate adjustment clauses ("RACs") C1A and C2A ("Petition").

---

[1] 20 VAC 5-201-10 *et seq.*

[2] 20 VAC 5-303-10 *et seq.*

[3] 20 VAC 5-304-10 *et seq.*

[4] *Petition of Virginia Electric and Power Company, For approval to extend two demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2012-00100, Doc. Con. Cen. No. 130440014, Order (April 19, 2013) ("2012 DSM Proceeding").

In its Petition, the Company seeks approval to enhance its Non-residential Energy Audit Program ("Audit Program"), which was initially approved in Case No. PUE-2011-00093,[5] by adding certain lighting and cooling measures in order to make that program more attractive to a wider range of customers. The Company states that the previously-approved Audit Program focused on refrigeration measures that would be of interest primarily to non-residential customers in the food services industry.[6] The Company seeks approval to add lighting and cooling measures to this program, to address customer needs and offer measures that target the building systems that use the most energy in non-residential facilities, as well as to achieve the Audit Program's savings goals.[7] The Company states that the proposed enhancements can be achieved within the operation and maintenance ("O&M") portion of the spending caps established by the Commission in the 2011 DSM Proceeding, is cost-effective, and more likely to be implemented by customers who have an energy audit performed.[8]

The Company also seeks approval to implement three new DSM programs ("Phase III Programs").[9] Specifically, the Company requests that the Commission permit the Company to

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[5] *Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two updated rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2011-00093, 2012 S.C.C. Ann. Rept. 298, Order (April 30, 2012) ("2011 DSM Proceeding"). The Company stated in its current Petition that, going forward, it will refer to the previously-designated "commercial" DSM programs as "non-residential" to reflect that these programs are also available to customers that are not typically considered "commercial" customers, such as churches and governmental customers that follow jurisdictional rates. *See* Ex. 2 (Petition) at 2 (n. 2).

[6] Ex. 2 (Petition) at 5.

[7] *Id.*

[8] *Id.* at 5-6.

[9] *Id.* at 2, 6-8.

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implement the following proposed DSM programs, all to be marketed as part of the Non-residential Bundle, for a five-year period of May 1, 2014 through April 30, 2019:[10]

- Non-residential Lighting Systems & Controls Program;
- Non-residential Heating & Cooling Efficiency Program; and
- Non-residential Solar Window Film Program.

According to the Company, all of its proposed programs are "energy efficiency programs" as defined by § 56-576 of the Code.[11] The Company proposes a spending cap for the proposed Phase III Programs in the amount of $114,439,906, which is inclusive of operating costs, estimated revenue reductions related to energy efficiency programs ("lost revenues"), common costs, return on capital expenditures, margins on O&M, and evaluation, measurement and verification ("EM&V") costs.[12] The Company further proposes that spending within the cap be flexible among the programs and requests the ability to exceed the spending cap by no more than 5%.[13]

Additionally, the Company requests approval of an annual update to continue two RACs, Riders C1A and C2A, for the May 1, 2014, through April 30, 2015 rate year ("Rate Year") for recovery of (i) Rate Year costs associated with (a) the Company's programs previously approved by the Commission in the 2011 DSM Proceeding ("Phase II Programs"), (b) the proposed Phase

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[10] *Id.* at 6, 7.

[11] *Id.* at 6.

[12] *Id.* at 8. The Company states that it is not seeking recovery of lost revenues related to energy efficiency programs at this time; however, the Company is not waiving any right to seek recovery of lost revenues in future proceedings. *See* Ex. 2 (Petition) at 12; Ex. 3 (Stites Direct) at 19-20.

[13] Ex. 2 (Petition) at 8.

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III Programs, and (c) the Electric Vehicle Pilot Program ("EV Pilot Program");[14] and (ii) the calendar year 2012 true-up of costs associated with (a) the Phase II Programs and (b) the EV Pilot Program.[15]

The Company's proposed revenue requirement of $36,277,706 includes a true-up of 2012 calendar year costs associated with the Phase II Programs and EV Pilot Program through a Monthly True-Up Adjustment.[16] The Company states that, for purposes of the margin authorized to be recovered for qualifying expenditures during the 2012 calendar year, the margin was calculated using the Company's overall Commission-approved cost of capital according to the terms of the Stipulation and Recommendation and supplemental Addendum approved in, among other cases, Case No. PUE-2009-00081,[17] based on the Company's 2012 year-end capital structure and cost of capital using a 10.4% return on equity ("ROE").[18]

On September 26, 2013, the Commission issued an Order for Notice and Hearing that, among other things, docketed the Petition, required Dominion Virginia Power to publish notice

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[14] *See Application of Virginia Electric and Power Company, For approval to establish an electric vehicle pilot program pursuant to § 56-234 of the Code of Virginia*, Case No. PUE-2011-00014, 2011 S.C.C. Ann. Rept. 436, Order Granting Approval (July 11, 2011).

[15] Ex. 2 (Petition) at 2, 10, 13; Ex. 3 (Stites Direct) at 18.

[16] Ex. 2 (Petition) at 13-14. In rebuttal testimony, the Company reduced its proposed revenue requirement to $35,728,782. *See* Ex. 36 (Givens Rebuttal) at 5. At the hearing, the Company accepted a revised revenue requirement proposed by the Commission Staff ("Staff") of $35,695,035. *See* Ex. 22 (Reconciliation of Staff Revised Revenue Requirement); Tr. 597.

[17] Ex. 2 (Petition) at 13. *See Application of Virginia Electric and Power Company, For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia*, Case No. PUE-2009-00081, 2010 S.C.C. Ann. Rept. 301, Order Approving Stipulation and Addendum (Mar. 11, 2010).

[18] Ex. 2 (Petition) at 13. The 10.4% ROE was approved in the Company's 2011 biennial review proceeding. *See Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (2012).

of its Petition, gave interested persons the opportunity to comment on or participate in the proceeding, and scheduled a public hearing. The following parties filed notices of participation in this proceeding: Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"); the Virginia Committee for Fair Utility Rates ("VCFUR"); and the Office of Attorney General, Division of Consumer Counsel ("Consumer Counsel").

On January 28, 2014, the Environmental Respondents filed the testimony and exhibits of its expert witness.[19] On February 24, 2014, the Staff filed testimonies and exhibits of its witnesses. The Company subsequently filed its rebuttal testimony. The Commission held a public and evidentiary hearing on March 18-19, 2014. The Commission received testimony from witnesses on behalf of the participants and also received testimony from nine public witnesses.

Concurrent with its Petition, the Company filed a Motion for Entry of a Protective Order and Additional Protective Treatment. On October 16, 2013, the Hearing Examiner issued a Protective Ruling and Additional Protective Treatment for Extraordinarily Sensitive Information ("Protective Ruling"). On December 16, 2013, Consumer Counsel filed a Motion to Modify Protective Ruling ("Motion to Modify").[20] Consumer Counsel sought the following modifications: (1) elimination of the three-day notice provision in Paragraphs 15(a) and 20 of the Protective Ruling, on the basis that the notice requirement is unreasonable, burdensome,

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[19] The Environmental Respondents generally support the Company's Petition, with some concerns related to contribution towards energy reduction goals. The Environmental Respondents also suggested possible improvements to the programs and asked the Commission to direct the Company to include a more comprehensive evaluation of potential DSM programs in future DSM filings. *See* Ex. 19 (Loiter) at 11-21; Tr. 141, 146.

[20] We note that Consumer Counsel filed a similar motion in Case No. PUE-2013-00088. *See In re: Virginia Electric and Power Company's Integrated Resource Plan Filing pursuant to § 56-597 et seq. of the Code of Virginia*, Case No. PUE-2013-00088, Motion to Modify Protective Ruling of Office of the Attorney General, Division of Consumer Counsel (Dec. 16, 2013).

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unnecessary, and prejudicial to case participants;[21] (2) elimination of the requirements that documents containing confidential or extraordinarily sensitive information must be returned to the Company or destroyed at the conclusion of the proceeding, on the basis that these requirements are unduly burdensome and would "impair Consumer Counsel's ability to fulfill its statutory charge to 'represent the interests of the people as consumers . . . before governmental commissions, agencies and departments, including the State Corporation Commission;'"[22] (3) an amendment to allow parties to use protected data from this proceeding in related future cases, subject to certain conditions;[23] and (4) elimination of the designation of DSM Contracts and Prices Information as extraordinarily sensitive, on the basis that the protections afforded to information designated as confidential are significant and adequate to protect information designated by the Company as extraordinarily sensitive, and the Company has not demonstrated otherwise.[24]

Pursuant to the Hearing Examiner's December 17, 2013 ruling with an abbreviated schedule for filing responses and any reply, on January 3, 2014, the Environmental Respondents and VCFUR filed responses in support of the Motion to Modify, and the Company filed a response requesting that the Commission deny Consumer Counsel's Motion to Modify. Consumer Counsel filed its reply in support of the Motion to Modify on January 10, 2014.

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[21] Motion to Modify at 3-5.

[22] *Id.* at 5-9.

[23] *Id.* at 9-11.

[24] *Id.* at 11-16.

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The Hearing Examiner issued a ruling on January 29, 2014, granting, in part, and denying, in part, the Motion to Modify.[25] On February 12, 2014, Consumer Counsel filed an Objection to the Hearing Examiner's Ruling and Motion to Certify Material Issues to the Commission, and the Environmental Respondents filed a Joint Objection and Motion for Certification of the Hearing Examiner's Ruling (collectively, "Motions to Certify"). Pursuant to the Hearing Examiner's February 18, 2014 ruling with an abbreviated schedule for filing responses and any replies, on March 4, 2014, VCFUR filed a response in support of the Motions to Certify, Staff filed a response in support of Consumer Counsel's Motion to Certify, and the Company filed a response opposing the Motions to Certify and requesting that they be denied. On March 14, 2014, Consumer Counsel and the Environmental Respondents filed replies in support of the Motions to Certify. The Commission set this matter for oral argument on March 18, 2014, before commencement of the evidentiary hearing on the Company's Application.[26]

NOW THE COMMISSION, having considered this matter, is of the opinion and finds as follows.

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[25] Specifically, the Hearing Examiner ruled as follows: (1) the three-day notice requirements in Paragraphs 15 and 20(b) of the Protective Ruling are unnecessary and should be eliminated from the Protective Ruling; (2) Paragraph 18 of the Protective Ruling is revised to remove the Company's option of requiring the return of confidential information at the conclusion of this case; (3) Paragraph 20(d) of the Protective Ruling is revised to add the option of destroying extraordinarily sensitive information at the conclusion of this case; (4) it is appropriate to require respondents to destroy documents containing confidential or extraordinarily sensitive information at the conclusion of this case; and (5) it is appropriate to prohibit the use of confidential or extraordinarily sensitive information filed or produced in this case in future proceedings, unless such information is re-obtained in a future proceeding.

[26] On March 18, 2014, the Hearing Examiner issued a ruling denying the certification requests as unnecessary with the understanding that Consumer Counsel's and the Environmental Respondents' Objections were before the Commission as of that date.

Code of Virginia

Dominion Virginia Power seeks approval to continue the two RACs, Riders C1A and C2A, pursuant to § 56-585.1 A 5 of the Code, which, among other things, allows a utility to petition the Commission for approval of a rate adjustment clause for the timely and current recovery from customers of the following costs:

> b. Projected and actual costs for the utility to design and operate fair and effective peak-shaving programs. The Commission shall approve such a petition if it finds that the program is in the public interest; provided that the Commission shall allow the recovery of such costs as it finds are reasonable;
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> c. Projected and actual costs for the utility to design, implement, and operate energy efficiency programs, including a margin to be recovered on operating expenses, which margin for the purposes of this section shall be equal to the general rate of return on common equity determined as described in subdivision A 2 of this section. The Commission shall only approve such a petition if it finds that the program is in the public interest. As part of such cost recovery, the Commission, if requested by the utility, shall allow for the recovery of revenue reductions related to energy efficiency programs. The Commission shall only allow such recovery to the extent that the Commission determines such revenue has not been recovered through margins from incremental off-system sales as defined in § 56-249.6 that are directly attributable to energy efficiency programs.

Section 56-576 of the Code defines "in the public interest" as follows:

> *"In the public interest,"* for purposes of assessing energy efficiency programs, describes an energy efficiency program if, among other factors, the net present value of the benefits exceeds the net present value of the costs as determined by the Commission upon consideration of the following four tests: (i) the Total Resource Cost Test; (ii) the Utility Cost Test (also referred to as the Program Administrator Test); (iii) the Participant Test; and (iv) the Ratepayer Impact Measure Test. Such determination shall include an analysis of all four tests, and a program or portfolio of programs shall not be rejected based solely on the results of a single test. In addition, an energy efficiency program may be deemed to be "in the public interest" if the program provides measurable and

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verifiable energy savings to low-income customers or elderly customers.

Phase III Programs

Consistent with our decision in Dominion Virginia Power's 2011 DSM Proceeding, we evaluated the Company's Petition to determine whether the proposed Phase III Programs are "in the public interest" under § 56-585.1 A 5 of the Code, by considering the four tests discussed in § 56-576 of the Code (Total Resource Cost Test, Utility Cost Test, Participant Test, and Ratepayer Impact Measure Test), as well as other relevant factors, one being the impact on customers' bills, particularly the bills of customers not participating in the programs ("non-participants"). While we approve the proposed Phase III Programs subject to specific requirements, as discussed below, we remain concerned about the impact of the total costs of the programs on the Company's customers, particularly non-participants, who make up the majority of the Company's customers.

The Commission finds the proposed Non-residential Heating & Cooling Efficiency Program and the proposed Non-residential Solar Window Film Program to be in the public interest. However, the Commission shares certain concerns raised by participants in this proceeding with regard to the proposed Non-residential Lighting Systems & Controls Program. Specifically, in its prefiled testimony and during the hearing, Staff recommended that certain measures be excluded from the Non-residential Lighting Systems & Controls Program.[27] Consumer Counsel agreed with Staff's concerns.[28] We note, in particular, Staff's expressed concerns related to using Standard T12 (115 W) fluorescent fixtures as baseline measures ("T12 baseline measures"), given that the manufacture of these requisite lamps was prohibited by

[27] *See* Ex. 24 (Carsley) at 12-15; Tr. 421-22 (Carsley).

[28] Tr. 152.

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federal regulation as of July 14, 2012.[29] Staff also expressed a related concern as to whether it is appropriate to use ratepayer money to fund the replacement of fixtures that are being phased out as a result of federal energy efficiency standards that are currently in place, specifically with regard to the T12 baseline measures.[30]

We have considered the reasonableness of certain assumptions underlying the T12 baseline measures, which are characterized by significant uncertainties, such as the length of time that the T12 fixtures at issue will be available in the market or stockpiled by potential participants,[31] the levels of participation in this program,[32] and the energy savings that will be produced.[33] Accordingly, we share Staff's concerns that the Company may have overestimated the energy savings that will result from including Standard T12 (115 W) fixtures as baseline measures in this proposed Phase III DSM program.[34]

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[29] *See* Ex. 24 (Carsley) at 13-14; Tr. 423 (Carsley). *See* 10 C.F.R. § 430.32(n)(3).

[30] *See* Tr. 423-24 (Carsley). This concern is made even more significant by the fact that the incentives for the T12 baseline measures are approximately 22% of the total incentive costs budgeted for the five years of the proposed Non-residential Lighting Systems & Controls Program (and 41% of total incentive costs in years 2014, 2015 and 2016). *See* Ex. 32; Tr. 425 (Carsley); and Tr. 553 (Pickles).

[31] Tr. 435-37 (Carsley).

[32] The Staff noted that the Company performed no sensitivity analysis on varying levels of participation. *See* Ex. 24 (Carsley) at 12; Tr. 272-73 (Newcomb).

[33] The Staff noted that, according to the Mid-Atlantic Technical Reference Manual ("Mid-Atlantic TRM"), energy savings attributed to retrofits of Standard T12 fluorescent lamps with T8 fluorescent lamps should be assumed for a period of only 5 years for a retrofit occurring in 2014. Ex. 24 (Carsley) at 14. The Staff noted further that the Mid-Atlantic TRM recommends attributing no energy savings for the same retrofits in 2017 and beyond. *Id.* The Staff expressed related concerns regarding the Company's weighted average assumptions modeled in its cost/benefit analysis for the Non-residential Lighting Systems & Controls Program over the entire 25-year planning period, particularly with regard to the T12 baseline measures. Staff specifically stated that one problem that arises from the T12 baseline measures is that the energy and demand savings that would occur on a short, one-time basis (as described above) are attributed to the program for a weighted average measure life of nine years and are also assumed to reoccur throughout the entire 25-year planning period of the model. *Id.* at 15. *See also* Tr. 472-73.

[34] *See* Ex. 24 (Carsley) at 14-15.

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While we do not reject any particular measures in the Company's proposed Phase III Programs, we find that in order for the Non-Residential Lighting Systems & Controls Program to be in the public interest, the five-year cost cap proposed by the Company for the Phase III Programs should be reduced by an amount equal to 50 percent of the Company's planned O&M expenses for the Non-Residential Lighting Systems & Controls Program.[35] In addition, the amount of common costs and potential lost revenues in the cost cap shall be reduced accordingly. This does not affect the O&M expenses for the other Phase III Programs in the Company's proposed cost cap. Accordingly, we approve the proposed Phase III Programs, subject to a total cost cap of $71,610,689 for the five-year period.[36] We approve a Rate Year revenue requirement of $995,687 for Rider C1A and $29,903,474 for Rider C2A, for a total of $30,899,161.

DSM Design Costs

At the hearing, Staff expressed concerns with the method by which the Company tracks and codes its DSM-related costs, particularly design costs related to future programs.[37] While the Company has proposed to track design costs, going forward, by phase,[38] Staff believes that it

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[35] In so doing, we also have taken into consideration Staff's testimony that Staff was not able to determine if the Non-residential Lighting Systems & Controls Program, without the T12 baseline measures, would be cost-effective, as well as Consumer Counsel's inability to support the proposed Non-residential Lighting Systems & Controls Program as a whole. *See* Ex. 24 (Carsley) at 17; Tr. 421 (Carsley); Tr. 604-05.

[36] The cost cap approved herein includes all potential costs of the program – including, but not limited to, operating costs, lost revenues, common costs, return on capital expenditures, margins on O&M, and EM&V costs. Moreover, as discussed in our Orders in the 2011 and 2012 DSM Proceedings, Dominion Virginia Power must provide support to establish the reasonableness of actual expenditures in subsequent cases involving its DSM Programs, and Dominion Virginia Power has not requested herein – nor have we approved – recovery of any lost revenues for this program. Furthermore, this cap may be exceeded by a maximum of 5% without being in violation of this Order. As we stated in our Order in the 2011 DSM Proceeding, we do not guarantee recovery by Dominion Virginia Power of the total amount of the approved cost cap. *See* 2012 S.C.C. Ann. Rept. at 301, n. 20. Finally, Dominion Virginia Power represented at the hearing that the Company will not seek recovery of lost revenues for the years prior to, and including, the test years considered in the Company's most recent biennial review. *See* Tr. 182-83.

[37] Tr. 404-5 (Ellis).

[38] Ex. 35 (Turner Rebuttal) at 8.

is more appropriate to track design costs by program.[39] We adopt Staff's proposal to require the Company to track design costs by program, to the extent possible.[40] We share Staff's concern that without the ability to allocate design costs to a specific program, it is not possible to say with certainty that only the design costs related to approved DSM programs are included in the RACs.[41]

Non-residential Energy Audit Program

We approve the Company's proposed enhancements to the Non-residential Energy Audit Program.

Riders C1A and C2A

As stated above, we approve a total revenue requirement of $30,899,161 for Riders C1A and C2A for the Rate Year associated with the Proposed Phase III Programs, the Phase II Programs, the EV Pilot Program, and the calendar year 2012 true-up of costs. Consistent with the Commission's findings in Dominion Virginia Power's 2013 biennial review proceeding[42] and the Commission's orders in the Company's most recent RAC updates pursuant to § 56-585.1 A 6 of the Code,[43] the calculation of margins on operating expenses attributable to the energy

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[39] Tr. 406 (Ellis).

[40] *See* Tr. 414, 416 (Ellis).

[41] *See* Tr. 405 (Ellis).

[42] *See Application of Virginia Electric and Power Company, For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2013-00020, Doc. Con. Cen. No. 131130148, Final Order (Nov. 26, 2013).

[43] *See Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider W, Warren County Power Station, for the rate year commencing April 1, 2014*, Case No. PUE-2013-00065, Doc. Con. Cen. No. 140230053, Final Order (Feb. 28, 2014); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider B, Biomass Conversions of the Altavista, Hopewell and Southampton Power Stations, for the rate year commencing April 1, 2014*, Case No. PUE-2013-00060, Doc. Con. Cen. No. 140310403, Final Order (Mar. 14, 2014); *Application of Virginia Electric and Power Company, For revision of rate adjustment clause: Rider S, Virginia City Hybrid Energy Center for the rate year commencing April 1, 2014*, Case No. PUE-2013-00061, Doc. Con. Cen. No. 140320001, Final Order (Mar. 14, 2014).

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efficiency programs, projected to be incurred during the Rate Year, shall be based on an ROE of 10.0%, and the true-up portion of the Rate Year revenue requirement shall reflect an overall cost of capital of 7.653% for the margin on operating expenses. Finally, we approve the Company's proposed cost allocation and rate design.[44]

Protective Ruling

After considering the pleadings and argument received on this matter, the Commission finds that the following paragraphs in the Protective Ruling in this case shall be modified as follows:

> (5) Confidential Information from this proceeding that is retained by an attorney pursuant to Paragraph (18) (a), below, is not precluded from use in a subsequent Commission proceeding (if otherwise relevant and admissible), but shall remain subject to this Protective Ruling and any future order or ruling related thereto. Otherwise, ~~All~~ all Confidential Information filed or produced by a party shall be used solely for the purpose of this proceeding (including any appeals).
>
> (6) Access to Confidential Information shall be provided and specifically limited to Staff and any party, their counsel and expert witnesses, and to support personnel working on this case or a future case, subject to the conditions in Paragraphs (5), (18)(a), and (18)(b), under the supervision of said counsel or expert witnesses and to whom it is necessary that the Confidential Information be shown for the purpose of this or a future proceeding, provided each such person granted access has previously executed an Agreement to Adhere to Protective Ruling ("Agreement"), which is set forth as Attachment A to this Protective Ruling. Staff and Staff counsel are not required to sign the Agreement, but are hereby ordered to preserve the confidentiality of the Confidential Information. All Agreements shall be promptly forwarded to the producing party and Staff counsel, and filed with the Clerk of the Commission upon execution.
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> * * *
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> (18) (a) Attorneys may retain Confidential Information contained in their notes, other work product, and documents that are part of the record in this proceeding (including, but not limited to, transcripts, testimony, exhibits, pleadings, rulings, and orders), provided that Confidential Information contained therein must continue to be treated as directed by this Protective Ruling.

[44] *See* Exs. 18 (Rice Direct) and 37 (Crouch Rebuttal).

(b) If not covered by (a), above, ~~At~~ at the conclusion of this proceeding (including any appeals), any originals or reproductions of any Confidential Information produced pursuant to this Protective Ruling shall be returned to the producing party~~, if requested by the producing party,~~ or destroyed. In addition, at such time, any notes, analysis or other documents prepared containing Confidential Information shall be destroyed. At such time, any originals or reproductions of any Confidential Information, or any notes, analysis or other documents prepared containing Confidential Information in Staff's possession, will be returned to the producing party, destroyed or kept with Staff's permanent work papers in a manner that will preserve the confidentiality of the Confidential Information. The producing party shall also retain all Confidential Information for a period of at least five (5) years after the conclusion of this proceeding (including any appeals). Insofar as the provisions of this Protective Ruling restrict the communications and use of the Confidential Information produced thereunder, such restrictions shall continue to be binding after the conclusion of this proceeding (including any appeals) as to the Confidential Information.

(19) Any party or person who obtains Confidential Information and thereafter fails to reasonably protect or misuses it in any way shall be subject to sanctions as the Commission may deem appropriate, including the penalties provided for in § 12.1-33 of the Code of Virginia. This provision is not intended to limit the producing party's rights to pursue any other legal or equitable remedies that may otherwise exist.

* * *

(20) (d) ~~The party shall return or destroy a~~All documents containing extraordinarily sensitive information shall be returned, destroyed, or retained pursuant to the same requirements set forth for Confidential Information, upon conclusion of the proceeding, and any appeal thereof.

We find that the above modifications will, at this time, provide for reasonable treatment, use, and protection of confidential information. As directed above, retention of confidential information is limited to attorneys, who have continuing responsibilities as officers of the court.[45] The modifications do not preclude confidential information from being used in subsequent Commission proceedings – if otherwise relevant and admissible – and such information remains subject to this Protective Ruling, as well as any future order or ruling related thereto. The modifications also require the producing party to retain confidential information for

[45] *See, e.g.*, Rules of the Supreme Court of Virginia, Pt. 6, § II.

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at least five years so that such information, for example, would be reasonably available for subsequent discovery purposes. In addition, along with modifying the retention and use of confidential information, we find that it is reasonable to modify the penalty provision, as set forth above, which is included as part of the Protective Ruling. The Commission may, in the future, adopt new procedures as circumstances warrant.

Finally, the above changes also require conforming modifications to the two Agreements to Adhere to Protective Ruling in this case:

AGREEMENT TO ADHERE TO PROTECTIVE RULING
PROVIDING FOR CONFIDENTIAL TREATMENT

I, _____, on behalf of and representing _____, hereby acknowledge having read and understood the terms of the Protective Ruling and Additional Protective Treatment for Extraordinarily Sensitive Information ("Protective Ruling") entered in this proceeding on October 16, 2013, and revised on January 29, 2014, and as further modified by the Commission's Final Order in this case, and agree to treat all Confidential Information that I receive in connection with Case No. PUE-2013-00072 as set forth in that Protective Ruling and the Commission's order. Such treatment shall include, but not be limited to: (1) not disseminating, communicating or revealing any Confidential Information to any person, other than Staff, not specifically authorized to receive Confidential Information under that Protective Ruling; ~~and~~ (2) if an attorney licensed to practice law in Virginia, admitted *pro hac vice* in this case, or employed as corporate counsel, returning or destroying all Confidential Information produced pursuant to that Protective Ruling except for the attorney's notes and work product, and documents that are part of the record in this proceeding (including, but not limited to, transcripts, testimony, exhibits, pleadings, rulings, and orders); and (3) if not covered by (2), above, returning or destroying all Confidential Information produced pursuant to that Protective Ruling.

* * *

AGREEMENT TO ADHERE TO THE PROTECTIVE RULING
AND ADDITIONAL PROTECTIVE TREATMENT FOR
EXTRAORDINARILY SENSITIVE DSM CONTRACTS
AND PRICES INFORMATION

I, _____, on behalf of and representing _____, hereby acknowledge having read and understood the terms of the Commission's

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Protective Ruling and Additional Protective Treatment for Extraordinarily Sensitive Information ("Protective Ruling"), entered in this proceeding on October 16, 2013, and revised on January 29, 2014, and further modified by the Commission's order in this case, and agree to treat all extraordinarily sensitive information that I receive in connection with Case No. PUE-2013-00072 as set forth in that Protective Ruling and the Commission's Final Order. The persons signing this Agreement attest that they are (a) in-house counsel, and/or parties who are not engaged in the business of providing services related to DSM programs or the equipment required to implement such programs within Virginia or the Company's service territory; (b) outside retained counsel; or (c) individual outside consultants who have been retained by a party for the purpose of providing consulting services and/or expert testimony in this proceeding. The treatment shall include, but not be limited to: (1) not disseminating, communicating, or revealing any extraordinarily sensitive information to any person, other than Staff, not specifically authorized to receive extraordinarily sensitive information under that Ruling; (2) oral testimony concerning the extraordinarily sensitive information will be taken *in camera*; (3) if an attorney licensed to practice law in Virginia, admitted *pro hac vice* in this case, or employed as corporate counsel, returning or destroying all documents containing extraordinarily sensitive information upon conclusion of the proceedings, and any appeal thereof except for the attorney's notes and work product, and documents that are part of the record in this proceeding (including, but not limited to, transcripts, testimony, exhibits, pleadings, rulings, and orders); (4) if not covered by (3) above, returning or destroying all extraordinarily sensitive information produced pursuant to that Protective Ruling; and (45) no party or consultant may use the extraordinarily sensitive information to give any party or any competitor of any participant a commercial advantage; provided, however, that nothing in this agreement shall prevent any person signing this agreement from using the extraordinarily sensitive information in this proceeding consistent with the terms of this agreement and the Protective Ruling.

As a result, any party wishing to retain information under the Protective Ruling, as modified herein, must complete the appropriate modified Agreement to Adhere to Protective Ruling as set forth above.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Petition is hereby granted in part and denied in part as set forth herein.

(2) The Company shall forthwith file revised tariffs, designed to recover a revenue requirement of $995,687 for Rider C1A and $29,903,474 for Rider C2A, and terms and

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conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order.

(3) Riders C1A and C2A as approved herein shall become effective, for service rendered on and after May 1, 2014, and for billing purposes, 15 calendar days following the issuance of this Order.

(4) On or before September 1, 2014, the Company shall file its application to continue Riders C1A and C2A.

(5) The Company is directed to submit, with every DSM filing going forward, an exhibit similar to Exhibit 5, which the Company filed subsequent to the hearing in this case at the Commission's direction. The Company shall work with Staff in preparing this pre-filed exhibit, which shall, at a minimum, contain the same categories of information included in Exhibit 5 for all DSM programs proposed by the Company as of the date of each subsequent DSM filing.

(6) The Protective Ruling shall be modified as directed herein, and any party wishing to retain information under the Protective Ruling, as modified herein, must complete the appropriate modified Agreement to Adhere to Protective Ruling.

(7) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.

Exhibit 25

PUBLIC VERSION

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 26, 2013

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APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2013-00020

For a 2013 biennial review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia

FINAL ORDER

On March 28, 2013, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Dominion" or "Company") filed an Application with the State Corporation Commission ("Commission") for a biennial review of the Company's rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to Va. Code § 56-585.1 A and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* Pursuant to Va. Code § 56-585.1 A 8, "[t]he Commission's final order regarding such biennial review shall be entered not more than eight months after the date of filing, and any revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order."

On April 17, 2013, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case and directed Dominion to provide public notice of this matter.

The following parties filed notices of participation: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Fairfax County Board of Supervisors ("Fairfax County"); Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club; Department of the Navy on behalf of all Federal Executive Agencies

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("FEA"); MeadWestvaco Corporation; Apartment and Office Building Association of Metropolitan Washington ("AOBA"); Chaparral (Virginia) Inc.; Wal-Mart Stores East, LP, and Sam's East, Inc. (collectively, "Wal-Mart"); The Kroger Co.; Utility Management Services, Inc. ("UMS"); and the Virginia Committee for Fair Utility Rates ("Committee").

The Commission held a public evidentiary hearing on the following days: September 17, 18, 19, 20, 25, 26, 27, and 30, 2013. The Commission received testimony from witnesses on behalf of the participants and admitted over 100 exhibits. The Commission also received testimony from public witnesses, in addition to written comments from the public in this case.

On or before October 29, 2013, the following participants filed post-hearing briefs: Dominion;[1] Fairfax County; AOBA; Wal-Mart; FEA; UMS; Committee; Consumer Counsel; and the Commission's Staff ("Staff").

NOW THE COMMISSION, upon consideration of this matter, including all applicable legal requirements, is of the opinion and finds as follows.

This is Dominion's second biennial review under § 56-585.1 A and covers the 2011-2012 historical two-year period. Dominion's first biennial review was for 2009-2010.[2] In the first biennial review, the Commission: (1) determined that Dominion generated $201.8 million of excess earnings for 2009-2010, which was 141 basis points above the previously-determined fair rate of return on common equity ("ROE"); and (2) approved a new ROE of 10.9%, which was comprised of a market cost of equity of 10.4% plus 50 basis points previously required by statute

[1] Dominion also filed a document titled "Voluntary Agreement of Virginia Electric and Power Company" on October 17, 2013.

[2] *Application of Virginia Electric and Power Company, For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2011-00027, 2011 S.C.C. Ann. Rept. 456, Final Order (Nov. 30, 2011) ("*2011 Biennial Review*"), *aff'd sub nom. Virginia Elec. and Power Co. v. State Corp. Comm'n*, 284 Va. 726, 735 S.E.2d 684 (2012) ("*VEPCO v. SCC*").

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for a renewable energy portfolio standard ("RPS") performance incentive.[3] These results from the first biennial review are relevant because: (1) the statute directs the Commission to reduce base rates under certain circumstances if Dominion earns more than 50 basis points above a fair ROE in two consecutive biennial reviews;[4] and (2) the 10.9% ROE determined in the first biennial review applies to the instant 2011-2012 biennial review period.[5]

"EARNED" RETURN

The Commission is required to determine whether the Company has, during the test period or periods under review, considered as a whole, "earned more than 50 basis points below [or above] a fair combined rate of return on its generation and distribution services . . . as determined in subdivision 2 . . . ."[6] Based on the ROE determined in Dominion's first biennial review, the fair combined rate of return for purposes of the 2011-2012 biennial review period is 10.9%, which results in a ±50 basis points earnings band of 10.4% - 11.4%.

In order to determine Dominion's earned return for 2011-2012, we must rule on contested earnings adjustments related thereto.[7] The Commission makes the findings listed below, which we conclude are reasonable and supported by evidence in the record.

1. *Chesapeake/Yorktown Plant Impairments*. We approve the Company's plant impairment charges of $182.4 million[8] as recorded per books by Dominion for financial

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[3] *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 461, 464-465, *aff'd sub nom. VEPCO v. SCC*, 284 Va. at 744, 735 S.E.2d at 693.

[4] Va. Code § 56-585.1 A 8 (iii).

[5] *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 465, *aff'd sub nom. VEPCO v. SCC*, 284 Va. at 744, 735 S.E.2d at 693.

[6] Va. Code § 56-585.1 A 8 (i), (ii).

[7] In reaching the findings in this Final Order, the Commission reviewed and considered the extensive amount of evidence admitted in this proceeding, as well as the pleadings and briefs filed herein that (by themselves) comprise over 500 pages of this record.

[8] All amounts reflected in this order are on a Virginia jurisdictional basis unless otherwise noted.

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reporting purposes. Section 56-585.1 A 8, pursuant to recent amendments, requires approval of these costs "as recorded per books by the utility for financial reporting purposes and accrued against income . . . ." Thus, since we find that Dominion's per books recording of these costs was reasonable for financial reporting purposes, such charges must be approved herein.[9] This finding rejects Staff's: (a) proposed decrease to depreciation expense for 2011 of approximately $22.8 million; and (b) proposed increases to rate base for 2011 and 2012 of approximately $14.0 million and $13.9 million, respectively.

2. *Generation Capacity Uprates.* In this instance and based on the particular facts in this record, we find that generation capacity uprate investments shall be included in rate base as proposed by the Company.[10] This finding rejects Consumer Counsel's: (a) proposed elimination of depreciation expense for 2011 of approximately $2.6 million; (b) proposed elimination of depreciation and property tax expense for 2012 of approximately $5.2 million; and (c) proposed reduction to rate base for 2011 and 2012 of approximately $55.8 million and $163.8 million, respectively.

3. *2011 Depreciation Study.* We find that the new depreciation rates from the 2011 Depreciation Study should be implemented as of the date of such study. Thus, as recommended by Staff, 2012 depreciation expense and accumulated depreciation shall be increased to reflect implementation of Dominion's 2011 Depreciation Study as of January 1, 2012, which is coincident with the date of such study.[11] This finding increases depreciation

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[9] Section 56-585.1 D allows the Commission to determine the reasonableness of costs in connection with this proceeding: "Nothing in this section shall preclude the Commission from determining, during any proceeding authorized or required by this section, the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding."

[10] *See, e.g.*, Dominion's Post-Hearing Brief at 89-93.

[11] *See, e.g.*, Staff's Post-Hearing Brief at 48-51. The Company shall record an entry on its books to reflect this requirement.

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expense for 2012 by approximately $10.4 million and reduces rate base for 2012 by approximately $3.3 million.

4. *2006 Generation Depreciation Study.* The accumulated depreciation balance shall be increased, as recommended by Staff, for implementation of the 2006 generation depreciation study as of April 1, 2007, which is the date that the Company's generation function was reregulated.[12] This finding reduces rate base for 2011 and 2012 by approximately $13.3 million in each year.

5. *Capitalization of Generation Overhead Costs.* The earnings analysis shall be adjusted to reflect Staff's modified labor-based methodology for capitalization of generation overhead costs, which properly reflects the amount of overheads attributable to generation capital projects, and results in higher O&M expense and lower capital project costs than proposed by the Company effective January 1, 2012.[13] This finding increases O&M expense for 2012 by approximately $18.7 million and reduces rate base for 2012 by approximately $3.1 million.[14]

6. *Emissions Allowance Impairments.* We approve the Company's proposed emissions allowance impairment write-down in this instance. Although the specific federal pollution rule – for which this write-down was made – has been vacated, such action did not restore the market value of these purchased allowances.[15] This finding maintains the Company's impairment, as booked, of approximately $32.7 million. We reject Consumer Counsel's: (a) proposed reduction

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[12] *See, e.g.*, Staff's Post-Hearing Brief at 51-53. The Company shall record an entry on its books to reflect this requirement.

[13] *See, e.g.*, Staff's Post-Hearing Brief at 53-59; Ex. 38 (Myers direct) at 17-18.

[14] The Company shall record an entry on its books to reflect this requirement and shall prospectively book generation overheads based on our approved methodology.

[15] *See, e.g.*, Dominion's Post-Hearing Brief at 102-103.

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to emissions allowances expense of $31.3 million in 2011 and a proposed increase of $14.8 million in 2012; and (b) proposed increases to rate base of $15.2 million and $23.7 million in 2011 and 2012, respectively.

7. *Long-Term Incentive Plan Costs.* The portion of the Long-Term Incentive Plan payout ratio that exceeds 100% in any given year (in this case, 2011) shall be excluded from Dominion's cost of service for the earnings analysis.[16] This finding reduces O&M expense for 2011 by approximately $2.3 million.

8. *Cash Working Capital.* First, for the purpose of this biennial review, we approve Dominion's proposal to maintain § 56-585.1 A 5 rate adjustment clause ("RAC") expenses as part of the income statement portion of the lead/lag study for cash working capital ("CWC") requirements.[17] This finding increases 2011 rate base by approximately $500,000 and decreases 2012 rate base by approximately $200,000. Second, we approve Staff's adjustments to the lead/lag study to disallow CWC on the generation plant and emissions allowance impairments booked in 2011.[18] We agree with Staff that these impairments reduce the net book value to zero and, thus, a return should not be earned on these impairments and they should not be included in CWC.[19] This finding reduces 2011 rate base by approximately $12.0 million. Third, the refund liability attendant to Case No. PUE-2011-00027 shall be included in Dominion's CWC allowance determination as proposed by Staff.[20] Contrary to the Company's assertion, this treatment does not impose interest on refunds; rather, such treatment is necessary so that

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[16] *See, e.g.*, Staff's Post-Hearing Brief at 59-60; Ex. 60 (Smith direct) at 41.

[17] *See, e.g.*, Dominion's Post-Hearing Brief at 103-104.

[18] *See, e.g.*, Staff's Post-Hearing Brief at 62-63.

[19] *See, e.g.*, Ex. 33 (McLeod direct) at 14.

[20] *See, e.g.*, Staff's Post-Hearing Brief at 63-65.

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customers are not required to pay a return on customer-supplied capital that is required by statute to be credited back to such customers. This finding reduces 2011 and 2012 rate base by approximately $79.0 million and $27.0 million, respectively.

9. *Advertising*. Advertising expenses related to the Company's "Every Day Restoration," "Every Day Reliability," and "Every Day Bakery" advertisements shall be removed from Dominion's 2011 and 2012 cost of service and earnings review as recommended by Staff.[21] This finding reduces O&M expense for 2011 and 2012 by approximately $1.6 million and $2.3 million, respectively.

10. *Lobbying*. Income tax expense related to lobbying expense shall be corrected as recommended by Consumer Counsel and accepted by the Company.[22] This finding reduces income taxes for 2011 and 2012 by approximately $95,000 and $87,000, respectively.

11. *Biennial Review Rate Credits*. As ordered in Case No. PUE-2011-00027, all costs of the refunds required by Case No. PUE-2011-00027 – not just incremental costs – shall be borne by the Company, which, as proposed by Staff, removes such expense from Dominion's cost of service and earnings review.[23] This finding reduces 2012 O&M expense by approximately $423,000 and reduces 2012 rate base by approximately $54,000.[24]

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[21] *See, e.g.*, Staff's Post-Hearing Brief at 65-67. We note that Dominion, during the course of the proceeding, agreed to the removal of expenses related to the "Every Day Bakery" advertisement from the Company's cost of service. *See id.* at 66, n.241.

[22] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 64.

[23] *See, e.g.*, Staff's Post-Hearing Brief at 67-68.

[24] The Company shall record an entry on its books to reflect this requirement.

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Based on our findings in this case, Dominion earned, on average, an ROE of approximately 10.25% during the 2011-2012 biennial review period.[25]

DEFERRED COSTS

Section 56-585.1 A 8 requires the Commission, under specific circumstances, to authorize deferred recovery of certain costs and to allow the utility to amortize and recover such deferred costs over future periods as determined by the Commission:

> In any biennial review proceeding, the following utility generation and distribution costs not proposed for recovery under any other subdivision of this subsection, as recorded per books by the utility for financial reporting purposes and accrued against income, shall be attributed to the test periods under review: costs associated with asset impairments related to early retirement determinations made by the utility prior to December 31, 2012, for utility generation plant; costs associated with severe weather events; and costs associated with natural disasters. Such costs shall be deemed to have been recovered from customers through rates for generation and distribution services in effect during the test periods under review unless such costs, individually or in the aggregate, together with the utility's other costs, revenues, and investments to be recovered through rates for generation and distribution services, result in the utility's earned return on its generation and distribution services for the combined test periods under review to fall more than 50 basis points below the fair combined rate of return authorized under subdivision 2 for such periods . . . . In such cases, the Commission shall, in such biennial review proceeding, authorize deferred recovery of such costs and allow the utility to amortize and recover such deferred costs over future periods as determined by the Commission. The aggregate amount of such deferred costs shall not exceed an amount that would, together with the utility's other costs, revenues, and investments to be recovered through rates for generation and distribution services, cause the utility's earned return on its generation and distribution services to exceed the fair rate of return authorized under subdivision 2, less 50 basis points, for the combined test periods under review. . . . Nothing in this section shall limit the Commission's authority, pursuant to the provisions of Chapter 10

[25] As explained by Staff, in determining "earned" return for 2011-2012 in this biennial review, we utilize the capital structure agreed to for this purpose in the Stipulation and Addendum adopted in the "going-in" rate case, which was uncontested in this proceeding. *See, e.g.,* Staff's Post-Hearing Brief at 12, n.31; Ex. 63 (Oliver direct) at 1.

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> (§ 56-232 et seq.), including specifically § 56-235.2, following the review of combined test period earnings of the utility in a biennial review, for normalization of nonrecurring test period costs and annualized adjustments for future costs, in determining any appropriate increase or decrease in the utility's rates for generation and distribution services pursuant to clause (i) or (iii).

As discussed above, for the 2011-2012 biennial review period, the fair ROE is 10.9%, and the 50 basis-point range below that is 10.4%. We find that Dominion earned an ROE of 10.25% during this period, which is 15 basis points – or approximately $22.7 million – below 10.4%. The total costs "associated with asset impairments related to early retirement determinations made by the utility prior to December 31, 2012, for utility generation plant; costs associated with severe weather events; and costs associated with natural disasters" are over $400 million.[26] Thus, as required by this statute, we authorize deferred recovery of $22.7 million of these costs and direct the Company to amortize such costs over a one-year period beginning January 1, 2013, which we find reasonable in this instance.

FAIR RATE OF RETURN ON COMMON EQUITY

Section 56-585.1 A 2 requires the Commission to determine a fair ROE in each biennial review.[27] We follow a similar process in determining a fair ROE herein as we did in the Company's prior biennial review. First, we determine the market cost of equity under § 56-585.1 A 2. Next, we apply the statutory peer group ROE floor pursuant to § 56-585.1 A 2.

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[26] Va. Code § 56-585.1 A 8. *See also* Ex. 36 (Pate direct) at 6. These are total Company amounts and include amounts charged to both capital and expense including internal labor.

[27] In Dominion's first biennial review, we found that the ROE determined therein would be applied to the subsequent, *i.e.*, this instant, two-year biennial review. *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 465, *aff'd sub nom. VEPCO v. SCC*, 284 Va. at 744, 735 S.E.2d at 693. In 2013, the General Assembly codified this principle into § 56-585.1 A 8 as follows: "The fair combined rate of return on common equity determined pursuant to subdivision 2 in such biennial review shall apply, for purposes of reviewing the utility's earnings on its rates for generation and distribution services, to the entire two successive 12-month test periods ending December 31 immediately preceding the year of the utility's subsequent biennial review filing under subdivision 3." 2013 Va. Acts ch. 2.

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Finally, the Commission may increase or decrease ROE based on consideration of the Company's performance under certain circumstances as provided in § 56-585.1 A 2 c.

Market Cost of Equity

Section 56-585.1 A 2 states that the Commission shall determine fair rates of return on common equity and "may use any methodology to determine such return it finds consistent with the public interest . . . ."[28] We find that a market cost of equity of 10.0% fairly represents the actual cost of equity in capital markets for companies comparable in risk to Dominion seeking to attract equity capital. We conclude that this return is supported by evidence in the record and results in a fair and reasonable return on common equity.[29] Conversely, we further find that Dominion's proposed cost of equity of 10.5% to 11.5% represents neither the actual cost of equity in the marketplace nor a reasonable return on common equity for the Company.

We conclude that a market cost of equity of 10.0% is supported by reasonable proxy groups, growth rates, discounted cash flow methods, risk premium analyses, and gradualism in ROE determinations. For example, we find that Dominion's DCF analysis uses unreasonably high growth rates that upwardly skew the Company's results,[30] and that its risk premium analysis is flawed, including a projected 30-year Treasury bond yield of 5.10%, which is demonstrably unreasonable based on the record in this case.[31] In sum, we conclude that a market cost of equity of 10.0% satisfies the following constitutional standards as stated by Staff witness Oliver:

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[28] Va. Code § 56-585.1 A 2 a.

[29] *See, e.g.*, Staff's Post-Hearing Brief at 20-31; Fairfax County's Post-Hearing Brief at 2-9; FEA's Post-Hearing Brief at 12-26; AOBA's Post-Hearing Brief at 8-9, 14-18; Wal-Mart's Post-Hearing Brief at 3-7; Committee's Post-Hearing Brief at 14-34; Consumer Counsel's Post-Hearing Brief at 4-19; and Dominion's Post-Hearing Brief at 20-42. We also included in our analysis a broad range of economic factors addressed in the evidence.

[30] *See, e.g.*, Staff's Post-Hearing Brief at 23-25.

[31] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 7-10.

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"maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."[32]

We note that the 50 basis-point RPS "adder" that was automatically added to the market ROE set in the most recent biennial review has been repealed by the General Assembly and, thus, will not be added to the market ROE determined herein. We further note the Company recovers construction costs for several major generation construction projects through RACs, and in those RACs the Commission has approved, as directed by statute, an "adder" of 100 basis points (200 basis points for biomass), which is added to the market ROE for the RACs, and these "adders" will continue for the period approved in each case.[33]

Statutory Peer Group Floor

Virginia law next requires that the Commission calculate a statutory floor below which the authorized ROE cannot be set. Section 56-585.1 A 2 provides as follows:

> a. The Commission may use any methodology to determine such return it finds consistent with the public interest, but such return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.
>
> b. . . .In its final order regarding such biennial review, the Commission shall identify the utilities in such peer group it selected for the calculation of such limitation. For purposes of this subdivision, an investor-owned electric utility shall be deemed part of such peer group if (i) its principal operations are conducted in

[32] Ex. 63 (Oliver direct) at 15.

[33] Va. Code § 56-585.1 A 6. *See, e.g.*, Virginia City Hybrid Energy Center, Case No. PUE-2007-00066; Bear Garden Generating Station, Case No. PUE-2009-00017; Warren County Power Station, Case No. PUE-2011-00042; Brunswick County Power Station, Case No. PUE-2012-00128; Altavista, Hopewell and Southampton power stations (Biomass Conversions), Case No. PUE-2011-00073.

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> the southeastern United States east of the Mississippi River in either the states of West Virginia or Kentucky or in those states south of Virginia, excluding the state of Tennessee, (ii) it is a vertically-integrated electric utility providing generation, transmission and distribution services whose facilities and operations are subject to state public utility regulation in the state where its principal operations are conducted, (iii) it had a long-term bond rating assigned by Moody's Investors Service of at least Baa at the end of the most recent test period subject to such biennial review, and (iv) it is not an affiliate of the utility subject to such biennial review.

The participants contest the specific composition of the statutory peer group. In this regard, we find that Kentucky Utilities Company and Louisville Gas and Electric Company satisfy the above requirements for inclusion in the peer group, but that Entergy Gulf States Louisiana, L.L.C., does not because the evidence fails to establish that "its principal operations are conducted in the southeastern United States east of the Mississippi River in either the states of West Virginia or Kentucky or in those states south of Virginia, excluding the state of Tennessee . . . ."[34]

Next, in selecting the majority of the peer group utilities that will be used to calculate the statutory ROE floor, § 56-585.1 A 2 b directs as follows:

> In selecting such majority of peer group investor-owned electric utilities, the Commission shall first remove from such group the two utilities within such group that have the lowest reported returns of the group, as well as the two utilities within such group that have the highest reported returns of the group, and the Commission shall then select a majority of the utilities remaining in such peer group.

The participants differ on which utilities should comprise the "majority" to be selected by the Commission to determine the statutory floor. The majority that we select had, on average, a

[34] Va. Code § 56-585.1 A 2 b. *See, e.g.*, Fairfax County's Post-Hearing Brief at 17, 19-22; Committee's Post-Hearing Brief at 34-41, 46-49; Consumer Counsel's Post-Hearing Brief at 24-26, 29-32; the Staff's Post-Hearing Brief at 17-18, 19 at n. 56; FEA's Post-Hearing Brief at 6-7; and AOBA's Post-Hearing Brief at 15-16.

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return on average equity close to the ROE found fair and reasonable herein.[35] This results in a statutory floor below the ROE of 10.0% determined above.[36]

As we discussed in Dominion's first biennial review, the above statute clearly leaves the selection of this "majority" to the Commission's discretion. There is no ambiguity in the statute; thus, we do not reach questions of legislative construction or intent.[37] If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not.[38] We continue to find – as we did in the *2011 Biennial Review* – that it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. The plain language of the statute giving the Commission the discretion to select a majority in no manner precludes such a result. Moreover, we do not, and need not, find

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[35] We find, on the facts before us in this case, that it is reasonable to utilize returns on average equity for this purpose.

[36] Specifically, the statutory floor determined herein is 9.89% and is comprised of the following six companies: Progress Energy Carolinas, Inc., Duke Energy Carolinas, LLC, Mississippi Power Company, Entergy Mississippi, Inc., Florida Power & Light Company, and Gulf Power Company. (For a list of utilities, *see, e.g.,* Ex. 54 (Gorman direct) at Schedule 1.) In addition, the participants differ on whether Appalachian Power Company ("APCo") should be considered part of the peer group. The statutory floor majority, however, is comprised of the same six companies regardless of whether APCo is included as part of the total peer group; thus, we need not address APCo as part of this proceeding. We also note this is consistent with our finding in Dominion's first biennial review.

[37] *See, e.g., Brown v. Lukhard*, 229 Va. 316, 321, 330 S.E.2d 84, 87 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it. . . . Therefore, when the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (citations omitted); *School Bd. of Chesterfield County v. School Bd. of the City of Richmond*, 219 Va. 244, 250, 247 S.E.2d 380, 384 (1978) ("Where a statute is plain and unambiguous there is no room for construction by the court and the plain meaning and intent of the statute will be given to it." (citation omitted)); *Almond v. Gilmer*, 188 Va. 1, 14, 49 S.E.2d 431, 439 (1948) ("'The province of construction lies wholly within the domain of ambiguity.'" (citation omitted)).

[38] Moreover, the lack of a particular evaluation methodology for selecting a "majority" directly contrasts with the very specific criteria prescribed by the General Assembly in other parts of § 56-585.1 A 2. *See also VEPCO v. SCC*, 284 Va. at 741, 735 S.E.2d at 691 ("[W]e presume that where the General Assembly has not placed an express limitation in a statutory grant of authority, it intended for the Commission, as an expert body, to exercise sound discretion.").

that this is the only majority that is reasonable.[39] We conclude that the specific majority chosen herein is reasonable and does not violate any constitutional or statutory provision.

Performance Adjustment

Section 56-585.1 A 2 c states as follows:

> The Commission may, consistent with its precedent for incumbent electric utilities prior to the enactment of Chapters 888 and 933 of the Acts of Assembly of 2007, increase or decrease the utility's combined rate of return based on the Commission's consideration of the utility's performance.

This provision is discretionary. The General Assembly has given the Commission the discretion: (1) to apply, or not to apply, this performance adjustment; and (2) to decrease, as well as to increase, the otherwise fair rate of return on common equity. We decline to issue a performance adjustment under § 56-585.1 A 2 c – either positive or negative – based on the record in the current proceeding. Evidence in this record regarding generating unit performance and customer service indicates that Dominion is providing reliable and responsive service to its customers. The statute requires that an award of a performance "adder" to ROE be consistent with the Commission's past precedents. On the record before us in this case, we do not find that such an "adder" is justified based upon the statutory standard.[40] This ruling does not preclude a finding that a performance "adder" could be justified in a future biennial review.

Fair ROE

In sum, we conclude that the fair ROE for Dominion under § 56-585.1 A 2 is 10.0%. We find that this ROE is fair and reasonable to the Company within the meaning of the statute, permits the attraction of capital on reasonable terms, fairly compensates investors for the risks

[39] Indeed, the statutory floor selected in this case is not necessarily the lowest, or the highest, that could be selected consistent with the statute.

[40] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 34-51.

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assumed, enables the Company to maintain its financial integrity, and supports the concept of gradualism in ROE determinations.[41] This ROE will, among other things, serve as the fair combined rate of return against which Dominion's earned return will be compared in its next biennial review proceeding, which will cover the 2013-2014 two-year period.[42]

BASE RATES

Section 56-585.1 A 8 directs as follows in the event Dominion – as we find it did here – earned more than 50 basis points *below* an ROE of 10.9% in this biennial review:

> If the Commission determines as a result of such biennial review that:
>
> (i) The utility has, during the test period or periods under review, considered as a whole, earned more than 50 basis points below a fair combined rate of return on its generation and distribution services . . . , as determined in subdivision 2, without regard to any return on common equity or other matters determined with respect to facilities described in subdivision 6, the Commission shall order increases to the utility's rates necessary to provide the opportunity to fully recover the costs of providing the utility's services and to earn not less than such fair combined rate of return, using the most recently ended 12-month test period as the basis for determining the amount of the rate increase necessary. However, the Commission may not order such rate increase unless it finds that the resulting rates are necessary to provide the utility with the opportunity to fully recover its costs of providing its services and to earn not less than a fair combined rate of return on both its generation and distribution services, as determined in subdivision 2, without regard to any return on common equity or other matters determined with respect to facilities described in subdivision 6,

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[41] As required by statute, in setting ROE we have also considered and applied the requirements of Va. Code § 56-585.1 A 2 e, which mandates as follows:

> In addition to other considerations, in setting the return on equity within the range allowed by this section, the Commission shall strive to maintain costs of retail electric energy that are cost competitive with costs of retail electric energy provided by the other peer group investor-owned electric utilities.

In this regard, Staff witness Stevens presented comparisons of Dominion's rates to statutory peer group utilities. *See, e.g.,* Ex. 32 (Stevens direct) at 15-20 and Attachments.

[42] The fair ROE approved herein shall also apply to the Company's RACs under Va. Code §§ 56-585.1 A 5 and 6 effective November 30, 2013.

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> using the most recently ended 12-month test period as the basis for determining the permissibility of any rate increase under the standards of this sentence, and the amount thereof; . . . .

Thus, in this instance, the statute directs that: (1) the Commission "shall order increases to the utility's rates . . ."; and (2) the Commission "may not order such rate increase unless it finds that the resulting rates are necessary to provide the utility with the opportunity to fully recover its costs of providing its services and to earn not less than a fair combined rate of return . . . ." In order to make such determination, we will rule on additional rate case issues raised in this proceeding and determine whether Dominion has a revenue deficiency.

Rate Case Adjustments

The Commission makes the following findings, which we conclude are reasonable and supported by evidence in the record. In addition, since certain of these issues were also raised for decision outside of whether current rates are sufficient under § 56-585.1 A 8, the findings below note the instances in which such requirements shall be implemented notwithstanding whether rates are increased under such section.

1. *Major Storm Damage Expense*. We find that major storm damage expense shall not be included as a normalized expense for ratemaking.[43] Section 56-585.1 A 8, as quoted above, allows Dominion to defer and recover costs associated with "severe weather events" under certain circumstances. Since the Company equates major storm damage expense to "severe weather events,"[44] the statute ensures that Dominion has an opportunity to recover these costs; thus, we find that a normalized expense is not required for ratemaking purposes. This finding reduces rate year O&M expense by approximately $61.3 million.

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[43] *See, e.g.*, Staff's Post-Hearing Brief at 78-79; Committee's Post-Hearing Brief at 72-75. Non-major storm damage expense remains as an O&M expense in cost of service.

[44] We do not direct the Company to change this practice at this time.

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2. *Biomass O&M Expense.* O&M expenses associated with the operation of the Company's Altavista, Hopewell, and Southampton power stations (former coal-fired facilities converted to biomass) shall be allocated between base rates and Rider B based on a gross plant allocation methodology as presented by Staff.[45] The Company assigns the costs of (1) "legacy" facility assets and associated depreciation expense and property taxes to base rates, and (2) "major unit modification" facility assets and associated depreciation expense and property taxes to Rider B. Similarly, we find that it is likewise reasonable to allocate O&M expenses between "legacy" (base rates) and "major unit modification" (Rider B) facilities as presented by Staff.[46] This finding reduces rate year O&M expense by approximately $6.4 million.

3. *Discontinued Demand-Side Management Programs.* Base rates shall be reduced on a going-forward basis to account for three discontinued demand-side management ("DSM") programs as recommended by Staff.[47] Although the results of the *2011 Biennial Review* did not permit a rate change under § 56-585.1 A 8, the Commission increased base rates under § 56-585.1 A 3 in order to combine certain DSM RACs (former Riders C1 and C2) with base rates as required by that statute. Section 56-585.1 A 3, however, states that such RACs "shall be combined . . . *until* the amounts that are the subject of such [RACs] are *fully recovered*," and that "after such clauses are combined as herein specified, they shall thereafter be considered part of the utility's costs, revenues, and investments for the purposes of future biennial review proceedings." (Emphases added.) Thus, under terms of this statute: (1) since the costs of the three discontinued DSM programs have been "fully recovered," they shall no longer be

[45] *See, e.g.*, Staff's Post-Hearing Brief at 74-76.

[46] This finding shall be implemented notwithstanding whether rates are increased under Va. Code § 56-585.1 A 8.

[47] *See, e.g.*, Staff's Post-Hearing Brief at 72-74.

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combined with base rates;[48] and (2) the remaining programs that have not been "fully recovered" (and are still being provided to ratepayers) shall "be considered part of the utility's costs, revenues, and investments for the purposes of [this] biennial review proceeding[]."[49] As a result, rate year revenues will be approximately $5.2 million lower, and O&M expenses will be approximately $2.7 million lower.

4. *Transmission Depreciation Rates.* The average service lives for the following transmission function accounts shall be extended as recommended by Staff effective January 1, 2012: Land Rights, Overhead Conductors, Underground Conduit, and Underground Conductors.[50] This reduces the annualized Transmission depreciation accrual by approximately $3.0 million. Since it relates to transmission, however, this finding does not impact the combined generation and distribution cost of service.

5. *Nuclear Refueling Outage Expense.* As recommended by Staff, we will use the 2013-2014 average projected refueling outage O&M expense as a reasonable basis for setting the normal level of refueling outage O&M expense for the rate year.[51] This finding reduces rate year O&M expense by approximately $6.3 million.

6. *Warren County Power Station.* Capital expenditures related to the Warren County Power Station that were included in rate base in Dominion's 2009 "going-in" rate case should be removed eventually from rate base and reflected as though recovered in Rider W for rate year

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[48] Dominion does not contest that the costs of these three discontinued DSM programs have been fully recovered. *See, e.g.,* Ex. 86 (Schools rebuttal) at 54-59; Dominion's Post-Hearing Brief at 126-129.

[49] This finding shall be implemented notwithstanding whether rates are increased under Va. Code § 56-585.1 A 8, effective for usage on and after 60 days from the date of this Final Order.

[50] *See, e.g.*, Staff's Post-Hearing Brief at 46-48. This finding shall be implemented notwithstanding whether rates are increased under Va. Code § 56-585.1 A 8. The Company shall record an entry on its books to reflect this requirement.

[51] *See, e.g.*, Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 42-43.

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cost of service purposes. Since this change would result in a rate increase under Rider W, we agree with Consumer Counsel and the Committee that it is reasonable to make this change at a time when base rates are also adjusted.[52] For cost of service purposes, this would reduce rate base by approximately $25.9 million.

7. *Doswell Natural Gas Lateral Pipeline.* Lateral pipeline expenses associated with the Doswell non-utility generator should be reflected eventually for rate year purposes as though collected through the fuel factor. Similar to the finding immediately above, since this change would result in an increase to the fuel rate, we agree with the Committee that it is reasonable to make this change at a time when base rates are also adjusted.[53] For cost of service purposes, this would reduce O&M expense by approximately $7.7 million.

8. *Rider J.* Rider J provides a $4.00 monthly credit for allowing the Company to reduce load by interrupting water heater service, but enrollment therein has been closed since 1995, and the underlying technology no longer enables load interruption. We find that it is reasonable eventually to reflect the Company's proposed withdrawal of Rider J for rate year purposes. We also conclude that it is reasonable for the Company to withdraw Rider J when such change can be reflected in base rates. Similar to our two findings immediately above, since this change would result in a rate increase for certain customers without an offsetting decrease elsewhere, and costs are now collected through base rates, we agree with Consumer Counsel that it is reasonable to make this change at a time when base rates are also adjusted.[54] For cost of service purposes, the withdrawal of Rider J would represent an increase in revenues of approximately $2.8 million.

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[52] *See, e.g.*, Committee's Post-Hearing Brief at 69-71; Consumer Counsel's Post-Hearing Brief at 58.

[53] *See, e.g.*, Committee's Post-Hearing Brief at 69-71.

[54] *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 62; Staff's Post-Hearing Brief at 85.

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9. *Growth Adjustment*. We approve Staff's proposed revenue growth adjustment, which we find reasonably matches the rate year rate base adopted in this proceeding and the number of customers served by that investment.[55] This finding increases rate year revenues by approximately $58.3 million.

10. *Cost-Cutting Program*. The Company announced in 2013 that it is implementing a program to cut O&M expense, and we find that Staff's adjustment to reflect a rate year level of this initiative is reasonable.[56] This finding reduces rate year O&M expense by approximately $58.4 million.

11. *Rate Year Rate Base*. We find that Staff's proposed methodology for determining rate year rate base properly reflects what is reasonably predicted to occur during the rate year. Specifically, Staff's methodology: (1) uses a thirteen-month average of the Company's rate year projects (as opposed to the Company's June 30, 2014, point-in-time amount); (2) adjusts non-nuclear generation projects to a five-year actual spend average of 92.57%; (3) eliminates Allowance for Funds Used During Construction not recoverable in base rates; and (4) reflects anticipated rate year plant retirements.[57] This finding reduces rate year rate base for generation by approximately $145.8 million and increases rate year rate base for distribution by approximately $145.8 million.

Cost of Capital

Next, in order to determine whether the Company has a revenue deficiency, we must utilize a reasonable cost of capital.

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[55] *See, e.g.*, Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 33.

[56] *See, e.g.*, Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 44.

[57] *See, e.g.*, Staff's Post-Hearing Brief at 71-72, n.260; Ex. 38 (Myers direct) at 46-47.

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1. *Return on Common Equity.* We find that the fair ROE of 10% found above is reasonable for rate purposes herein.

2. *Cost of Debt.* We find that the proposed test period cost of debt is reasonable as set forth by Staff and the Company, except as discussed immediately below.

3. *Cost of Equity.* As more fully explained below, we conclude that the Company's weighted cost of equity is unreasonable based on the percentage of common equity (as opposed to debt) in its capital structure. Specifically, we find that Dominion's proposed ratemaking test period capital structure as of December 31, 2012, which reflects a common equity percentage of 55.02% for ratemaking purposes, is neither reasonable nor prudent. We find below that a reasonable common equity percentage for such purpose is 50%.[58]

Revenue Sufficiency

Based on our findings herein, we conclude that: (1) the Company requires approximately $4.87 billion in annual revenues to recover its cost of service and earn a fair return; and (2) the Company's current rates are designed to produce approximately $5.15 billion in annual revenues. Thus, under the terms of § 56-585.1 A 8 (i), a base rate increase is not "necessary to provide the utility with the opportunity to fully recover its costs of providing its services and to earn not less than a fair combined rate of return."

COST OF CAPITAL

As noted above, we find that for the purpose of setting rates, Dominion's proposed ratemaking cost of capital as of December 31, 2012, is not reasonable. In short, a utility's cost of capital is primarily comprised of its weighted (1) cost of debt, and (2) cost of equity, which

[58] In addition, in order to maintain the Company's total ratemaking capitalization and rate base investment at its current level, the decrease in the equity ratio shall be matched with a corresponding increase in the long-term debt ratio.

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incorporate the percentages of debt and equity in its capital structure, and the Company's customers must pay these costs. Since equity is typically more expensive than debt, an unreasonably high equity percentage results in an unreasonable cost of capital and an unreasonably high cost to ratepayers.[59] We conclude herein that Dominion's proposed equity percentage is unreasonably high, resulting in an unreasonable weighted cost of equity and, therefore, an unreasonable cost of capital.

Specifically, we find that Dominion's capital structure as of December 31, 2012, which reflects a proposed common equity percentage of 55.02% on a ratemaking basis, is neither reasonable nor prudent for the purpose of setting rates.[60] The Company's proposed 55.02% ratemaking equity ratio: (1) significantly exceeds the average equity ratio of its peers (including peers constructing nuclear plants); (2) is higher than necessary in order for Dominion to maintain reasonable credit ratings; (3) exceeds the Company's own financial targets; and (4) is higher than necessary for Dominion to raise capital on reasonable terms to meet its planned capital expenditures.[61] This unreasonably high equity percentage results in an unreasonable weighted cost of equity and an excessive cost of capital that will be borne by customers, and should be

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[59] For example, equity capital can be two-to-three times as expensive as debt capital on a revenue requirement basis. *See, e.g.*, Committee's Post-Hearing Brief at 54; FEA Post-Hearing Brief at 7.

[60] In addition, Dominion's credit ratings are based on the consolidated credit profile of its parent, Dominion Resources, Inc. ("DRI"). In comparison to Dominion's 52.5% equity ratio as determined on a GAAP basis, DRI's consolidated equity ratio on a GAAP basis is 35%. *See, e.g.*, Consumer Counsel's Post-Hearing Brief at 10-11.

[61] *See, e.g.*, Ex. 63 (Oliver direct) at 8-14; Staff's Post-Hearing Brief at 7-15; Committee's Post-Hearing Brief at 53-55; Consumer Counsel's Post-Hearing Brief at 14-16; AOBA's Post-Hearing Brief at 10-14; Fairfax County's Post-Hearing Brief at 14-15; FEA's Post-Hearing Brief at 11. Further, the Company's GAAP-based equity ratio of 52.5% also exceeds these metrics. Staff also noted that "Company witness Hevert calculates an average GAAP equity ratio of approximately 51% for both Staff and the Company's proxy group," and that Dominion's "55% ratemaking equity ratio, and 52.5% GAAP equity ratio, are also much higher than the 48% average GAAP equity ratio of the statutorily defined peer group." Staff's Post-Hearing Brief at 8-9.

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adjusted.[62] Based on the record, we find that a common equity percentage of 50% on a ratemaking basis is reasonable and prudent for the purpose of setting rates.[63]

The Company incorrectly suggests that the Commission has previously sanctioned its 55% equity percentage through prior financing orders. To the contrary, in providing Dominion prior financing approval, the Commission expressly:

- explained that "[a]n excessive percentage of equity in a capital structure could . . . result in unnecessary upward pressure on rates";[64]
- declared that "we anticipate and expect that [Dominion] will pursue the proper balance to avoid such results";[65]
- "direct[ed] our Staff to continue monitoring the elements which comprise the Company's capital structure to determine periodically whether this goal [of a proper balance between debt and equity] is being met";[66]
- did not direct any particular issuance of equity but, rather, approved financing authority so that Dominion would have "flexibility regarding the timing and amount of Common Stock issuances through 2010";[67] and
- emphasized that approval of such financing authority "does not represent a finding that any specific equity ratio is reasonable for subsequent ratemaking purposes."[68]

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[62] In the instant case, Staff presented testimony supporting a 48% equity ratio, and other participants also asserted that Dominion's equity percentage is excessive. *See, e.g.*, Ex. 63 (Oliver direct) at 8-14; Staff's Post-Hearing Brief at 3-15, 86-89; Committee's Post-Hearing Brief at 52-61; Consumer Counsel's Post-Hearing Brief at 14-18; Fairfax County's Post-Hearing Brief at 14-16; AOBA's Post-Hearing Brief at 10-14, 23-25; FEA's Post-Hearing Brief at 12. Although not the basis for our determination herein, Consumer Counsel also noted that the North Carolina Utilities Commission lowered Dominion North Carolina Power's equity ratio in 2012 for ratemaking purposes. *See, e.g.*, Tr. at 1141-1142.

[63] Under the facts of this case, we have found that, at this time, a common equity percentage of 55% for ratemaking is unreasonably high, and that 50% is reasonable for such purpose.

[64] *Application of Virginia Electric and Power Company and Dominion Resources, Inc., For expedited approval of authority to issue up to $3 billion in common stock to parent under Chapters 3 and 4 of the Code of Virginia of 1950, as amended*, Case No. PUE-2009-00100, 2009 S.C.C. Ann. Rept. 538, 540, Order Granting Approval (Oct. 30, 2009).

[65] *Id.*

[66] *Id.* at 541.

[67] *Id.*

[68] *Id.*

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Thus, in accordance therewith, we have found herein that Dominion did not exercise its financing flexibility to achieve a reasonable balance between debt and equity in its capital structure.

DOMINION'S PROPOSAL FOR RATE ADJUSTMENT CLAUSES

In order for the rates charged through Dominion's RACs under §§ 56-585.1 A 5 and 6 to be reasonable, such RACs must reflect a reasonable cost of capital. For this purpose, these RACs include a cost of capital (based on capital structure and cost rates), *i.e.*, financing costs, authorized by the Commission. Unlike base rates, RACs are trued-up after the fact – typically on a yearly basis – to reflect the reasonable costs incurred by the Company during the prior year. When a RAC is trued-up, Dominion uses the capital structure from the prior year to determine the reasonable financing costs incurred during that prior year.[69] Pursuant to this procedure, in four pending RAC proceedings, which include true-ups for 2012, Dominion proposed to use the equity ratio of 55.02%.[70] This would increase its financing costs in these RACs for 2012 and generate automatic rate increases for customers.

In the instant biennial review proceeding, however, Dominion filed a document titled "Voluntary Agreement of Virginia Electric and Power Company" in which it, among other things, proposed to use an equity ratio of 53.1% for the 2012 RAC true-ups in lieu of the Company's originally proposed ratemaking equity ratio of 55.02%.[71] Having found that a reasonable equity ratio for 2012 is 50%, not 53.1%, we reject the Company's proposal in this regard.

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[69] For example, in 2012, the calendar year 2011 revenue requirement for Rider S was trued-up based on the actual December 31, 2011 ratemaking capital structure. *See* Case No. PUE-2012-00071.

[70] *See* Case Nos. PUE-2013-00060, PUE-2013-00061, PUE-2013-00065, and PUE-2013-00072.

[71] *See* Dominion's October 17, 2013 Voluntary Agreement; Ex. 110.

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In addition, although Dominion proposed to lower the equity ratio for the 2012 RAC true-ups, the Company also asserted in this case that the Commission is statutorily prohibited from doing the same.[72] In this regard, we reject Dominion's claim that the General Assembly has authorized the Company to charge, and mandated that customers pay, unreasonable rates under the RACs unless the Company voluntarily agrees otherwise. To the contrary, the statute expressly permits the Commission to determine the reasonableness or prudence of *any* costs – incurred or projected to be incurred – sought to be charged to customers through the RACs. Specifically, § 56-585.1 D states in part as follows:

> *Nothing in this section* shall preclude the Commission from determining, during any proceeding authorized or required by this section, the reasonableness or prudence of *any* cost incurred or projected to be incurred, by a utility in connection with the subject of the proceeding. A determination of the Commission regarding the reasonableness or prudence of any such cost shall be consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 et seq.). (Emphases added.)

The §§ 56-585.1 A 5 and 6 RACs are approved under "proceeding[s] authorized or required by this section" (*i.e.*, § 56-585.1). Thus, under the express terms above, nothing in § 56-585.1 shall preclude the Commission from determining "the reasonableness or prudence of any cost incurred or projected to be incurred, by a utility in connection with" the RACs.[73]

Next, contrary to Dominion's assertion, we find that the Company's financing costs are "costs" under this statute. A utility's cost of capital, including its weighted cost of equity, is an actual cost recovered from ratepayers and is clearly a "cost incurred or projected to be incurred"

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[72] *See, e.g.*, Dominion's August 30, 2013 Legal Memorandum at 5-6.

[73] In addition, the determination of whether a utility's financing costs are reasonable is "consistent with the Commission's authority to determine the reasonableness or prudence of costs in proceedings pursuant to the provisions of Chapter 10 (§ 56-232 et seq.)." Va. Code § 56-585.1 D. Dominion does not assert that the Commission was prohibited – under Chapter 10 – from determining the reasonableness or prudence of its equity percentage and financing costs, and Chapter 10 clearly continues to allow such a determination.

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by the utility.[74] Financing costs include the weighted cost of equity determined by the percentage of common equity in the utility's capital structure and the reasonable ROE approved by the Commission. The statute does not require unreasonable financing costs to be included in the RACs.[75]

We also reject Dominion's assertion that § 56-585.1 A 10 prohibits the Commission from determining whether the financing costs sought to be included in the RACs are reasonable. As previously explained by the Commission, the discretion set forth in this particular provision – to use something other than the "actual" cost of capital – is applicable to proceedings under "clauses (i) and (iii) of subdivision 8."[76] As noted above, however, this is not the only provision that gives the Commission discretion to determine the reasonableness of costs to be charged to consumers. That is, Dominion's argument requires the Commission to ignore the additional discretion explicitly provided by the General Assembly in § 56-585.1 D. Moreover, § 56-585.1 A 10 does not include restrictive language that could by any means nullify the plain language in § 56-585.1 D.

In short, Dominion argues that § 56-585.1 A 10 trumps § 56-585.1 D for the RACs. Based on the unambiguous plain language of the two provisions, however, this cannot be so. The introductory phrase of § 56-585.1 D could not be more clear: "*Nothing* in this section shall

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[74] *See, e.g.*, Ex. 63 (Oliver direct) at 11; Staff's Post-Hearing Brief at 6-7; Committee's Post-Hearing Brief at 57-58.

[75] Indeed, Dominion acknowledges that its higher equity percentage results in additional financing costs (and higher rates) to consumers, and that it can be changed for the RACs. That is, Dominion also proposed to lower the financing costs for these RACs by applying a lower equity percentage. Specifically, as discussed above, Dominion requested the Commission to use 53.1% for 2012 in lieu of the Company's originally proposed ratemaking equity ratio of 55.02%, which Dominion states would result in $9.3 million *less* financing costs in rates being charged to customers under the RACs. *See* Dominion's October 17, 2013 Voluntary Agreement; Ex. 110.

[76] *See, e.g., Application of Virginia Electric and Power Company, For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019, Order on Commission Staff's Motion *In Limine* at 4, n.2 (July 14, 2009); *2011 Biennial Review*, 2011 S.C.C. Ann. Rept. at 462. These orders did not address Va. Code § 56-585.1 D.

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preclude the Commission from determining . . . ." (Emphasis added.) The General Assembly explicitly told us what has primacy. Section 56-585.1 D makes clear that nothing – "Nothing" – in § 56-585.1 (which includes § 56-585.1 A 10) shall prevent the Commission from determining the reasonableness, for this purpose, of costs in the RACs.

Dominion's argument – that the statute authorizes the Company to charge unreasonable rates in the RACs – relegates the General Assembly's use of the word "[n]othing" to mere surplusage and eviscerates the plain meaning of this provision. According to Dominion, "something" (in this instance, § 56-585.1 A 10) precludes the Commission from keeping unreasonable costs out of the RACs. The Company surprisingly argues that the General Assembly intended for customers to pay for *any* financing costs that Dominion chooses to include in the RACs, no matter how high or unreasonable. This not only re-writes the statute, it also fails to effectuate the intent of § 56-585.1 as a whole, which provides utilities with (at a minimum) a fair return, but also provides that customers do not have to pay, in this instance, for unreasonable or imprudent costs in the RACs.

TARIFFS

We find that the tariff requirements below are reasonable and supported by evidence in the record.[77]

1. *Participation in Demand Response Programs.* We approve Dominion's proposal to prohibit customers participating in Company-sponsored peak shaving, dynamic pricing, or curtailable service programs from simultaneously participating in PJM demand response ("DR") programs. We have considered the objections to such policy as set forth by UMS, but continue to conclude that allowing customers to participate in both Company- and PJM-sponsored DR

[77] As requested by Dominion, such tariff changes shall become effective for usage on and after 60 days from the date of this Final Order. *See, e.g.,* Dominion's Post-Hearing Brief at 131.

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programs improperly allows for a double, or overlapping, benefit, part of which is funded by other Dominion customers.[78] Thus, customers on Rate Schedules 10, CS, SG, DP-R, DP-1, and DP-2 shall not be permitted simultaneously to participate in any PJM DR program or Company-sponsored peak-shaving program.

2. *Closing Rate Schedules CS and LG.* We approve Dominion's proposal to close Rate Schedules CS and SG to new customers due to the limited number of customers taking service under these schedules, combined with the availability of the Company's Commercial Distributed Generation Program as an alternative tariff.[79]

3. *Revising Rate Schedule 10.* We find that the applicability and terms of contract proposals set forth by Dominion for Rate Schedule 10 are reasonable. We have considered the objections to this applicability change as set forth by UMS, but find that it is reasonable to make the peak demand applicability threshold for Schedule 10 consistent with that for Rate Schedules GS-3 and GS-4 since Schedule 10 is designed to be revenue neutral with GS-3 and GS-4.[80]

4. *Withdrawing Rate Schedule RTP.* We approve Dominion's request to withdraw Rate Schedule RTP. No customers currently take service under this tariff, and it is not available to new customers.[81]

5. *Combining Unbundled Rate Schedules.* We approve the Company's proposal to withdraw 21 unbundled rate schedules and to incorporate the provisions of such unbundled rate schedules into select bundled Rate Schedules 1, 5C, GS-1, GS-2, GS-3, GS-4, 27, and 28.[82]

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[78] *See, e.g., id.* at 131-135.

[79] *See, e.g., id.* at 135-136.

[80] *See, e.g., id.* at 136-138.

[81] *See, e.g., id.* at 138. As discussed above, however, we reject Dominion's request to withdraw Schedule J at this time.

[82] *See, e.g., id.* at 139-140.

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6. *Terms and Conditions.* We approve the Company's proposed grammatical and other minor changes to Terms and Conditions as shown on Filing Schedule 41. None of these changes impact miscellaneous service charges or facilities charge percentages, and Staff does not oppose such changes.[83]

7. *Rate Schedule 5P.* We find that UMS's request to include all § 501(c)(3) organizations in Schedule 5P unreasonably expands the breadth of this schedule beyond the purposes for which the rate was designed.[84] In addition, if the Company and a customer disagree on whether the customer properly fits in this schedule, the Commission's Rules of Practice and Procedure provide both formal and informal processes to resolve such matters.

8. *Rate Schedule GS-2T.* UMS requests that the Commission "reconcile the current disparity between GS-2T, which has a 100% demand ratchet, and GS-2, which has no demand ratchet."[85] We continue to find, however, that the current demand ratchet for GS-2T sends reasonable price signals for this schedule, which "is a voluntary rate and was designed to track costs more accurately and provide better price signals than the standard Rate Schedule GS-2."[86]

9. *Line Extension Plan.* We approve Dominion's proposed reforms to its line extension policy, which include certain revisions proposed by Staff and are designed to have a positive impact on distribution system reliability and to reduce the annual impact on customers requesting underground service.[87]

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[83] *See, e.g., id.* at 141.

[84] *See, e.g., id.* at 141-143.

[85] UMS's Post-Hearing Brief at 15.

[86] Dominion's Post-Hearing Brief at 144. Although we decline to implement UMS's proposed changes based on this record or to convene a working group on this matter, such finding does not preclude UMS, or any interested party, in the future from pursuing, issuing discovery on, and/or proposing specific tariff revisions attendant to these, or other, rate schedules.

[87] *See, e.g., id.* at 144-146.

Accordingly, IT IS ORDERED THAT:

(1) The Company's Application is granted in part and denied in part as set forth in this Final Order.

(2) The Company shall comply with the directives set forth in this Final Order.

(3) The Company shall forthwith file revised tariffs and terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(4) This case is dismissed.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219. A copy shall also be sent to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.

Exhibit 26

PUBLIC VERSION

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, NOVEMBER 30, 2011

CLERK'S OFFICE

2011 NOV 30 P 4: 27

DOCUMENT CONTROL

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2011-00027

For a 2011 biennial review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia

FINAL ORDER

On March 31, 2011, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("DVP" or "Company") filed an Application with the State Corporation Commission ("Commission") for a biennial review of the Company's rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia ("Code") and the Commission's Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 *et seq.* ("Rate Case Rules"). Pursuant to § 56-585.1 A 8 of the Code, "[t]he Commission's final order regarding such biennial review shall be entered not more than eight months after the date of filing, and any revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order."

The Company states that, as provided for in the Stipulation and Addendum in Case No. PUE-2009-00019 ("Stipulation"),[1] a rate of return on common equity ("ROE") earnings band of 11.4% to 12.4%, inclusive of a sixty (60) basis point Performance Incentive, is to be used for the purpose of reviewing the Company's earnings for the first two-year biennial review period of

[1] *Application of Virginia Electric and Power Company, For a 2009 statutory review of the rates, terms, and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia*, Case No. PUE-2009-00019, 2010 S.C.C. Ann. Rept. 301, Order Approving Stipulation and Addendum (March 11, 2010).

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2009-2010. DVP asserts that it has earned within the approved ROE earnings band for the two combined test periods on its generation and distribution services. As such, the Company claims that no rate credits are required to be issued pursuant to § 56-585.1 A 8 of the Code.[2] In addition, the Company requests that the Commission approve a 12.50% ROE for its generation and distribution services prospectively, beginning upon the effective date of the final order in this proceeding. The requested 12.50% ROE would be inclusive of a 100 basis point Performance Incentive that the Company seeks pursuant to § 56-585.1 A 2 c of the Code.[3]

On April 12, 2011, the Commission issued an Order for Notice and Hearing that, among other things, established a procedural schedule for this case and directed DVP to provide public notice of this matter.

The following parties filed notices of participation: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Fairfax County Board of Supervisors ("Fairfax County"); Chesapeake Climate Action Network, Appalachian Voices, and the Virginia Chapter of the Sierra Club (collectively, "Environmental Respondents"); Department of the Navy on behalf of all Federal Executive Agencies ("FEA"); Robert Vanderhye; Michel A. King; MeadWestvaco Corporation ("MeadWestvaco"); Apartment and Office Building Association of Metropolitan Washington ("AOBA"); Chaparral (Virginia) Inc. ("Chaparral"); and Virginia Committee for Fair Utility Rates ("Committee").

The Commission held the public evidentiary hearing on the following days: September 20, 21, 22, 23, 26, 27, and 28, 2011. The Commission received testimony from witnesses on behalf of various participants and received over 130 exhibits. The Commission

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[2] Ex. 2 (Application) at 5-6.

[3] *Id.* at 7-8.

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also heard testimony from public witnesses, in addition to receiving written and electronic comments from the public in this case.

On or before October 24, 2011, the following participants filed post-hearing briefs: DVP; Fairfax County; FEA; Robert Vanderhye; Environmental Respondents;[4] MeadWestvaco; Chaparral; AOBA; Committee;[5] Consumer Counsel; and the Commission Staff ("Staff").

NOW THE COMMISSION, upon consideration of this matter, including all applicable legal requirements, is of the opinion and finds as follows.

"EARNED" RETURN

Code of Virginia

This is the first biennial review for DVP pursuant to § 56-585.1 A of the Code. The Commission is required to determine whether the Company "has, during the test period or periods under review, considered as a whole, earned more than 50 basis points below [or above] a fair combined rate of return on both its generation and distribution services, as determined in subdivision 2 . . . ."[6] The parties to the Stipulation, in accordance therewith, assert that DVP's fair combined rate of return for purposes of this proceeding is 11.9%, which results in a ±50 basis points earnings band of 11.4% - 12.4%.

Accordingly, the first step of this biennial review is to determine DVP's earned return, which can lead to one of three statutory outcomes:

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[4] We grant Environmental Respondents' uncontested October 25, 2011 motion for leave to file a corrected appendix.

[5] We deny the Committee's November 8, 2011 motion seeking to designate Exs. 88C and 134C as non-confidential. At this time, as requested by DVP, we find that "the risk of harm of publicly disclosing the information outweighs the presumption in favor of public disclosure." *See* 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure. In addition, we deny for purposes of this proceeding Respondent King's November 28, 2011 motion seeking to designate Exs. 114C and 115C as non-confidential.

[6] Va. Code § 56-585.1 A 8 (i), (ii).

(1) If DVP earned below 11.4%, "the Commission shall order increases to the utility's rates necessary to provide the opportunity to fully recover the costs of providing the utility's services and to earn not less than such fair combined rate of return;"[7]

(2) If DVP earned above 12.4%, "the Commission shall … direct that 60 percent of the amount of such earnings … be credited to customers' bills;"[8] or

(3) If DVP earned between 11.4% - 12.4%, the Commission may not order a rate increase or credits to customers.

In addition, the outcome of this case directly affects whether base rates can be reduced in the future. Specifically, § 56-585.1 A 8 of the Code does not permit the Commission to reduce rates in this biennial review. Rather, the statute permits the Commission to reduce rates if we find that DVP has earned more than 50 basis points above a fair combined rate of return in two consecutive biennial reviews.[9]

This is a first-of-its-kind proceeding before the Commission. The Commission is statutorily directed to determine what the Company earned on a regulatory basis for the direct purpose of possibly impacting customers' bills today by raising rates or issuing rate credits, and of possibly implementing a base rate decrease in the future (during the next biennial review). This also is unlike annual informational filings previously required by the Commission, which analyzed earnings for different purposes and for different potential outcomes.[10] Thus, there is no direct prior precedent for this specific type of proceeding.

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[7] Va. Code § 56-585.1 A 8 (i).

[8] Va. Code § 56-585.1 A 8 (ii).

[9] Va. Code § 56-585.1 A 8 (iii).

[10] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 3.

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Motions to Strike

During the hearing, the Company made several motions to strike testimony submitted by parties to the Stipulation. The Company asserts that certain earnings adjustments proposed by participants in this case violate one or more of the provisions that such participants agreed to as part of the Stipulation. In this regard, the Stipulation contains the following provisions:

> 14. . . . For Earnings Test purposes in each of these biennial reviews, the earnings results of the two test periods will be netted together to determine total period earnings and each test period's rate base will be based on 13-month averages and each test period's capital structure will be based on end-of-test period. Earnings Test adjustments shall be based on the guidelines attached as Exhibit A to this Addendum. A list of all material accruals and out-of-period accounting entries will be included in each of these biennial review filings.
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> ***
>
> EXHIBIT A
>
> GUIDELINES FOR EARNINGS TEST ADJUSTMENTS
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> The biennial reviews, as provided for under Va. Code § 56-585.1 A 3, shall be primarily a per books evaluation of the Company's consolidated actual jurisdictional financial results for its generation and distribution services reflecting the aggregate actual costs incurred by the Company during the combined test periods under review. In general, the actual financial results of the Company will be adjusted only for differences between Generally Accepted Accounting Principles and regulatory accounting based on ratemaking practices previously established by the Commission in prior Virginia Electric and Power Company rate decisions.

We took such motions under advisement and permitted parties to introduce, cross-examine, submit rebuttal to, and brief issues related to such testimony; thus, all parties had a full opportunity to litigate the issues raised thereby. We need not grant the motions to strike.

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Rather, we will consider regulatory earnings proposals submitted by all participants – including the Company – under both the statute and the Stipulation.[11]

For example, the Company was the first party – in its Application – to propose significant regulatory earnings adjustments.[12] In addition, in order to determine DVP's earned return under the statute, both the Company and the Staff have proposed over 50 adjustments for each of the 2009 and 2010 calendar years.[13] Accordingly, for purposes of implementing the statute and determining the Company's earned return, we will look at DVP's booked earnings and make reasonable and prudent regulatory earnings adjustments thereto.[14]

In addition, for the signatories to the Stipulation, that document provides "guidelines" for their participation in the instant case. Those guidelines, among other things, state the signatories' agreement to treat this case in a manner: (i) that will be "primarily" a per books evaluation; and (ii) that, "[i]n general," will only include certain types of adjustments. The plain language thereof – by utilizing terms such as "guidelines," "primarily," and "[i]n general" – permits the signatories to proffer their regulatory earnings proposals as part of this case.

Moreover, the Company stated that the use of such terms in the Stipulation permits the signatories to propose "exceptions" that may not otherwise be referenced in the Stipulation. Specifically, DVP asserted that the Stipulation permits the parties thereto to propose "[s]upportable exceptions with merit."[15] While the Stipulation permits the signatories to propose

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[11] Some of the participants also discussed the application of the Rate Case Rules in determining the earned return under the statute. In that regard, we find: (1) the Rate Case Rules obviously cannot modify statutory requirements; and (2) the Rate Case Rules have been complied with herein (including any waiver provisions therein).

[12] *See, e.g.*, discussion of Rider T and Affiliate Fuel Balances, *infra*.

[13] *See, e.g.*, Tr. 967; the Staff's October 24, 2011 Post-Hearing Brief at 6.

[14] Moreover, although some parties discussed intent and construction of the applicable statutes, of the Stipulation, and of the Rate Case Rules, we find no ambiguity in any of the relevant provisions (except to the extent discussed below regarding the application of an RPS adder) and shall exercise our discretion under the plain meaning thereof.

[15] Tr. 1808.

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regulatory earnings adjustments that a signatory may deem has merit, the Commission must determine – as we do below – the merits thereof and which regulatory proposals should be approved for calculating the earned return under the statute. In addition, in calculating the earned return under the statute, the Stipulation contemplates a backward-looking analysis. In this regard, signatories may comply – and, indeed, have complied – therewith by submitting proposals that do not have their genesis in forward-looking earnings adjustments.

In sum, the Company and other participants in this case have submitted, in total, over 100 regulatory earnings proposals – the vast majority of which are uncontested and accepted by the Commission.[16] In the sections that immediately follow, we address specific contested proposals submitted separately by the Company and others for purposes of determining the earned return under § 56-585.1 A 8 of the Code.[17]

Affiliate Fuel Balances

We approve the Company's proposed regulatory earnings treatment of affiliate fuel balances. The Commission has previously approved affiliate agreements by which the Company's wholly-owned subsidiaries hold fuel inventories for DVP's use in the generation of electricity.[18] While not on the Company's books, we find that it is reasonable to include such inventories in rate base and will approve the adjustment to DVP's earnings for 2009 and 2010.[19] These fuel inventory balances are a reasonable cost of providing utility service and are held solely for the Company's use in the generation of electricity. This finding permits the Company

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[16] *See, e.g., id.* at 967-968; the Staff's October 24, 2011 Post-Hearing Brief at 6.

[17] On the limited number of significant regulatory earnings proposals from the Company and others addressed herein, we find that the Stipulation does not prohibit our consideration thereof. Unless adopted herein, any contested adjustment is denied.

[18] *See, e.g.,* DVP's October 24, 2011 Post-Hearing Brief at 23-26.

[19] We also note that, if the Stipulation prohibited regulatory earnings adjustments, the Company would not be permitted to request this proposed adjustment as approved herein.

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to include in rate base approximately $177 million and $187 million of fuel inventory costs for calendar years 2009 and 2010, respectively.[20]

Depreciation and Deferred Income Taxes

We approve the Company's proposed regulatory earnings treatment of accumulated depreciation and accumulated deferred income taxes, which does not reflect the depreciation rates included in a settlement approved by the Commission in 1998 (Case Nos. PUE-1996-00036 and PUE-1996-00296). Rather, we conclude that DVP's proposed accumulated depreciation and accumulated deferred income taxes are reasonable for purposes of determining the earned return in this proceeding. This finding permits the Company to include approximately $45 million in rate base for this item for each year of the two-year biennial review period.[21]

Charitable Contributions

Based on the totality of the circumstances, including the evidence in the record and the Stipulation, we approve DVP's proposal on charitable contributions. This finding approves the Company's proposed expenses in this regard of approximately $880,000, net of tax, over the two-year biennial period.[22]

Advertising

We will exclude from expenses certain advertising costs that we find do not meet the statutory standard.[23] Specifically, DVP failed to prove that certain advertising campaigns – while laudable in many respects – are, as required by statute, "required by law or rule or regulation, or . . . solely promote the public interest, conservation or more efficient use of

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[20] DVP's October 24, 2011 Post-Hearing Brief at 23.

[21] *See, e.g., id.* at 47.

[22] Ex. 133 (Schools rebuttal) at Schedule 9, pp. 5, 28.

[23] *See, e.g.,* the Staff's October 24, 2011 Post-Hearing Brief at 35-38.

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energy."[24] This finding reduces the Company's asserted expenses over the two-year biennial period by approximately $871,000.

Incentive Plans

The Company has an Annual Incentive Plan ("AIP") and a Long-Term Incentive Plan ("LTIP"), which it includes as part of its compensation expenses. The plans are established such that if the financial goals related to AIP and performance-based LTIP are met in full, the payout ratio of the plans is 100%. If the Company's financial goals are exceeded, however, the AIP and performance-based LTIP can be paid at a level greater than 100%.[25] The Company's Virginia jurisdictional level of total incentive compensation in the 2009 - 2010 biennial review period was approximately $116.3 million.[26]

Payout Ratio

We will exclude incentive plan costs that exceed a payout ratio of 100%. As explained by the Staff, "ratepayers should not bear any portion of payouts in excess of 100% because the benefit of the Company exceeding its *financial* goals accrues to the stockholder and as such, the stockholder should bear the cost."[27] In addition, we note that the Company proposed a similar adjustment on a going-forward basis in its prior base rate case.[28] Thus, for regulatory accounting purposes and to determine the earned return under the statute, DVP should not include in its cost of service – payable by ratepayers – any AIP and performance-based LTIP costs that exceed the

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[24] Va. Code § 56-235.2 A.

[25] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 14. Correspondingly, a failure to achieve financial goals may result in a lower than 100% payout ratio.

[26] Tr. 1000.

[27] The Staff's October 24, 2011 Post-Hearing Brief at 14 (internal quotes omitted) (emphasis in original).

[28] *See, e.g.*, *id.* at 14-15.

payout ratio of 100%. This finding reduces the Company's asserted expenses over the two-year biennial period by approximately $20.9 million.

Cost Sharing

We adopt the Company's proposal to include the remaining AIP and LTIP expenses for regulatory earnings purposes.[29] We find that these remaining expenses (after excluding amounts above the 100% payout ratio discussed above) are reasonable based on the facts presented in this case. This finding authorizes, for regulatory accounting purposes and to determine the earned return under the statute, approximately $95.3 million of incentive compensation expense for the two-year biennial review period.

Rider T

Pursuant to § 56-585.1 A 4, the Company recovers transmission-related costs pursuant to a rate adjustment clause ("RAC") (which the Company implements as "Rider T") previously approved by the Commission. Rider T is structured such that these costs are recovered dollar-for-dollar, which means that under- or over-recoveries are subsequently trued-up and collected from, or returned to, ratepayers.[30] In addition, the Commission has previously found – on two occasions – that (i) it is reasonable for DVP not to assess carrying charges (*i.e.*, earn a return) on such under- or over-recoveries, and (ii) DVP is not prevented from recovering its just and reasonable cost of transmission service if carrying costs are excluded.[31]

In its Application, however, DVP included a regulatory accounting adjustment to reflect Rider T under-recoveries in rate base as working capital costs. We reject DVP's proposal to

[29] *See, e.g.*, DVP's October 24, 2011 Post-Hearing Brief at 34.

[30] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 38.

[31] *See, e.g.*, *id.* at 38-39 (citing Case Nos. PUE-2009-00018 and PUE-2011-00044). We also previously explained, in Case No. PUE-2011-00044, that the federally-approved transmission charges recovered from retail ratepayers under Rider T reflect a rate set by the Federal Energy Regulatory Commission that includes a rate of return on investment.

recover carrying costs previously rejected by including such Rider T under-recoveries in rate base. Furthermore, DVP's proposed treatment is inconsistent with the plain language of the statute; the provisions of § 56-585.1 A of the Code governing biennial reviews limits such review to generation and distribution services. Thus, the only way for DVP to include Rider T costs in rate base is to re-cast and re-functionalize "these transmission-related deferrals as distribution costs."[32] Our finding on this issue reduces the Company's asserted rate base by approximately $11.8 million for calendar year 2009 and $39.2 million for calendar year 2010.

Gains on Pre-Issuance Hedges

The Company entered into hedging contracts that "were intended to mitigate interest rate risk associated with anticipated long-term debt issuances of (i) an offering originally planned for issuance in March 2010 with an expected life of 10-years, and (ii) an originally planned offering for issuance in August 2010 with an expected life of 30-years."[33] DVP, however, did not consummate either debt offering and "settled both hedging contracts for an aggregate gain to the Company of (i) $15.1 million in the case of the hedging contract associated with [an] unconsummated [proposed] 10 year debt offering, and (ii) $46.7 million in the case of the hedging contract associated with [an] unconsummated [proposed] 30 year debt offering, for a total gain of $61.8 million on both hedging contract settlements."[34] As a result, these gains represent a $61.8 million cash payment to the Company in 2010.

DVP proposed to amortize the realized gains over the 10- and 30-year anticipated issuance periods for regulatory earnings purposes. We approve regulatory earnings treatment that recognizes these gains when they were received. Thus, we find that it is reasonable, for

[32] *Id.* at 41.

[33] *Id.* at 18 (emphasis removed).

[34] *Id.* at 18-19.

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regulatory accounting purposes and to determine the earned return under the statute, to recognize these gains in 2010 – as opposed to amortizing such gains over the forecasted hypothetical lives of debt instruments that were never issued.[35] Since there were no actual issuances and no maturity dates, any amortization period related thereto would be unreasonably speculative. For example, it is unknown whether the debt, if it had been issued, would have actually had 10 and 30 year maturities, or whether such debt would have been recalled, retired, or refinanced over a different period.

In sum, as opposed to recognizing these gains over some necessarily fictitious period, we find that it is reasonable to recognize these gains in the year in which they were realized. This finding increases the Company's asserted 2010 Other Income by approximately $43.8 million.[36]

Voluntary Separation Plan

DVP and Dominion Resources Services, Inc. ("DRS") implemented a Voluntary Separation Plan ("VSP") in 2010, and both DVP and DRS incurred substantial severance, pension, and other costs associated with the VSP. In addition, "[b]ecause DRS provides services to [DVP], DRS allocated and billed to [DVP] a portion of the costs that DRS incurred for the program."[37] DVP's total cost for its VSP, including charges from DRS, was approximately $199.6 million in 2010.[38] The Company, however, made no regulatory earnings adjustment for these expenses.

We will match costs and savings for regulatory earnings purposes. That is, we find it reasonable – for regulatory accounting purposes in this case and to determine the earned return

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[35] *See, e.g., id.* at 18-26.

[36] Ex. 75.

[37] Committee's October 24, 2011 Post-Hearing Brief at 50.

[38] *See, e.g., id.*; the Staff's October 24, 2011 Post-Hearing Brief at 12.

under the statute – to match the specific costs of this severance program with the specific savings related thereto. Thus, we deny the Company's proposal to expense, for regulatory purposes, 100% of these costs in 2010. Rather, we conclude that it is appropriate for the amortization of the costs of this program to commence with – and to track – the realization of the savings related thereto in a manner that effectuates the matching of costs and savings.[39] Moreover, this finding provides the Company with a reasonable opportunity to recover its costs pursuant to this instant, and subsequent, biennial review proceedings.[40]

Based on the evidence presented, we find that the savings realized from the VSP began in 2010 and will match the costs thereof by the conclusion of 2011.[41] As a result, the Company shall include 12 months of the costs for regulatory purposes in 2011. This finding reduces the Company's asserted 2010 operating costs (and, in turn increases 2011 operating costs) by approximately $131.8 million, on a system basis.[42]

Test Period Earnings and Earned Return

Based on our findings in this case, DVP earned, on average, 13.31% during the 2009 through 2010 biennial review test period. As noted above, the fair rate of return under the Stipulation for purposes of this proceeding is 11.9%. Thus, for the 2009 and 2010 biennial period under review, DVP had excess earnings and, pursuant to § 56-585.1 A 8 (ii) of the Code, three results must now occur:

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[39] *See, e.g.,* the Staff's October 24, 2011 Post-Hearing Brief at 10-14; Committee's October 24, 2011 Post-Hearing Brief at 49-53; Consumer Counsel's October 24, 2011 Post-Hearing Brief at 32.

[40] *See, e.g.,* the Staff's October 24, 2011 Post-Hearing Brief at 13. We also note that in three prior DVP rate case decisions, where the Commission made findings on such issue impacting rate levels, "the Commission specifically determined that such costs should be amortized to match costs with savings." *See, e.g., id.* at 10 (citing Case Nos. PUE-1989-00035, PUE-1990-00023, and PUE-1992-00041).

[41] *See, e.g., id.* at 12-13.

[42] *Id.* at 12.

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(1) DVP retains 50 basis points of excess earnings over 11.9% (*i.e.*, 11.9% to 12.4%), which is approximately $71.5 million;

(2) DVP also retains 40% of excess earnings above 12.4%, which is approximately $52 million; and

(3) The remaining 60% of excess earnings above 12.4%, which is approximately $78.3 million, shall be credited to customers' bills.

CREDITS TO CUSTOMERS' BILLS

Section 56-585.1 A 8 of the Code directs in part as follows:

> (ii) ... Any such credits shall be amortized over a period of six to 12 months, as determined at the discretion of the Commission, following the effective date of the Commission's order, and shall be allocated among customer classes such that the relationship between the specific customer class rates of return to the overall target rate of return will have the same relationship as the last approved allocation of revenues used to design base rates;
> . . .
> [A]ny revisions in rates or credits so ordered shall take effect not more than 60 days after the date of the order.

We find that such credits to customers' bills, which must total not less than $78.3 million, shall: (1) be amortized over a period of six (6) months; (2) be based on each customer's usage during the calendar years 2009 and 2010; and (3) begin to take effect within sixty (60) days after the date of this Final Order.

In addition, such credits "shall be allocated among customer classes such that the relationship between the specific customer class rates of return to the overall target rate of return will have the same relationship as the last approved allocation of revenues used to design base rates."[43] Based upon the limited record on cost of service and allocation, and the requirements of § 56-585.1 A 8 (ii) and the evidence presented herein, we will allocate the credits to base rates as

[43] Va. Code § 56-585.1 A 8 (ii).

proposed by the Committee.[44] Accordingly, the Company shall allocate the credits among customer classes such that the relationship between the specific net operating income provided by each customer class has the same relationship as that in Case No. PUE-1992-00041.

We note, however, that utilizing data and net operating income relationships nearly twenty years old may significantly distort the current relative rates of return. For example, some customers in each class join or leave the system, economic conditions vary, usage patterns change, and cost allocation methodologies change, all of which can affect the earned rate of return by class. In Case No. PUE-1992-00041, residential customers were found to be providing a return below parity; *i.e.*, below the overall return, and the Commission then designed rates to move the classes toward parity. In the current case, the cost of service study filed by the Company shows the residential class providing a return slightly *above* parity, while certain other classes are shown now to be below parity.[45] Yet, based upon the requirement of the statute as presented herein, the residential class will have its refund credit reduced (and other classes will see larger credits) below what would likely be allocated based upon current information because the allocations used herein are based on 1992 data. Additionally, we note that the relationship of the net operating income provided by each rate class may not reflect the relationship of the expenses allocated to each class and, consequently, may not fully reflect the relationship between the specific customer class rates of return to the overall target rate of return and the associated revenue requirement from each class.

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[44] *See, e.g.*, Committee's October 24, 2011 Post-Hearing Brief at 75-80.

[45] *See, e.g.*, Ex. 2 (Application) at Revised Sched. 40(c).

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RATE DESIGN

Respondent Vanderhye requested the Commission to implement – as part of the instant proceeding – either an inclining block, or a flat, rate structure.[46] Environmental Respondents assert that the Commission should implement "well-designed" inclining block rate structures for residential customers, "so long as those rate changes are done in combination with an aggressive suite of cost-effective [demand-side management] programs."[47] Moreover, both Mr. Vanderhye and Environmental Respondents assert that the Stipulation does not prevent the Commission from changing rate design as part of the instant case.

We find that DVP's "currently approved Residential rate schedule rate design is the most appropriate rate design for residential customers, taken as a whole, at this time."[48] For example, (i) large numbers of residential customers could experience increased annual bills under an inclining block or flat rate design as proposed herein;[49] and (ii) DVP stated that "summer peak loads drive the Company's generation and transmission capacity needs," so "it is important that the summer-winter [rate] differential be maintained."[50] In addition, we note that both DVP and the Staff state that the Stipulation appears to prohibit rate design proposals at this time from the signatories thereto.[51]

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[46] *See, e.g.*, Mr. Vanderhye's October 24, 2011 Post-Hearing Brief.

[47] Environmental Respondents' October 24, 2011 Post-Hearing Brief at 26.

[48] The Staff's October 24, 2011 Post-Hearing Brief at 72.

[49] *See id.* at 71.

[50] DVP's October 24, 2011 Post-Hearing Brief at 116.

[51] *Id.* at 115; the Staff's October 24, 2011 Post-Hearing Brief at 72 n.225.

COST OF CAPITAL

Motions to Strike

During the hearing, the Company made several motions to strike testimony submitted by certain participants, which testimony DVP asserts violates various statutory limitations related to determining cost of capital in this case. Fairfax County and the Committee also moved to strike specific DVP testimony as improper rebuttal. We took such motions under advisement and permitted parties to introduce, cross-examine, submit oral rebuttal to, and brief issues related to such testimony; all parties have had a full opportunity to litigate the issues raised thereby. We need not grant the motions to strike. Rather, we will determine cost of capital pursuant to the requirements in the statute and will explain our determinations below.

Capital Structure and Cost of Debt

Section 56-585.1 A 10 of the Code requires the Commission to "utiliz[e] the actual end-of-test period capital structure" in this proceeding. Section 56-585.1 A 10 of the Code also requires the Commission to "utiliz[e] the actual end-of-test period . . . cost of capital" in this proceeding, which includes (i) long-term debt, and (ii) short-term debt. We find that the Staff's testimony reflects the actual end-of-test period capital structure[52] and cost of debt.[53]

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[52] The test period for this case ended on December 31, 2010. The Company's actual end-of-test period capital structure is as follows:

Short-term debt	2.493%
Long-term debt	42.567%
Preferred stock	1.582%
Common equity	53.250%
Investment tax credits	0.110%
Total Capitalization	*100%*

See, e.g., Ex. 87 (Oliver direct) at Schedule 3, Page 1 of 3.

[53] We approve the actual end-of-test period cost of (i) long-term debt (5.418%), and (ii) short-term debt (0.404%). *See, e.g.*, Ex. 87 (Oliver direct) at Schedule 3, Page 1 of 3.

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Return on Equity

In determining ROE under the statute, we utilize the following process. First, we determine the market cost of equity under § 56-585.1 A of the Code. We then apply the statutory peer group ROE floor pursuant to § 56-585.1 A of the Code. Next, we increase ROE by any statutory Performance Incentive under §§ 56-585.1 A 2 c or 56-585.2 C of the Code. The result is a statutorily-required ROE, which we will combine with the Company's cost of debt to produce the overall cost of capital and rate of return on rate base.

Market Cost of Equity

Section 56-585.1 A 2 states that the Commission shall determine fair rates of return on common equity and "may use any methodology to determine such return it finds consistent with the public interest . . . ."[54] We find that a market cost of equity within a range of 9.4% to 10.4% represents the actual cost of equity in capital markets for companies comparable in risk to DVP seeking to attract equity capital and results in a fair and reasonable return on common equity. Furthermore, we find, under the circumstances of this case, that using the top of the range – 10.4% – is fair and reasonable for these purposes. This return is supported by the evidence in the record.[55] Conversely, we further find that DVP's proposed cost of equity of 11.5% neither represents the actual cost of equity in the marketplace nor a reasonable return on common equity for the Company.[56]

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[54] Va. Code § 56-585.1 A 2 a.

[55] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 50-57; Fairfax County's October 24, 2011 Post-Hearing Brief at 3-8; FEA's October 24, 2011 Post-Hearing Brief at 16-31; Consumer Counsel's October 24, 2011 Post-Hearing Brief at 5-18; DVP's October 24, 2011 Post-Hearing Brief at 55-68. We also included in our analysis a broad range of economic factors addressed in the evidence.

[56] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 51-56. Moreover, we note that the risk free rate (*i.e.*, 30-year Treasury bond yield) used in analyzing market cost of equity has decreased during the pendency of this proceeding – further supporting our findings herein. For example, Staff witness Oliver uses a three-month average 30-year Treasury rate of 4.34%. *See, e.g.*, Ex. 87 (Oliver direct) at 20. During the hearing, however, it was shown that such rate had decreased to 3.30% for the week ending September 9, 2011. *See, e.g.*, Ex. 34.

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We find that the Staff's results, supported by respondents, utilize reasonable proxy groups, growth rates, discounted cash flow methods, and risk premium analyses. We conclude that the methodology employed by the Staff is consistent with the public interest and that the results herein satisfy constitutional standards as stated by Staff witness Oliver: "maintenance of financial integrity, the ability to attract capital on reasonable terms, and earnings commensurate with returns on investments of comparable risk."[57]

Statutory Peer Group Floor

Virginia law next requires that the Commission calculate a statutory floor below which the authorized ROE cannot be set. Section 56-585.1 A 2 a of the Code states as follows:

> [S]uch return shall not be set lower than the average of the returns on common equity reported to the Securities and Exchange Commission for the three most recent annual periods for which such data are available by not less than a majority, selected by the Commission as specified in subdivision 2 b, of other investor-owned electric utilities in the peer group of the utility subject to such biennial review, nor shall the Commission set such return more than 300 basis points higher than such average.

The participants contest the specific composition of the statutory peer group. In this regard, we find that DVP has not presented sufficient evidence to establish that Entergy Gulf States Louisiana's principal operations are conducted east of the Mississippi River.[58]

Next, in selecting the majority of the peer group utilities to calculate the statutory ROE floor, § 56-585.1 A 2 b of the Code directs as follows:

> In selecting such majority of peer group investor-owned electric utilities, the Commission shall first remove from such group the two utilities within such group that have the lowest reported returns of the group, as well as the two utilities within such group that have the highest reported returns of the group, and the

[57] Ex. 87 (Oliver direct) at 11.

[58] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 49-50.

> Commission shall then select a majority of the utilities remaining in such peer group.

The participants differ on which utilities should comprise the "majority" to be selected by the Commission to determine the statutory floor. We select a majority that, on average, had a return on average equity closest to the ROE range found fair and reasonable herein.[59] This results in a statutory floor below the ROE of 10.4% determined above.[60]

In this regard, the above statute clearly leaves the selection of this "majority" to the Commission's discretion. There is no ambiguity in the statute; thus, we do not reach questions of legislative construction or intent.[61] If the General Assembly wanted the Commission to apply a particular approach or evaluation methodology in selecting a majority, it could have directed as such; it did not.[62] We find that it is reasonable in this proceeding to select a majority that has an earned return that is close to the market cost of equity capital found fair and consistent with the public interest herein. The plain language of the statute giving the Commission the discretion to select a majority in no manner precludes such finding. Moreover, we do not, and need not, find

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[59] We find that, on the facts before us in this case, it is reasonable to utilize returns on average equity for this purpose.

[60] The participants also differ on whether Appalachian Power Company ("APCo") should be considered part of the statutory peer group. If APCo is part of the statutory peer group, the statutory floor determined herein is 10.17%. If APCo is not part of the statutory peer group, the statutory floor determined herein is 10.33%. (For a list of utilities comprising such peer groups, *see, e.g.,* Ex. 87 (Oliver direct) at Schedule 21; *see also* Consumer Counsel's October 24, 2011 Post-Hearing Brief at 15.) Thus, since both options are lower than 10.4%, we need not address whether APCo is part of the statutory peer group.

[61] *See, e.g., Brown v. Lukhard*, 229 Va. 316, 321, 330 S.E.2d 84, 87 (1985) ("If language is clear and unambiguous, there is no need for construction by the court; the plain meaning and intent of the enactment will be given it. . . . Therefore, when the language of an enactment is free from ambiguity, resort to legislative history and extrinsic facts is not permitted because we take the words as written to determine their meaning.") (citations omitted); *School Bd. of Chesterfield County v. School Bd. of the City of Richmond*, 219 Va. 244, 250, 247 S.E.2d 380, 384 (1978) ("Where a statute is plain and unambiguous there is no room for construction by the court and the plain meaning and intent of the statute will be given to it" (citation omitted).); *Almond v. Gilmer*, 188 Va. 1, 14, 49 S.E.2d 431, 439 (1948) ("'The province of construction lies wholly within the domain of ambiguity'" (citation omitted).).

[62] Moreover, the lack of a particular evaluation methodology for selecting a "majority" directly contrasts with the very specific criteria prescribed by the General Assembly in other parts of § 56-585.1 A 2 of the Code.

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that this is the only majority that is reasonable. We conclude that the specific majority chosen herein has a rational basis and does not violate any constitutional or statutory provision.

Based on the evidence in this case and the statutory directive to determine fair rates of return on common equity using "any methodology to determine such return it finds consistent with the public interest,"[63] we have determined that a fair market cost of equity is within a range of 9.4% to 10.4%, and that 10.4% shall be used for these purposes.[64]

Performance Incentive – Renewable Energy Portfolio Standard

Section 56-585.2 C of the Code provides in part:

> [T]he Commission, in addition to providing recovery of incremental [renewable energy portfolio standard ("RPS")] program costs pursuant to subsection E, shall increase the fair combined rate of return on common equity for each utility participating in such program by a single Performance Incentive, as defined in subdivision A 2 of § 56-585.1, of 50 basis points whenever the utility attains an RPS Goal established in subsection D. Such Performance Incentive shall first be used in the calculation of a fair combined rate of return for the purposes of the immediately succeeding biennial review conducted pursuant to § 56-585.1 after any such RPS Goal is attained, and shall remain in effect if the utility continues to meet the RPS Goals established in this section through and including the third succeeding biennial review conducted thereafter. Any such Performance Incentive, if implemented, shall be in lieu of any other Performance Incentive reducing or increasing such utility's fair combined rate of return on common equity for the same time periods. However, if the utility receives any other Performance Incentive increasing its fair combined rate of return on common equity by more than 50 basis

[63] Va. Code § 56-585.1 A 2 a.

[64] As required by statute, in setting ROE we have also considered and applied the requirements of § 56-585.1 A 2 e of the Code:

> In addition to other considerations, in setting the return on equity within the range allowed by this section, the Commission shall strive to maintain costs of retail electric energy that are cost competitive with costs of retail electric energy provided by the other peer group investor-owned electric utilities.

Staff witness Stevens presented comparisons of DVP's rates to statutory peer group utilities. *See, e.g.,* Ex. 77 (Stevens direct) at 17-22 and Attachments.

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> points, the utility shall be entitled to such other Performance Incentive in lieu of this Performance Incentive during the term of such other Performance Incentive.

DVP has met RPS Goals such that it is statutorily entitled to the RPS Performance Incentive under the above statute, which requires the Commission to increase the Company's fair combined rate of return on common equity by an additional 50 basis points.[65]

Performance Incentive – Operations

Section 56-585.1 A 2 c of the Code states as follows:

> The Commission may increase or decrease such combined rate of return by up to 100 basis points based on the generating plant performance, customer service, and operating efficiency of a utility, as compared to nationally recognized standards determined by the Commission to be appropriate for such purposes, such action being referred to in this section as a Performance Incentive. If the Commission adopts such Performance Incentive, it shall remain in effect without change until the next biennial review for such utility is concluded and shall not be modified pursuant to any provision of the remainder of this subsection.

The Company requests a 100 basis point Performance Incentive increase under this statute, while Consumer Counsel proposes a negative Performance Incentive (*i.e.*, a penalty).[66] We note that, unlike the RPS statute above, this statute gives the Commission discretion on two fronts. Specifically, the Commission has the discretion: (1) to apply, or not to apply, this Performance Incentive; and (2) to decrease, as well as to increase, the otherwise fair rate of return on common equity.

We decline to issue a Performance Incentive for operations under § 56-585.1 A 2 c of the Code – either positive or negative – based on the record in the current proceeding. As discussed

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[65] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 69. Based on average 2010 rate base and the capital structure found herein, this additional 50 basis points equates to approximately $38.5 million of annual revenues for the Company.

[66] *See, e.g.*, Ex. 2 (Application) at 7-8; *see also* Consumer Counsel's October 24, 2011 Post-Hearing Brief at 19-20.

by the Staff, Consumer Counsel, and others, some of DVP's metrics for generating plant performance and customer service were positive, and some were negative, as compared to nationally recognized standards.[67] In addition, we note that the Company did not propose any specific metrics for evaluating operating efficiency, and that the participants in this case expressed divergent views on some of the nationally recognized standards that should be applied to generating plant performance, customer service, and operating efficiency under the above statute. In this regard, we will forthwith initiate a rulemaking proceeding for further development of workable criteria for the implementation of this statute in future biennial review proceedings.

Overall Cost of Capital and Rate of Return on Rate Base

In sum, for this base rate proceeding we approve a rate of return on common equity for DVP of 10.9% (*i.e.*, 10.4% plus the 50 basis points for the RPS Performance Incentive), which results in an overall rate of return on rate base and cost of capital of approximately 8.234%, based on a December 31, 2010 capital structure. We find that the ROE and overall rate of return on rate base approved herein are fair and reasonable to the Company within the meaning of the statute, permit the attraction of capital on reasonable terms, fairly compensate investors for the risks assumed, and enable the Company to maintain its financial integrity.

Applicability of ROE

Prior ROE under Stipulation

Consistent with the position of the signatories to the Stipulation, we adopt an 11.3% ROE to be, as proposed by DVP, applicable prior to the date of this Final Order, for each of its four existing RACs (which have a rate year of April 1, 2011 through March 31, 2012). Specifically,

[67] *See, e.g.*, the Staff's October 24, 2011 Post-Hearing Brief at 58-70; Consumer Counsel's October 24, 2011 Post-Hearing Brief at 18-31.

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until the date of this Final Order, an ROE of 11.3% shall be applicable to Riders C1 and C2 (Case No. PUE-2010-00084 (peak shaving and demand-side management)), and an ROE of 11.3% plus a generating unit statutory adder of 100 basis points shall be applicable to Rider R (PUE-2010-00055 (Bear Garden Generating Station)) and Rider S (PUE-2010-00054 (Virginia City Hybrid Energy Center)).[68]

Biennial Reviews

The 10.9% ROE determined in this proceeding (10.4% plus an RPS adder of 50 basis points) will serve as the fair combined rate of return against which DVP's earned return will be compared in its next biennial review proceeding.

Rate Adjustment Clauses

The Company argues that the RPS adder of 50 basis points applies to RACs under §§ 56-585.1 A 5 and A 6 of the Code. Conversely, the Staff and Consumer Counsel assert that the RPS adder is not applicable to these RACs. We find that the Staff and Consumer Counsel offer the more accurate interpretation of the relevant statutory provisions. Thus, an ROE of 10.4% is applicable to qualifying RACs under §§ 56-585.1 A 5 and A 6 as of the date of this Final Order.

First, §§ 56-585.1 A 5 and A 6 contain explicit language on how to determine an ROE for the RACs permitted therein. Those statutory provisions, however, do not direct the Commission to include an RPS adder from § 56-585.2 C of the Code. Indeed, as explained above, the RPS adder is governed separately by § 56-585.2 C, which explicitly discusses such adder's applicability to biennial reviews – not to RACs.

[68] *See, e.g.*, DVP's October 24, 2011 Post-Hearing Brief at 128-130.

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Next, § 56-585.2 C of the Code explains that there are two possible adders, or "Performance Incentives," to which a utility may be entitled: (1) for attaining "RPS Goals;" and (2) for operational efficiency under subdivision A 2 of § 56-585.1. Section 56-585.2 C further directs that a utility may get one – but not both – adders. Thus, contrary to the Company's assertion, the reference in § 56-585.2 C to "as defined in subdivision A 2 of § 56-585.1" does not somehow implicitly require the Commission to treat an RPS adder as functionally equivalent to a subdivision A 2 adder. Rather, "subdivision A 2" is referenced therein as part of the explanation that the Commission may only approve a single Performance Incentive – either an RPS adder or a "subdivision A 2" adder, but not both. Furthermore, due to the very different requirements of these two adders, it is simply not possible under the statute to treat the RPS adder as the functional equivalent of a subdivision A 2 adder.[69]

Finally, to the extent the statutory provisions governing this question are deemed ambiguous, we find that our above explanation of such provisions represents the most reasonable construction thereof. We find no legislative intent or purpose to apply (1) an RPS adder awarded for achieving *renewable* generation targets, to (2) RACs designed to recover costs of *non-renewable* generation (§ 56-585.1 A 6) and efficiency programs (§ 56-585.1 A 5 c). In addition, as discussed throughout this Final Order, the General Assembly has provided very specific, and explicit, directions on how the Commission is to determine the ROE and for what purposes. Those instructions, however, do not expressly state that an RPS adder shall be applied to RACs. It would take an unreasonable construction to conclude that the General Assembly, in contrast to

[69] For example: (i) § 56-585.1 A 2 gives the Commission the discretion to reject a subdivision A 2 adder; (ii) § 56-585.2 C gives the Commission no discretion to reject an RPS adder; (iii) § 56-585.1 A 2 sets the temporal length of its adder at one biennial review; and (iv) § 56-585.2 C requires the RPS adder to exist for three biennial reviews, assuming the utility continues to meet the RPS goals established in § 56-585.2 C.

its other express directives, implicitly mandated that the Commission must take the specific action increasing the ROE for RACs as DVP argues for herein.

SECTION 56-585.1 A 3 OF THE CODE

Section 56-585.1 A 7 of the Code states that "[a]ny petition [for a RAC] filed pursuant to subdivision 4, 5, or 6 shall be considered by the Commission on a stand-alone basis without regard to the other costs, revenues, investments, or earnings of the utility." After a RAC is approved and implemented, however, § 56-585.1 A 3 of the Code directs in part as follows:

> If the Commission determines that rates should be revised or credits be applied to customers' bills pursuant to subdivision 8 or 9, any rate adjustment clauses previously implemented pursuant to subdivision 4 or 5 or those related to facilities utilizing simple-cycle combustion turbines described in subdivision 6, shall be combined with the utility's costs, revenues and investments until the amounts that are the subject of such rate adjustment clauses are fully recovered. The Commission shall combine such clauses with the utility's costs, revenues and investments only after it makes its initial determination with regard to necessary rate revisions or credits to customers' bills, and the amounts thereof, but after such clauses are combined as herein specified, they shall thereafter be considered part of the utility's costs, revenues, and investments for the purposes of future biennial review proceedings.

The Commission has determined that credits should be applied to customers' bills. DVP has three previously implemented RACs that fall within the above statute.[70]

Thus, the above statute: (1) requires the Commission to "combine" such RACs with the utility's costs, revenues, and investments "until the amounts that are the subject of such [RACs] are fully recovered;" and (2) directs that after such RACs are combined, they "shall thereafter be considered part of the utility's costs, revenues, and investments for the purposes of future biennial review proceedings." Accordingly, when DVP files revised tariffs as directed below,

[70] *See, e.g.*, the Staff's August 26, 2011 Legal Memorandum at 8-9 (citing Rider T (transmission RAC, Case Nos. PUE-2009-00018, PUE-2010-00006, and PUE-2011-00044) and Riders C1 and C2 (demand-side management RACs, Case Nos. PUE-2009-00081 and PUE-2010-00084)).

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that filing shall also reflect such combining of existing RACs as required by the above statute. In addition, we will initiate a subsequent proceeding to address further implementation of this statute.

NEXT BIENNIAL REVIEW

Section 56-585.1 A 8 of the Code states in part as follows:

> If the Commission determines as a result of such biennial review that:
>
> ...
>
> (iii) Such biennial review is the second consecutive biennial review in which the utility has, during the test period or test periods under review, considered as a whole, earned more than 50 basis points above a fair combined rate of return on both its generation and distribution services, as determined in subdivision 2, without regard to any return on common equity or other matter determined with respect to facilities described in subdivision 6, the Commission shall, subject to the provisions of subdivision 9 and in addition to the actions authorized in clause (ii) of this subdivision, also order reductions to the utility's rates it finds appropriate.

We have determined, in the instant biennial review, that DVP earned more than 50 basis points above a fair combined rate of return. If we make a similar determination in DVP's next biennial review, the above statute requires the Commission to "order reductions to the utility's rates it finds appropriate."

Accordingly, since (a) the statute could require the Commission to order rate reductions in the next biennial review, and (b) the statute explicitly limits the time within which such biennial review must be concluded, we direct DVP to include information in its next biennial review application sufficient to permit the Commission to comply with the statutory directives.[71]

[71] This same information is necessary in the event a company under-earns and requests a rate increase.

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For example, we direct the Company to include – in its next biennial review application – complete rate case information and schedules as set forth in the Rate Case Rules.[72]

Accordingly, IT IS HEREBY ORDERED THAT:

(1) The Company's Application is granted in part and denied in part as set forth in this Final Order.

(2) The Company shall comply with the directives set forth in this Final Order.

(3) The Company shall bear all costs incurred in effecting the credits to customers' bills set forth in this Final Order.

(4) The Company shall forthwith file revised tariffs and terms and conditions of service and supporting workpapers with the Clerk of the Commission and with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance, as necessary to comply with the directives set forth in this Final Order. The credits required herein shall begin to take effect within sixty (60) days after the date of this Final Order. The Clerk of the Commission shall retain such filing for public inspection in person and on the Commission's website: http://www.scc.virginia.gov/case.

(5) Within sixty (60) days of completing the credits to customers' bills ordered herein, the Company shall file with the Commission's Divisions of Energy Regulation and Utility Accounting and Finance a report verifying that all credits have been completed. The report shall also provide the cost incurred by the Company in effecting such credits.

(6) This case is dismissed.

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[72] Finally, in issuing this Final Order, to the extent relevant we have taken into consideration the goal of economic development in the Commonwealth as directed in § 56-596 A: "In all relevant proceedings pursuant to this Act, the Commission shall take into consideration, among other things, the goal of economic development in the Commonwealth."

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CHRISTIE, Commissioner, concurs:

Inclining Block Rates

I concur with the result in the Order declining to order the rate design changes advocated by Respondent Vanderhye in this proceeding. Since Respondent Vanderhye and Environmental Respondents have raised this issue in previous proceedings, I write separately to add some elaboration on my own reasoning.

Respondent Vanderhye and Environmental Respondents both advocate a change in DVP's residential rate design to incorporate what are known as "inclining block rates" in order to reduce the consumption of electricity.[73] Put most simply, a rate design based on inclining block rates increases the kilowatt-hour (kwh) rate charged as the consumer uses more electricity in the billing period, typically a month.

It is an economic truism that as the price for any product increases, the quantity demanded will decrease at the margin, assuming some degree of price elasticity. It is also an economic truism that the price mechanism is an effective device to affect the quantity demanded (consumption) of any product. These truisms support the premise of Respondent Vanderhye's and Environmental Respondents' basic argument, if the primary policy goal is to reduce consumption. Beyond these truisms, however, there exists a significant number of questions.

Changing the basic residential rate design for DVP from its current configuration to an inclining block rate configuration would be an exceedingly complex undertaking. Many factors would be relevant to the development of such a new rate design, including, but not limited to, the price elasticity of electricity, changes in demand by seasons of the year, effects of the new rate

[73] Environmental Respondents state: "While we do not endorse a specific [inclining block rate ('IBR')] proposal for this case, we do believe that IBR can be beneficial if it is implemented in collaboration with [demand-side management] programs." Environmental Respondents' October 24, 2011 Post-Hearing Brief at 3.

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design on peak demand and plans to meet peak demand, differential impacts on residential consumers based on the types of home heating systems consumers have already purchased, and whether such rate design changes must achieve revenue neutrality within the residential rate class.

Undertaking such a significant change in how residential rates in Virginia are structured would represent a major shift from the ratemaking principles and rate design objectives this Commission has historically followed in base rate cases, such as, for example, the principle of cost causation and the objective of avoiding significant cost shifting between similarly situated customers. While this Commission has always designed rates as part of its ratemaking duties under applicable Virginia law,[74] implementing inclining block rates for all residential consumers in rate cases such as this one implicates many important questions that may well be considered matters of policy for the General Assembly. One obvious and important policy question is whether an inclining block rate design should be applied to the base rates of *all* public utilities, not just DVP, including electric, gas and water utilities. This Commission acts through individual rate cases when a utility – electric, gas or water – comes before the Commission for a rate case. Sometimes it is many years between base rate cases for individual utilities. The General Assembly could explicitly direct this Commission to implement inclining block rates in the base rates of all utilities in order to reduce consumption, but it has not.[75]

Respondent Vanderhye argues that the General Assembly made such a policy decision when it enacted the "Energy objectives" and "Commonwealth Energy Policy" found in Chapter 1

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[74] *See* Chapter 10, Title 56, Code of Virginia.

[75] Whether rate mechanisms such as dynamic or time-of-day pricing should be included in proposals for the types of demand-side management programs referenced in Va. Code § 56-585.1 A 5 is a different issue than whether inclining block rates should be implemented in base rate cases in order to reduce consumption.

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of Title 67 of the Code of Virginia.[76] Chapters 1 and 2 of Title 67 do contain several clauses of aspirational policy goals such as "[m]anaging the rate of consumption of existing energy resources in relation to economic growth,"[77] "[u]sing energy resources more efficiently,"[78] "[f]acilitating conservation,"[79] and "[p]romot[ing] cost-effective conservation of energy and fuel supplies,"[80] but a consideration of those provisions does not lead to the conclusion that the General Assembly has directed this Commission to implement inclining block rates in all or some specific utility base rate cases in order to reduce consumption.

Given the many complex issues raised by such a change to the Commission's historical approach to rate design in base rate cases, issues that implicate major policy questions, it would be unwise for the Commission to undertake such a major change in ratemaking practice, absent clear policy direction from the General Assembly.

Charitable Contributions

I concur with the result in the Order, taking into consideration the Stipulation. Absent such, I do not think charitable contributions should be recoverable from customers for the reasons stated in my dissent in Case No. PUE 2011-00037, *Appalachian Power Company Biennial Review,* issued today.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First

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[76] *See* Mr. Vanderhye's October 24, 2011 Post-Hearing Brief at 1-2; and Exhibit 47 (Vanderhye direct) at 23-25. *See also* the "Virginia Energy Plan," found at Chapter 2 of Title 67 of the Code.

[77] Va. Code § 67-101(2).

[78] Va. Code § 67-101(4).

[79] Va. Code § 67-101(5).

[80] Va. Code § 67-102 A 4.

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Floor, Tyler Building, Richmond, Virginia 23219. A copy shall also be sent to the Commission's Office of General Counsel and Divisions of Energy Regulation and Utility Accounting and Finance.

Exhibit 27

PUBLIC VERSION

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 11, 2010

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CLERK'S OFFICE

2010 MAR 11 P 3:02

DOCUMENT CONTROL

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUE-2009-00011

For approval of the Annual Filing as required by Final Order of the State Corporation Commission in Case No. PUE-2007-00066 granting approval of the rate adjustment clause, Rider S, with respect to the Virginia City Hybrid Energy Center generation and transmission facilities located in Wise County, Virginia

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUE-2009-00016

To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUE-2009-00017

For approval of a Rate Adjustment Clause for Recovery of the Costs of the Bear Garden Generating Station and Bear Garden-Bremo 230kV Transmission Interconnection Line

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUE-2009-00018

For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUE-2009-00019

For a 2009 statutory review of rates, terms and conditions for the provision of generation, distribution, and transmission services pursuant to § 56-585.1 A of the Code of Virginia

APPLICATION OF
VIRGINIA ELECTRIC AND POWER COMPANY — CASE NO. PUE-2009-00081

For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia

ORDER APPROVING STIPULATION AND ADDENDUM

On March 31, 2009, in Case No. PUE-2009-00019, Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Virginia Power" or "Company") filed an application

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with the State Corporation Commission ("Commission") for statutory review of its rates, terms and conditions for the provision of generation, distribution, and transmission services ("Application") pursuant to § 56-585.1 A of the Code of Virginia ("Code"). The Company requested an annual base rate increase of $298 million. On April 6, 2009, the Company submitted an errata filing to its Application, which changed its requested annual base rate increase to $289 million.

On April 21, 2009, the Commission issued an Order for Notice and Hearing that established the procedural requirements for Case No. PUE-2009-00019, scheduled a public evidentiary hearing to commence on January 20, 2010 ("January 20th hearing"), directed Virginia Power to provide direct and published notice of the proceeding, and suspended the Company's proposed rates until September 1, 2009, the maximum period permitted by statute. On April 21, 2009, the Commission issued an order granting the Company a limited waiver of certain filing requirements under 20 VAC 5-201-90.

The following parties filed notices of participation: Office of the Attorney General's Division of Consumer Counsel ("Consumer Counsel"); Fairfax County Board of Supervisors ("Fairfax"); Department of the Navy, on behalf of the Federal Executive Agencies ("Federal Executive Agencies"); Robert A. Vanderhye; Virginia Committee for Fair Utility Rates ("Committee"); Virginia Cable Telecommunications Association ("VCTA"); Chaparral (Virginia) Inc. ("Chaparral"); MeadWestvaco Corp. ("MeadWestvaco"); Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Wal-Mart"); The Kroger Co. ("Kroger"); the Apartment and Office Building Association of Metropolitan Washington ("AOBA"); International Paper Company ("IP"); and Utility Professional Services, Inc. ("UtilityPros").

On June 29, 2009, the Commission issued an Order on Consumer Counsel's Motion *in Limine*, which (1) found that the rate year in Case No. PUE-2009-00019 is September 1, 2009

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through August 31, 2010, and (2) directed the Company to amend its Application as necessary to comply with such finding.

On July 14, 2009, the Commission issued an Order on Commission Staff's ("Staff") Motion *in Limine*, which (1) found that § 56-585.1 A 10 of the Code mandates that, in Case No. PUE-2009-00019, "the Commission shall . . . utiliz[e] the actual end-of-test period capital structure and cost of capital of such utility," and (2) directed the Company to amend its Application as necessary to comply with such finding.

On July 24, 2009, Virginia Power filed amendments to its Application pursuant to the aforementioned June 29 and July 14, 2009 orders of the Commission. The Company lowered its requested annual base rate increase to $250.2 million.[1]

On September 1, 2009, Virginia Power increased its base rates by its requested $250.2 million, on an interim basis and subject to refund, as permitted by statute.

On November 5, 2009, Virginia Power, Consumer Counsel, Chaparral, MeadWestvaco, Wal-Mart, Kroger, AOBA, and IP filed, for the six cases captioned above, a Joint Motion for Leave to Present Stipulation ("Stipulation") and Proposed Recommendation and Modification of the Commission's Procedural Order ("Joint Motion").[2] The Stipulation proposed, among other things, to credit customers $397 million, to reduce base rates to their pre-September 1, 2009 level,[3] and to refund to customers all charges above that level collected by Virginia Power since September 1, 2009. The Joint Motion asked the Commission to reschedule the January 20th

[1] *See* Ex. 26 at 13 (Bolton suppl. direct).

[2] The Stipulation was admitted to the record as Ex. 5. UtilityPros subsequently joined in the Stipulation. *See* Tr. 778-780.

[3] In addition, pre-September 1, 2009 base rates would be further reduced by $149.4 million to reflect that certain costs previously included therein are currently being recovered through a separate rate adjustment clause under § 56-585.1 A 4 of the Code (*see* Case No. PUE-2009-00018).

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hearing to the earliest practical date to consider the Stipulation, and to provide notice of the rescheduled hearing.

On December 2, 2009, the Commission issued an Order on Joint Motion that, among other things: (1) explained that Staff had yet to file its testimony and recommendations; (2) denied as impractical the request to accelerate the January 20th hearing (due to the current procedural status of the case and the time required to publish notice of a new hearing); (3) noted that all issues (which included the Stipulation) could be addressed at the January 20th hearing; and (4) scheduled a prehearing conference. On December 9, 2009, the Staff filed its testimony on the Application and recommended an annual base rate decrease of $365.3 million.[4]

On January 6, 2010, the Commission held a pre-hearing conference to address procedural matters related to the January 20th hearing and on January 7, 2010, issued a guidance document regarding the conduct of such hearing.

The Commission held the public evidentiary hearing on the following days: January 20, 21, 22, 26, 27, 28, and 29, 2010, and February 2, 3, and 4, 2010. The Commission received testimony from approximately 40 witnesses for the participants in this proceeding and admitted over 125 exhibits into the record. The Commission also heard testimony from 13 public witnesses, and over 30 written or electronic public comments were submitted in this case.

On February 11 and 22, 2010, respectively, the Commission issued a guidance document regarding, and an order establishing the due date for, post-hearing briefs.

On February 26, 2010, the Staff, Federal Executive Agencies, Fairfax, Committee, VCTA, and Mr. Vanderhye – along with the parties to the previously-filed Stipulation – jointly filed: (1) an Addendum and Modification of Stipulation and Recommendation ("Addendum"); and (2) a Joint Motion to Suspend Briefing Schedule. The Addendum, among other things,

[4] *See* Ex. 53, Statement XIV (Pate direct). Staff subsequently reduced this amount to an annual base rate decrease of $352 million. *See* Ex. 54.

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increases the benefit to customers from $397 million (as reflected in the Stipulation) to $726 million,[5] includes credits through 2012, and prohibits the Company from increasing base rates prior to December 1, 2013.[6] In addition, Virginia Power would refund to customers its September 1, 2009 interim base rate increase; the amount of this refund would be dependent upon the exact amount of charges collected since that date and, for example, could exceed $145 million.[7] The Addendum requests that the Commission issue an order approving "the Stipulation, as supplemented, or modified as indicated, by the provisions set forth herein."[8]

On February 26, 2010, the Commission issued an order suspending the briefing schedule and scheduling an evidentiary hearing to receive evidence on the Stipulation and Addendum.

On March 4, 2010, the Commission held an evidentiary hearing to receive evidence on the Stipulation and Addendum.[9]

On March 8, 2010, Mr. Vanderhye filed a post-hearing brief. Mr. Vanderhye asserts that the Company "has not established that its rate structure for Residential Schedule 1 is 'just' and 'reasonable' as it relates to its primarily declining nature, the months selected for declining and inclining, and the cutoff between declining and inclining."[10] Mr. Vanderhye originally proposed an inclining block rate structure.[11] On brief, however, Mr. Vanderhye states that "[s]ince the provision of an all-year-round inclining block rate schedule may be too ambitious for this

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[5] This includes the Company's agreement to waive recovery of certain previously-incurred and federally-approved costs related to providing transmission service, as well as base rate credits of $66 million per year in 2011 and 2012.

[6] This provision, however, does not preclude all rate increases prior to that date. For example, the Company may still seek rate increases under Virginia statutes related to fuel cost recovery, rate adjustment clauses, and emergency conditions.

[7] This illustration simply reflects a straight-line calculation for seven months of a $250.2 million annual increase.

[8] Addendum at 2.

[9] The Addendum was admitted to the record as Ex. 5A.

[10] Vanderhye post-hearing brief at 9.

[11] *See, e.g.*, Ex. 35 at 3 (Vanderhye direct).

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proceeding . . . , it is recommended that at the present time [Virginia Power] simply be required to come up with a flat rate schedule that obtains the same revenue as the present unjust rate schedule."[12]

On March 9, 2010, Staff and all of the parties in Case Nos. PUE-2009-00011 and PUE-2000-00017 filed joint motions requesting the following modifications, as reflected in the Stipulation and Addendum, to Rider S (Case No. PUE-2009-00011) and Rider R (Case No. PUE-2009-00017): (1) extend the filing date of Riders S and R applications from March 31, 2010 to on or before June 30, 2010, and on or before June 30 of each year thereafter; and (2) extend the currently approved terms of Riders S and R at the existing rate of recovery through March 31, 2011.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the Stipulation and Addendum shall be approved.[13] We find that the Stipulation and Addendum, taken as a whole, are just and reasonable and satisfy the relevant statutory requirements attendant to the above-captioned cases.[14] We emphasize, however, that such finding does not establish precedent for any specific matter addressed in the Stipulation and Addendum. Finally, we note that the combination of refunds and credits provided through 2012, the elimination from future recovery of certain federally-approved transmission charges, and the

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[12] Vanderhye post-hearing brief at 9.

[13] We likewise grant the March 9, 2010 joint motions to extend the filing dates and currently approved terms for Riders S and R.

[14] In addition, we will not impose a new rate structure for residential customers as part of the instant proceeding. We agree with the Company that significant rate design modifications should not be implemented without a more thorough investigation that analyzes the impacts of such changes. *See, e.g.,* Ex. 111 at 39-45 (Koogler rebuttal). Although we conclude that the Company's existing rate structure continues to be just and reasonable, we also find that an inclining block rate structure and a flat rate structure should be further evaluated. Specifically, we direct the Company to submit, as part of its March 31, 2011 biennial review filing, two analyses (which shall include an explanation of the assumptions, procedures, and findings of each) for residential customers: (i) an analysis of the impacts of implementing a specific all-year-round inclining block rate structure; and (ii) an analysis of the impacts of implementing a specific all-year-round flat rate structure.

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reduction of base rates to their pre-September 1, 2009 level are particularly important for both residential and business consumers during the current economic conditions and should help to promote economic development in the Commonwealth.

Accordingly, IT IS ORDERED THAT:

(1) The Stipulation and Addendum (attached hereto) are approved, and Virginia Power is directed to comply therewith.

(2) In Case No. PUE-2009-00019:

(a) Virginia Power shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation, in accordance with the Stipulation and Addendum, effective for service rendered on and after September 1, 2009.

(b) Virginia Power shall recalculate, using the rates and charges approved herein, each bill it rendered that used, in whole or in part, the rates and charges that took effect under bond and subject to refund on and after September 1, 2009, and, where application of the new rates results in a reduced bill, refund the difference with interest as set out below within sixty (60) days of the issuance of this Final Order.

(c) Interest upon the ordered refunds shall be computed from the date payments of monthly bills were due to the date each refund is made at the average prime rate for each calendar quarter, compounded quarterly. The average prime rate for each calendar quarter shall be the arithmetic mean, to the nearest one-hundredth of one percent, of the prime rate values published in the *Federal Reserve Bulletin* or in the Federal Reserve's Selected Interest Rates (Statistical Release H.15) for the three (3) months of the preceding calendar quarter.

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(d) The refunds ordered herein may be credited to current customers' accounts. Refunds to former customers shall be made by check mailed to the last known address of such customers when the refund amount is $1 or more. Virginia Power may offset the credit or refund to the extent of any undisputed outstanding balance for the current or former customer. No offset shall be permitted against any disputed portion of an outstanding balance. Virginia Power may retain refunds to former customers when such refund is less than $1. Virginia Power shall maintain a record of former customers for which the refund is less than $1, and such refunds shall be promptly made upon request. All unclaimed refunds shall be subject to § 55-210.6:2 of the Code.

(e) Virginia Power shall deliver to the Commission's Divisions of Public Utility Accounting and Energy Regulation a report showing that all refunds have been made pursuant to this Order, detailing the costs of the refunds and the accounts charged.

(f) Virginia Power shall bear all costs incurred in effecting the refunds ordered herein.

(g) This case is dismissed.

(3) The filing date for Riders S and R applications is extended from March 31, 2010 to on or before June 30, 2010, and on or before June 30 of each year thereafter, and the currently approved terms of Riders S and R are extended at the existing rate of recovery through March 31, 2011.

(4) In Case Nos. PUE-2009-00011 and PUE-2009-00017:

(a) Virginia Power shall forthwith file revised tariffs and terms and conditions of service with the Commission's Division of Energy Regulation to reflect this Order Approving Stipulation and Addendum, including the base return on common equity contained in the Stipulation and Addendum.

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(b) Virginia Power shall recalculate prior bills using the base return on common equity contained in the Stipulation and Addendum, and shall provide refunds, with interest, contemporaneous with the refunds ordered above.

(c) These cases are dismissed.

(5) Case No. PUE-2009-00016 is continued.

(6) Case No. PUE-2009-00018 is re-opened for this Order Approving Stipulation and Addendum and is otherwise dismissed.

(7) Case No. PUE-2009-00081 is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service Lists in these matters. The Service Lists are available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219.

PUE-2009-00019

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Kowalczyk, Irene A.
Director, Energy Policy & Suppl
MeadWestvaco Corp.
299 Park Ave, 13 Fl

New York NY 10171

Davoodi, Kay
Director Utilities Rates & Stud
Naval Facilities Engineering
Command Headquarters
1322 Patterson Ave SE Ste 1000
Washington Navy YaıDC 20374-5065

Howe, III, Frederic N.
Utility Professional Services I
2300 Jefferson Davis Hwy

Fredericksburg VA 22401

Koonce, Paul D.
President/COO
Dominion Virginia Power
PO Box 26532

Richmond VA 23261

Boehm, Kurt J.
Esquire
Boehm, Kurtz & Lowry
36 E 7th St Ste 1510

Cincinnati OH 45202

Bell, Karen L.
Esquire
Dominion Resources Services, In
120 Tredegar Street
POB 26532
Richmond VA 23261

Francis, Frann G.
Sr VP & General Counsel
Apartment & Office Building Ass
of Metropolitan Washington
1050 17th St NW Ste 300
Washington DC 20036

Pollock, Jeff
Jeff Pollock, Inc.
12655 Olive Blvd
Suite 335

St Louis MO 63141

Vanderhye, Robert A.
801 Ridge Dr

McLean VA 22101-1625

Chriss, Steve W.
Wal-Mart Stores, Inc.
2001 SE 10th St

Bentonville AR 72716-0550

Kurtz, Michael L.
Esquire
Boehm, Kurtz & Lowry
36 E 7th St Ste 1510

Cincinnati OH 45202

Browder, Jr., C. M.
Sr. Assistant Attorney General
Office of the Attorney General
Division of Consumer Counsel
900 East Main St., 2nd Fl.
Richmond VA 23219

Flippen, Edward L.
McGuireWoods LLP
One James Center
901 E. Cary Street

Richmond VA 23219-4030

Hyland, Timothy B.
Esquire
Stein Sperling Bennett DeJong
Driscoll & Greenfeig, P.C.
25 W Middle Lane
Rockville MD 20850-2204

100340103

Scanlon, Patrick R.
Esquire
Preti Flaherty Beliveau & Pachi

POB 1058
Augusta ME 04332-1058

Griset, Todd J.
Esquire
Preti, Flaherty, Beliveau & Pac
45 Memorial Circle
PO Box 1058
Augusta ME 04332-1058

Petrini, Edward L.
Esquire
Christian & Barton LLP
909 E Main St Ste 1200

Richmond VA 23219-3095

Ball, R. B.
Esquire
Williams Mullen
James Center Two, 16th Floor
1021 East Cary St.
Richmond VA 23219

Reid, Joseph K.
Esquire
McGuire Woods LLP
One James Center
901 East Cary Street
Richmond VA 23219-4030

Owens, Donald G.
Troutman Sanders LLP
Troutman Sanders Building
1001 Haxall Point
PO Box 1122
Richmond VA 23218

Weishaar, Jr., Robert A.
Esquire
McNees Wallace & Nurick LLC
777 N Capitol St NE Ste 401

Washington DC 20002-4292

Sipe, Donald J.
Esquire
Preti, Flaherty, Beliveau & Pac

PO Box 1058
Augusta ME 04332-1058

Monacell, Louis R.
Esquire
Christian & Barton, LLP
909 E Main St., Suite 1200

Richmond VA 23219-3095

Van Dyke, Audrey
Associate Counsel
Naval Facilities Engineering Co
Litigation Office, NAVFAC Washi
720 Kennon St SE, Bldg 36, Rm 1
Washington Navy YaıDC 20374

Hill, Travis G.
Esquire
Williams Mullen
James Center Two, 16th Floor
1021 E Cary St
Richmond VA 23219

Dahl, Kristian M.
Esquire
McGuireWoods LLP
One James Center
901 East Cary Street
Richmond VA 23219-4030

Walker, Jr., Thomas C.
Esquire
Troutman Sanders LLP
1001 Haxall Point
POB 1122
Richmond VA 23218-1122

McHugh, Marilyn S.
Assistant County Attorney
Office of the Fairfax County At
Suite 549
12000 Government Center Pkwy
Fairfax VA 22035

100340103

Robb, Cliona M.
Esquire
Christian & Barton, L.L.P.
909 E Main St., Suite 1200

Richmond VA 23219-3095

Greene, Brian R.
Esquire
SeltzerGreene, PLC
Eighth & Main Building
707 E Main St Ste 1025

Richmond VA 23219

Pace, W. B.
Esquire
Williams Mullen
PO Box 1320

Richmond VA 23218-1320

Smith, Holly R.
Esquire

Hitt Business Center
3803 Rectortown Rd

Marshall VA 20115

Riley, Robert F.
Esquire
Williams Mullen
1666 K St NW Ste 1200

Washington DC 20006

Jamouneau , Dennis P.
Esquire
McNees Wallace & Nurick LLC
777 N Capitol St NE Ste 401

Washington DC 20002-4292

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Exhibit A

COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For approval of the Annual Filing as required by Final Order of the State Corporation Commission in Case No. PUE-2007-00066 granting approval of a rate adjustment clause, Rider S, with respect to the Virginia City Hybrid Energy Center generation and transmission facilities located in Wise County, Virginia	)	Case No. PUE-2009-00011
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia	)	Case No. PUE-2009-00016
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For Approval of a Rate Adjustment Clause for Recovery of the Costs of the Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line	)	Case No. PUE-2009-00017
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia	)	Case No. PUE-2009-00018
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY. For a 2009 statutory review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia	)	Case No. PUE-2009-00019
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia	)	Case No. PUE-2009-00081

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STIPULATION AND RECOMMENDATION

WHEREAS, in 2007, the Virginia General Assembly enacted significant amendments to the Code of Virginia ("Va. Code" or "Code") relating to the regulation of electric utility service in the Commonwealth,[1] which provides a new regulatory construct for the Commonwealth's electric utilities, including returning Virginia's incumbent electric utilities to a cost of service regulated environment and fundamentally changing many aspects of the rate-setting and recovery process of electric utility costs; and

WHEREAS, the first paragraph of Va. Code § 56-585.1 A directs the State Corporation Commission (the "Commission"), after notice and opportunity for hearing, to initiate proceedings within the first six months of 2009 to review the rates, terms and conditions for the provision of generation, distribution and transmission services of each investor-owned incumbent electric utility with such 2009 rate reviews being governed by the provisions of Chapter 10 (Va. Code § 56-232 *et seq.*) of Title 56 of the Code, except as modified by Va. Code § 56-585.1 A; and

WHEREAS, on January 13, 2009, the Commission issued its Order Proposing Initiation of Rate Proceedings and Schedule in an *ex parte* proceeding in Case No. PUE-2009-00002, and whereas, by its February 24, 2009 Order Scheduling Rate Proceedings, the Commission established a rate case filing schedule for Virginia's investor-owned electric utilities, pursuant to Va. Code § 56-585.1 A in that same proceeding, which directed Virginia Electric and Power Company ("Dominion Virginia Power" or the "Company") to file its statutorily required rate review on or before April 1, 2009; and

[1] Virginia Acts of Assembly, 2007 Reconvened Session, identical Chapters 888 and 933 (approved April 4, 2007; effective July 1, 2007).

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WHEREAS, Dominion Virginia Power submitted a filing under seal with the Commission for the statutory review of its rates, terms and conditions for the provision of generation, distribution and transmission services on March 31, 2009, pursuant to Va. Code § 56-585.1 A, Rules 10 and 20 of the Rules Governing Utility Rate Applications and Annual Informational Filings, 20 VAC 5-201-10 and -20, and the Commission's Order Scheduling Rate Proceedings issued February 24, 2009, in Case No. PUE-2009-00002, and subsequently an errata filing on April 6, 2009, and an amended filing on July 24, 2009 (collectively, the Company's "2009 Rate Case Filing" or "Filing"); and

WHEREAS the Company's Filing reflects a requested total revenue requirement, including fuel, of approximately $5.7 billion, which represents an increase in its jurisdictional base rate annual operating revenue of $250.2 million over present base rate revenue of $3.2 billion, or 7.9%, and which is based on a requested return on common equity ("ROE") of 14.0% including a maximum 1.00% Performance Incentive, and which is a 4.6% increase in its total annual operating revenue to $5.7 billion including fuel, and which is comprised of an increase in distribution revenues of $83.7 million and a generation revenue increase of $166.5 million, with the Company proposing to allocate and collect the revenue increase in distribution revenues so that each customer class receives approximately the same percentage increase in their distribution base rates, and to do the same with respect to the increase in generation revenues; and

WHEREAS, the Office of the Attorney General, Division of Consumer Counsel has analyzed the Company's base rate request, and in its testimony and exhibits filed on November 2, 2009 has identified adjustments that reflect a sufficiency in present base rate revenues of approximately $238 million, based on a ROE of 11.12%, for the

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jurisdictional base rate annual operating revenues for the rate year beginning September 1, 2009.

WHEREAS, by its April 21, 2009 Order for Notice and Hearing ("Procedural Order") in Case No. PUE-2009-00019 (or, the "2009 Rate Case proceeding"), the Commission authorized the Company to implement the requested rates effective September 1, 2009, on an interim basis and, pursuant to such Procedural Order, the interim rates are now in effect; and

WHEREAS, the Company filed a request on March 31, 2009 in Case No. PUE-2009-00011 to revise its rate adjustment clause ("RAC"), designated Rider S, for recovery of costs related to the Company's Virginia City Hybrid Energy Center ("VCHEC"); and whereas in Case No. PUE-2009-00017, the Company requested approval on March 31, 2009 of a RAC, designated Rider R, to recover the costs associated with the Bear Garden Generating Station and related transmission facilities ("Bear Garden") pursuant to § 56-585.1 A 6 of the Code;[2] and whereas on March 31, 2009 in Case No. PUE-2009-00016, the Company filed to revise its fuel factor pursuant to Va. Code § 56-249.6; and whereas in Case No. PUE-2009-00018, the Company requested approval on March 31, 2009 of a RAC, designated Rider T, pursuant to Va. Code § 56-585.1 A 4 to allow the Company to recover certain costs charged by PJM Interconnection LLC and approved by the Federal Energy Regulatory Commission; and whereas, on July 28, 2009, the Company requested approval in Case No. PUE-2009-

[2] The Company proposed that, for purposes of judicial economy, the general ROE established for Dominion Virginia Power in the 2009 Rate Case Filing be used as the ROE in the Company's Rider S and Rider R applications. By Clarifying Order dated July 15, 2009, in Case Nos. PUE-2009-00011, -00017, and -00019, the Commission directed participants to "address cost of capital (and other issues relevant to establishing ROE) related Case Nos. PUE-2009-00011 and PUE-2009-00017 simultaneous with Case No. PUE-2009-00019." Clarifying Order at 2.

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00081 to implement 12 new Demand-Side Management programs and for approval of two RACs, designated C1 and C2, ("DSM") pursuant to Va. Code § 56-585.1 A 5 (collectively, the "parallel proceedings"); and

WHEREAS, the undersigned participants agree and recommend to the Commission that it issue an order or orders in this matter approving this Stipulation, which order would contain the following findings and rulings, and other such relief as may be appropriate:

BASE RATES OF SERVICE

1. There is to be no increase in currently approved and effective base rates and no change in any rates (except as stated in Paragraph 3 below), terms or conditions of standard tariff offerings until the first biennial review pursuant to Va. Code § 56-585.1 A.

2. The Company shall refund, with interest and pursuant to such terms and conditions as specified by the Commission, the increased revenues collected under the interim base rates of service since September 1, 2009.

3. Currently approved and effective base rates shall be reduced by $149.4 million to reflect that certain costs previously recovered through base rates of service are now being recovered by Rider T as of September 1, 2009, as determined by Final Order of the Commission on June 29, 2009 in Case No. PUE-2009-00018.

4. The Company's authorized ROE applicable to its base rates shall be 11.9%, unless and until reset in the biennial review process pursuant to Va. Code § 56-585.1 A. This ROE, which shall include a Performance Incentive of 60 basis points, is agreed to solely for purposes of this Stipulation taking into consideration this Stipulation as a whole and the disposition of all other matters set forth herein, and is not

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intended to establish or otherwise be a precedent for a particular "peer group" floor or "Performance Incentive" or to establish the "Initial Return" pursuant to Va. Code § 56-585.1 A 1 d. Nor shall anything in this Stipulation be deemed to have adopted or established a particular methodology for determining a Performance Incentive.

RIDER TREATMENT

5. The agreed base ROE for Riders R (Bear Garden), S (VCHEC), and, if approved, C1 and C2 (DSM), along with any future RAC under Va. Code § 56-585.1 A 5 or A 6, if any, through December 31, 2010 is 11.3%, exclusive of any statutory incentive adder under Va. Code § 56-585.1 A 6 (e.g., 100 basis points as approved for Rider S and as requested for Rider R). No Performance Incentive shall be added to the base ROE allowed for these RACs during this period. The treatment of any RACs approved to commence post-2010 will follow the legal requirements set forth in Va. Code § 56-585.1 A, namely, that the ROE is subject to change in any proceeding to alter the revenue requirement for existing or new RACs approved prior to the conclusion of the Company's first biennial review, and, once biennial reviews commence, the RAC ROEs will thereafter be subject to change pursuant to (and will equal) the ROE determined by the Commission in such reviews.

6. For purposes of Rider R (Bear Garden), the statutory incentive adder under Va. Code § 56-585.1 A 6 shall be applied for the first 10 years of the facility's service life.

RENEWABLE PORTFOLIO STANDARD GOALS

7. For purposes of a potential ROE adder for meeting Renewable Portfolio Standard ("RPS") goals under Va. Code § 56-585.2 C, it is deemed that, unless and until

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reset in the biennial review process pursuant to Va. Code § 56-585.1 A, the Company has received a "Performance Incentive increasing its fair combined rate of return on common equity by more than 50 basis points," in the terms of, and for the purposes of, Va. Code § 56-585.2 C.

RIDER CREDITS

8. The Company will provide a credit to customers from its 2008 revenue, which amount will be credited to customer bills as described below. Specifically, $268 million of 2008 Company earnings will be credited to rider charges as follows:

Rider T offset 9/1/09-12/31/10 ($68 million * 16/12)	$91 million
-additional offset for 9/1/10 Rider T forecast increase ($124.5 million * 4/12)	$42 million
Rider R offset 1/1/10-12/31/10 (reflects 12.3% ROE vs. filed 14.5%)	$64 million
Rider S offset 1/1/10-12/31/10 (reflects 12.3% ROE vs. filed 14.5%)	$71 million
Total Virginia jurisdictional 2008 earnings credit	$268 million

With respect to Riders T, R, and S, the amount credited in total will be $268 million, and this amount will offset all Rider increases as stipulated through December 31, 2010. However, if the incremental Rider charges total less than $268 million through December 31, 2010, the difference would be deferred and used to reduce Rider deferral balances for the next true-up.

With respect to Rider T, as set out above, a Rider credit will be provided to customers equal to incremental Rider T rates (in excess of the $149.4 million in transmission-related charges moved from base rates of service in connection with the Final Order of the Commission dated June 29, 2009 in Case No. PUE-2009-00018), as

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incurred, from September 1, 2009 through December 31, 2010. The Rider T credit for the period retroactive to September 1, 2009 will be applied (without interest) in a manner consistent with the refund of interim base rates as specified by the Commission.

With respect to Rider R, a Rider credit will be provided to customers equal to Rider R rates approved in Case No. PUE-2009-00017, as incurred, from Rider R effective date through December 31, 2010.

With respect to Rider S, a Rider credit will be provided to customers equal to incremental Rider S rates approved in Case No. PUE-2009-00011, as incurred, from effective date of such incremental rates through December 31, 2010.

9. The Rider credits from 2008 revenue totaling $268 million shall be treated by the Company as revenue received under the Riders and no costs that were to be recovered during such credit period shall be eligible for recovery or reconciliation in later periods.

10. The total Rider credits through December 31, 2010 from 2008 revenue shall not exceed $268 million. If Rider charges for Riders T, R, and S exceed $268 million as stipulated through December 31, 2010, the remaining charges in excess of $268 million will be written off by the Company and not charged to customers.

FINANCIAL TRANSMISSION RIGHTS CREDIT

11. The Company will credit to customers $129.0 million related to revenues from financial transmission rights ("FTRs"), inclusive of any carrying charge, for the period July 1, 2007-June 30, 2009. The credit shall be allocated to customer classes based on forecast energy sales for the December 1, 2009-June 30, 2010 period. The residential customer class will receive an allocated credit of $58.2 million, such credit to

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be applied to active customer accounts on a one-time basis within 30 days of Commission Order adopting the Stipulation terms. For each individual residential customer, the credit will be based on the customer's last 12 months' energy usage. For the non-residential customer classes, an allocated credit of $70.8 million will be applied as a fuel credit rider, based on actual energy consumption, over the remainder of the current fuel period ending June 30, 2010. If the amount actually credited to non-residential customers during this period exceeds, or falls short of, the intended $70.8 million credit by more than $1.0 million, such under- or over-recovery shall be credited to, or recovered from, non-residential customers through a one-time true-up as of the end of the current fuel period.

WHEREFORE, the undersigned parties agree that this Stipulation represents a compromise for the purposes of settlement of this case and balancing of many interests, and none of the signatories to this Stipulation necessarily agrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Stipulation other than as specified herein, except as required to implement provisions of this Stipulation , and the parties agree that the resolution of the issues herein, taken as a whole, and the disposition of all other matters set forth in this Stipulation are in the public interest. In the event the Commission does not accept and approve all aspects of this Stipulation, the stipulating parties respectfully request notice allowing them ten (10) days within which to attempt to reach a modified stipulation that addresses the Commission's concerns. If no such modified stipulation is reached after ten (10) days, the Stipulation shall terminate and the signatories shall reserve their rights to participate fully in all relevant proceedings notwithstanding their agreement on the terms of this Stipulation.

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Respectfully submitted by:

CHAPARRAL (VIRGINIA) INC.

By: _____
Counsel

Robert A. Weishaar, Jr.
Dennis P. Jamouneau
McNees Wallace & Nurick LLC
777 N. Capitol St., NE
Suite 401
Washington, DC 20002-4292
(202) 898-5700 (telephone)
(717) 260-1765 (facsimile)
rweishaa@mwn.com
djamouneau@mwn.com

MEADWESTVACO CORP.

By: _____
Counsel

Donald J. Sipe
Todd J. Griset
Preti Flaherty
45 Memorial Circle
P.O. Box 1058
Augusta, Maine 04332-1058
(207) 623-5300 (telephone)
(207) 623-2914 (facsimile)
dsipe@preti.com
tgriset@preti.com

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

By: _____
Counsel

Holly Rachel Smith
Hitt Business Center
3803 Rectortown Road
Marshall, Virginia 20115
(202) 302-3172 (telephone)
holly@raysmithlaw.com

100340103

THE KROGER CO.

By: _____
Counsel

Michael L. Kurtz
Kurt J. Boehm
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
(513) 421-2255 (telephone)
(513) 421-2764 (facsimile)
mkurtz@BKlawfirm.com
kboehm@BKlawfirm.com

APARTMENT AND OFFICE BUILDING
ASSOCIATION OF METROPOLITAN WASHINGTON

By: _____
Counsel

Frann G. Francis
Apartment and Office Building
Association of Metropolitan Washington
1050 17th Street, NW, #300
Washington, DC 20036
(202) 296-3390 (telephone)

Timothy B. Hyland
Stein, Sperling, Bennett, DeJong, Driscoll
and Greenfeig
25 W Middle Lane
Rockville, Maryland 20850
(301) 838-3314 (telephone)

INTERNATIONAL PAPER COMPANY

By: _____
Counsel

Lowell E. Blackham
International Paper
Senior Counsel, Global Sourcing
6400 Poplar Avenue
Memphis, Tennessee 38197
(901) 419-3911 (telephone)
(901) 214-0950 (facsimile)
lowell.blackham@ipaper.com

100340103

OFFICE OF THE ATTORNEY GENERAL,
DIVISION OF CONSUMER COUNSEL

By: _____
Counsel

William C. Mims
Maureen Riley Matsen
C. Meade Browder, Jr.
D. Mathias Roussy, Jr.
Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
(804) 786-2071 (telephone)

VIRGINIA ELECTRIC AND POWER COMPANY

By: _____
Counsel

Pamela J. Walker
Karen L. Bell
Dominion Resources Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 819-2269 (telephone)
pamela.walker@dom.com
karen.bell@dom.com

Edward L. Flippen
Joseph K. Reid, III
Kristian M. Dahl
McGuireWoods LLP
One James Center
901 East Cary Street
Richmond, Virginia 23219-4030
(804) 775-1000 (telephone)
eflippen@mcguirewoods.com
jreid@mcguirewoods.com
kdahl@mcguirewoods.com

Donald G. Owens
Thomas C. Walker, Jr.
Troutman Sanders LLP
1001 Haxall Point
Richmond, VA 23219
(804) 697-1217 (telephone)
donald.owens@troutmansanders.com
tom.walker@troutmansanders.com

Counsel for Virginia Electric and Power Company

November 5, 2009

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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For approval of the Annual Filing as required by Final Order of the State Corporation Commission in Case No. PUE-2007-00066 granting approval of a rate adjustment clause, Rider S, with respect to the Virginia City Hybrid Energy Center generation and transmission facilities located in Wise County, Virginia	)	Case No. PUE-2009-00011
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY To revise its fuel factor pursuant to § 56-249.6 of the Code of Virginia	)	Case No. PUE-2009-00016
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For Approval of a Rate Adjustment Clause for Recovery of the Costs of the Bear Garden Generating Station and Bear Garden-Bremo 230 kV Transmission Interconnection Line	)	Case No. PUE-2009-00017
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For approval of a rate adjustment clause pursuant to § 56-585.1 A 4 of the Code of Virginia	)	Case No. PUE-2009-00018
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For a 2009 statutory review of the rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia	)	Case No. PUE-2009-00019
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY For approval to implement new demand-side management programs and for approval of two rate adjustment clauses pursuant to § 56-585.1 A 5 of the Code of Virginia	)	Case No. PUE-2009-00081

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ADDENDUM AND MODIFICATION OF STIPULATION AND RECOMMENDATION

NOW COME the undersigned parties to the November 5, 2009 Stipulation and Proposed Recommendation ("Stipulation") filed in Case Nos. PUE-2009-00011, -00016, -00017, -00018, -00019, and -00081, Chaparral (Virginia) Inc., MeadWestvaco Corp., Wal-Mart Stores East, LP and Sam's East, Inc., The Kroger Co., the Apartment and Office Building Association of Metropolitan Washington, International Paper Company, Utility Professional Services, Inc., the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel"), and Virginia Electric and Power Company ("Dominion Virginia Power" or "the Company"), and additional parties to these proceedings, the Department of the Navy on behalf of the Federal Executive Agencies ("FEA"), the Virginia Committee for Fair Utility Rates ("VCFUR"), the Fairfax County Board of Supervisors, Mr. Robert A. Vanderhye, the Virginia Cable Telecommunications Association ("VCTA"), and the Staff of the State Corporation Commission (the "Commission"), to agree and recommend to the Commission that it issue an order or orders in this matter approving the Stipulation, as supplemented, or modified as indicated, by the provisions set forth herein ("Addendum"):

BASE RATES OF SERVICE

12. There will be no base rate adjustment prior to December 1, 2013, except upon a determination that emergency rate relief is warranted, as authorized under Va. Code § 56-245. This Paragraph modifies the provisions of Paragraph 1 of the Stipulation only in that it extends the base rate freeze until December 1, 2013.

13. The Company's authorized return on equity ("ROE") applicable to base rates (inclusive of a Performance Incentive of 60 basis points) of 11.9% shall be

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utilized for purposes of the Earnings Test prescribed for the Company's first biennial review pursuant to Va. Code § 56-585.1 A. The "earnings band" for this biennial review Earnings Test shall be 11.4%-12.4%. This Paragraph clarifies the provisions of Paragraph 4 of the Stipulation. As stated in the Stipulation, this ROE is agreed to solely for purposes of this Stipulation taking into consideration this Stipulation as a whole and the disposition of all other matters set forth herein, and is not intended to establish or otherwise be a precedent for a particular "peer group" floor or "Performance Incentive" pursuant to Va. Code § 56-585.1 A 1 d. Nor shall anything in this Stipulation be deemed to have adopted or established a particular methodology for determining a Performance Incentive.

14. Consistent with the terms of Va. Code § 56-585.1 A 1, the first biennial review will be based on two successive 12-month test periods ending December 31, 2010. The Company's second biennial review will be based on two successive 12-month test periods ending December 31, 2012. For Earnings Test purposes in each of these biennial reviews, the earnings results of the two test periods will be netted together to determine total period earnings and each test period's rate base will be based on 13-month averages and each test period's capital structure will be based on end-of-test period. Earnings Test adjustments shall be based on the guidelines attached as Exhibit A to this Addendum. A list of all material accruals and out-of-period accounting entries will be included in each of these biennial review filings.

15. The provision of Paragraph 4 of the Stipulation stating that the agreed base ROE shall not establish the "Initial Return" pursuant to Va. Code § 56-585.1 A 2

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d is withdrawn. The "Initial Return" pursuant to Va. Code § 56-585.1 A 2 d is the base return on equity of 11.3%.

16. The Company will provide a $132 million base rate credit to customers from 2008 revenues. The credit shall be designed to credit equal amounts of $66 million during calendar years 2011 and 2012. The $132 million base rate credit to be provided to customers in the years 2011 and 2012 will be apportioned to all customer classes and rate schedules consistent with the manner in which the Company initially proposed the base rate increase in Case No. PUE-2009-00019, *i.e.*, equal percentage across all classes. After the dollar apportionment per customer class and rate schedule is determined on this basis, a rate per kWh will be derived to be applied to bills starting January 1, 2011, and continuing for the two-year period ending December 31, 2012. The base rate credit will be applied on a $/kW basis for customers served on GS-3 and GS-4. The method for deriving the base rate credit rider will be consistent with the manner approved by the Commission for setting Riders R, S and T, and based on forecasted sales for the two-year period. The Company will closely monitor the dollars being returned to customers by way of this base rate credit rider and will work with Staff to determine whether, commencing October 1, 2012, the rates that effect the base rate credit rider should be adjusted proportionally up or down as necessary in order to ensure aggregate credits to customer bills under this provision of $132 million on or before December 31, 2012.

RIDER TREATMENT

17. The parties will support a base authorized ROE of 11.3% for any rate adjustment clause ("RAC") under Va. Code § 56-585.1 A 5 or A 6 ("Subsection A 5"

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or "Subsection A 6"), including Riders R (Bear Garden), S (VCHEC) and, if approved, Riders C1 (Peak shaving) and C2 (DSM), along with future RAC(s) under these Code sections, if any, should the Company's Application or Petition for initial or updated approval of these RAC(s) be filed on or before June 30, 2010. The supported base ROE is exclusive of any statutory incentive adder under Va. Code § 56-585.1 A 6 (*e.g.*, 100 basis points as approved for Riders R and S). The Company agrees that no Performance Incentive shall be added to any 11.3% base authorized ROE approved consistent with the terms of this Paragraph. The Company agrees to request that the implementation date of Subsection A 6 RACs be shifted to reflect a rate year commencing April 1, as opposed to January 1, with any annual updates to be filed on or before June 30 of each year, as opposed to March 31, commencing with such filings in 2010. For existing Subsection A 6 RACs, including Riders R and S, the Company will request, and the parties will support, extending the currently-approved terms of these RACs to March 31, 2011, at existing rates of recovery, in order to effect the intent of this provision. Any over- or under-recovery of costs during this extended period, if approved, shall be addressed through the deferral and true-up provisions of these RACs. For all new or updated RAC Applications or Petitions under Subsections A 5 or A 6 of Va. Code § 56-585.1 filed after June 30, 2010, the parties do not stipulate to an authorized ROE, and the determination of the authorized ROE shall be in accord with the provisions of Va. Code § 56-585.1. This Paragraph supersedes, in its entirety, the provisions of Paragraph 5 of the Stipulation.

18. As to any approved Rider for the recovery of costs pursuant to subsection A 5 c of Va. Code § 56-585.1, the Company agrees that the allowed gross-up or margin

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on operations and maintenance ("O&M") expenses shall be limited to the Company's overall Commission approved cost of capital, up through December 31, 2013.

19. The provisions of Paragraph 6 of the Stipulation are withdrawn as moot in light of the Commission's Order Approving Rate Adjustment Clause in Case No. PUE-2009-00017.

RIDER CREDITS

20. Pursuant to the provisions of Paragraph 8 of the Stipulation, Rider Credit rates will be developed to offset the increases in rates associated with Riders R, S, and T. Paragraph 8 of the Stipulation also specifies that the Rider T credit for the period retroactive to September 1, 2009 will be applied (without interest) in a manner consistent with collection of those rates from customers. Recognizing that the rate increases associated with Riders R and S were effective on January 1, 2010, the Company will also apply the Riders R and S credit rates (without interest) for the period retroactive to January 1, 2010 in a manner consistent with the collection of those rates from customers to provide a similar "catch-up" of the credits provided for under this provision. This "catch-up" credit, for Riders R, S, and T, will be distributed to customers at the same time as the refund of the interim base rate increase, as ordered by the Commission. For the period subsequent to the "catch-up" of the Rider R, S and T Credits, such Rider Credits will be applied monthly pursuant to the provisions of Paragraph 8 of the Stipulation through December 31, 2010. This Paragraph clarifies the provisions of Paragraph 8 of the Stipulation.

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DEFERRED RTO COSTS RECOVERY

21. As of January 1, 2011, the Company waives any and all recovery from Virginia retail customers of any of its charges from PJM for deferred RTO costs ("DRC Charges") approved by FERC in Docket No. ER08-1540. The waived recovery of DRC Charges will consist of a deferred balance of $142,000,000 and authorized carrying charges of $55,000,000, for a total of $197,000,000.

ADVANCED METERING INFRASTRUCTURE (AMI) COST RECOVERY

22. The parties agree that rate treatment of all AMI deployment-related costs, including any change in the cost recovery relative to the existing meter infrastructure, has not been determined in Case No. PUE-2009-00019; the rate treatment of such costs may be addressed in a future Subsection A 5 proceeding or biennial review of base rates. Should the Commission approve, in any future Subsection A 5 proceeding, cost recovery of any item currently in the cost of service, then notwithstanding Paragraph 12 above the Commission may contemporaneously remove such cost recovery from base rates through an appropriate adjustment to base rates.

AFFILIATES AGREEMENT

23. The Company will re-file its Services Agreement with DRS within nine months of a final order in Case No. PUE-2009-00019. The Company and Staff will work together to review other currently approved affiliate agreements and assess whether changes are necessary. The re-filing and ultimate outcome of such re-filing will not affect or change the financial terms of this Stipulation. No party is waiving any right to participate in any proceeding before the Commission.

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QUALITY OF SERVICE

24. There will be no deterioration in customer service or service reliability as a result of the adoption of this Stipulation. The Company will work with Staff and provide information necessary to monitor this requirement. No party is waiving any right to participate in any proceeding before the Commission.

WHEREFORE, the undersigned parties agree that the Stipulation, as supplemented or modified by this Addendum, represents a compromise for the purposes of settlement of this case and balancing of many interests, and none of the signatories to this Stipulation and Addendum necessarily agrees with the treatment of any particular item, any procedure followed, or the resolution of any particular issue in agreeing to this Stipulation and Addendum other than as specified herein, except as required to implement provisions of this Stipulation and Addendum, and the parties agree that the resolution of the issues herein, taken as a whole, and the disposition of all other matters set forth in this Stipulation and Addendum are in the public interest. In the event the Commission does not accept and approve all aspects of this Stipulation and Addendum, the stipulating parties respectfully request notice allowing them ten (10) days within which to attempt to reach a modified stipulation that addresses the Commission's concerns. If no such modified stipulation is reached after ten (10) days, the Stipulation and Addendum shall terminate and the signatories shall reserve their rights to participate fully in all relevant proceedings notwithstanding their agreement on the terms of this Stipulation and Addendum.

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Respectfully submitted by:

CHAPARRAL (VIRGINIA) INC.

By: _____
Counsel

Robert A. Weishaar, Jr.
Dennis P. Jamouneau
McNees Wallace & Nurick LLC
777 N. Capitol St., NE
Suite 401
Washington, DC 20002-4292
(202) 898-5700 (telephone)
(717) 260-1765 (facsimile)
rweishaa@mwn.com
djamouneau@mwn.com

MEADWESTVACO CORP.

By: _____
Counsel

Donald J. Sipe
Todd J. Griset
Preti Flaherty
45 Memorial Circle
P.O. Box 1058
Augusta, Maine 04332-1058
(207) 623-5300 (telephone)
(207) 623-2914 (facsimile)
dsipe@preti.com
tgriset@preti.com

WAL-MART STORES EAST, LP AND SAM'S EAST, INC.

By: _____
Counsel

Holly Rachel Smith
Hitt Business Center
3803 Rectortown Road
Marshall, Virginia 20115
(202) 302-3172 (telephone)
holly@raysmithlaw.com

100349103
100280038

THE KROGER CO.

By: _____
Counsel

Michael L. Kurtz
Kurt J. Boehm
BOEHM, KURTZ & LOWRY
36 East Seventh Street, Suite 1510
Cincinnati, Ohio 45202
(513) 421-2255 (telephone)

APARTMENT AND OFFICE BUILDING ASSOCIATION OF METROPOLITAN WASHINGTON

By: _____
Counsel

Frann G. Francis
Apartment and Office Building
Association of Metropolitan Washington
1050 17th Street, NW, #300
Washington, DC 20036
(202) 296-3390 (telephone)

Timothy B. Hyland
Stein, Sperling, Bennett, DeJong, Driscoll
and Greenfeig
25 W Middle Lane
Rockville, Maryland 20850
(301) 838-3314 (telephone)

INTERNATIONAL PAPER COMPANY

By: _____
Counsel

Lowell E. Blackham
International Paper
Senior Counsel, Global Sourcing
6400 Poplar Avenue
Memphis, Tennessee 38197
(901) 419-3911 (telephone)
(901) 214-0950 (facsimile)
lowell.blackham@ipaper.com

100340103
100280038

UTILITY PROFESSIONAL SERVICES, INC.

By: _____
Counsel

Brian R. Greene
SeltzerGreene, PLC
Eighth & Main Building
707 East Main Street, Suite 1025
Richmond, Virginia 23219
(804) 672-4542 (telephone)

DEPARTMENT OF THE NAVY, ON BEHALF OF THE FEDERAL EXECUTIVE AGENCIES

By: _____
Counsel

Audrey Van Dyke
Naval Facilities Engineering Command
Litigation Office, NAVFAC Washington
720 Kennon Street, S.E.
Bldg. 36, Room 136
Washington Navy Yard, D.C. 20374
(202) 685-1931 (telephone)

VIRGINIA COMMITTEE FOR FAIR UTILITY RATES

By: Louis R. Monacell
Counsel

Louis R. Monacell
Edward L. Petrini
Christian & Barton, LLP
Suite 1200
909 East Main Street
Richmond, Virginia 23219-3095
(804) 697-4100 (telephone)
lmonacell@cblaw.com
epetrini@cblaw.com

1003401103
1002280038

FAIRFAX COUNTY BOARD OF SUPERVISORS

By: Marilyn S. McHugh
Counsel

David P. Bobzien
Marilyn S. McHugh
Office of the Fairfax County Attorney
12000 Government Center Parkway, Suite 549
Fairfax, Virginia 22035-0064
(703) 324-2421

ROBERT A. VANDERHYE

By:
(s/ Robert A. Vanderhye (with permission)
Counsel

Robert A. Vanderhye
801 Ridge Dr.
McLean, Virginia 22101-1625
(703) 442-0422 (telephone)

VIRGINIA CABLE TELECOMMUNICATIONS ASSOCIATION

By: Cliona M. Robb
Counsel

Cliona M. Robb
Christian & Barton, L.L.P.
909 East Main Street, Suite 1200
Richmond, Virginia 23219-3095
(804) 697-4100 (telephone)

100346103
100280038

OFFICE OF THE ATTORNEY GENERAL,
DIVISION OF CONSUMER COUNSEL

By: _____
Counsel

Kenneth T. Cuccinelli, II
Wesley G. Russell, Jr.
C. Meade Browder, Jr.
Kiva Bland Pierce
Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
(804) 786-2071 (telephone)

STAFF OF THE STATE CORPORATION
COMMISSION

By: _____
Counsel

William H. Chambliss
Office of General Counsel
State Corporation Commission
P.O. Box 1197
Richmond, Virginia 23218-1197
(804) 371-9671 (telephone)

100240103
100280038

VIRGINIA ELECTRIC AND POWER COMPANY

By: _____
Counsel

Pamela J. Walker
Karen L. Bell
Dominion Resources Services, Inc.
120 Tredegar Street
Richmond, Virginia 23219
(804) 819-2269 (telephone)
pamela.walker@dom.com
karen.bell@dom.com

Edward L. Flippen
Joseph K. Reid, III
Kristian M. Dahl
McGuireWoods LLP
One James Center, 901 East Cary Street
Richmond, Virginia 23219-4030
(804) 775-1000 (telephone)
eflippen@mcguirewoods.com
jreid@mcguirewoods.com
kdahl@mcguirewoods.com

Donald G. Owens
Thomas C. Walker, Jr.
Troutman Sanders LLP
1001 Haxall Point
Richmond, VA 23219
(804) 697-1217 (telephone)
donald.owens@troutmansanders.com
tom.walker@troutmansanders.com

Counsel for Virginia Electric and Power Company

February 26, 2010

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EXHIBIT A

GUIDELINES FOR EARNINGS TEST ADJUSTMENTS

The biennial reviews, as provided for under Va. Code § 56-585.1 A 3, shall be primarily a per books evaluation of the Company's consolidated actual jurisdictional financial results for its generation and distribution services reflecting the aggregate actual costs incurred by the Company during the combined test periods under review. In general, the actual financial results of the Company will be adjusted only for differences between Generally Accepted Accounting Principles and regulatory accounting based on ratemaking practices previously established by the Commission in prior Virginia Electric and Power Company rate decisions.

Exhibit 28

PUBLIC VERSION

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Dominion®

Application, Direct Testimony, Exhibits and Schedules of Virginia Electric and Power Company

Before the State Corporation Commission of Virginia

For a 2011 biennial review of rates, terms and conditions for the provision of generation, distribution and transmission services pursuant to § 56-585.1 A of the Code of Virginia

Case No. PUE-2011-00027

Filed: March 31, 2011

PUBLIC VERSION
Vol. 2 of 8

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VIRGINIA ELECTRIC AND POWER COMPANY
2011 BIENNIAL REVIEW APPLICATION
CASE NO. PUE-2011-00027

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Direct Testimony of Robert S. Harris, Ph.D.

Direct Testimony of Paul B. Haynes

Direct Testimony of Maxwell R. Schools, Jr.

Direct Testimony of Andrew J. Evans

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VIRGINIA ELECTRIC AND POWER COMPANY
HISTORIC PROFITABILITY AND MARKET DATA
12 Months Ended December 31, 2010
CASE NO. PUE-2011-00027

Dominion Resources, Inc. - Consolidated Company Profitability and Capital Markets Data		2006	2007	2008	Test Period 2009	Test Period 2010
A. Ratios						
Return on Year-End Equity	(a)	10.67%	26.91%	18.20%	11.51%	23.41%
Return on Average Equity	(a)	11.83%	22.70%	18.80%	12.11%	24.23%
Earnings Per Share	(b)	$1.96	$3.88	$3.16	$2.17	$4.76
Dividends Per Share	(b)	$1.38	$1.46	$1.58	$1.75	$1.83
Payout Ratio		70%	38%	50%	81%	38%
Market Price of Common Stock:						
Year's High	(b)	$84.02	$48.99	$48.11		
Year's Low	(b)	$69.03	$40.00	$33.58		
Average Price	(b)	$76.58	$43.89	$41.83		
Dividend Yield on Common Stock		1.80%	3.33%	3.78%		
Price Earnings Ratio		39.07 x	11.31 x	13.24 x		
B. External Funds Raised by Dominion Resources, Inc. - parent						
1. Bonds ($millions)						
Remarketable Notes						
Senior Notes		$650 (c)	$350 (f)	$1,800 (h)	$550 (i)	$485 (k)
Pollution Control Financings						
Medium Term Notes						
Enhanced Jr Subordinated Notes		$800 (d)			$685 (j)	
Bond Coupon Rates		(c) (d)	(f)	(h)	(i) (j)	(k)
Bond Rating (S&P/Moody's/Fitch)						
Senior Unsecured Debt		BBB/Baa2/BBB+ (e)	BBB/Baa2/BBB+ (g)	A-/Baa2/BBB+	A-/Baa2/BBB+	A-/Baa2/BBB+
2. Preferred Stock						
Dollar Amount Raised ($millions)		n/a	n/a	n/a	n/a	n/a
Dividend Rate						
S&P / Moody's Rating						
3. Common Equity:						
Public Offerings ($millions)		330.0	n/a	n/a	249.0	n/a
No. Shares Issued (millions)		4.5			8.0	
Average Offering Price		$73.96			$32.27	
Other Sources - Equity ($millions)		$174.9	$251.3	$261.4	$283.2	$89.9
No. Shares Issued (millions)	(b)	2.4	8.3	6.4	8.5	2.8
Average Offering Price	(b)	$73.71	$30.44	$40.35	$33.46	$31.79
4. Short Term Debt ($millions)						
Commercial Paper Program		$392.5	($389.6)	($236.2)	$89.2	$432.9
Bank Revolving Credit Facility		$500.0	$500.0	$470.0	($970.0)	($500.0)
[increase/(decrease) in year-end balances]						
Money Market Notes						
S&P /Moody's/Fitch Rating		A-2 / P-2 / F2	A-2 / P-2 / F2	A-2 / P-2 / F2	A-2 / P-2 / F2	A-2 / P-2 / F2

NOTES:

(a) 2006, 2007 and 2008 have been recast to reflect the impact of applying SFAS No. 160 *Noncontrolling Interests in Consolidated Financial Statements*, effective January 2009.
(b) 2:1 split of common shares in 2007.
(c) Senior Notes: $250 million of Series A 5.60% due 2016; $400 million of Series B variable rate due 2008. Also reset the coupon on the 2002 Series A Senior Notes due 2008 to 5.687%.
(d) Enhanced Jr Subordinated Notes: $300 million of Series A 7.50% due 2066; $500 million of Series B 6.30% due 2066.
(e) On March 29th, 2006 Moody's downgraded Dominion Resources' credit rating from Baa1 to Baa2
(f) Senior Notes: $350 million of Series A 6.0% due 2017.
(g) On December 27th, 2007 S&P upgraded Dominion Resources' credit rating from BBB to A-
(h) Senior Notes: $500 million of Series A 6.4% due 2018; $400 million of Series B 7.0% due 2038; $300 million of Series C variable rate (3-month LIBOR plus 105 basis points) due 2010; and, $600 million of Series D 8.875% due 2019.
(i) Senior Notes: $500 million of Series A 5.20% due 2019; $50 million of Series A Brayton 5.75% due 2042
(j) Enhanced Jr Subordinated Notes: $685 million of Series A 8.375% due 2064
(k) Senior Notes: $250 million of Series A 2.25% due 2015; $159.5 million of Series A Brayton and $75.5 million Series B Brayton variable rate (SIFMA Index) due 2041

PUBLIC VERSION

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VIRGINIA ELECTRIC AND POWER COMPANY
HISTORIC PROFITABILITY AND MARKET DATA
12 Months Ended December 31, 2010
CASE NO. PUE-2011-00027

VIRGINIA ELECTRIC AND POWER COMPANY		2006	2007	2008	Test Period 2009	Test Period 2010
C. Subsidiary Data						
Ratios						
Return on Year-End Equity		8.57%	7.80%	13.50%	4.73%	9.82%
Return on Average Equity		9.42%	7.90%	14.34%	5.04%	10.65%
External Funds Raised by Company						
1. Bonds and Notes ($000)						
Pollution Control Financings			14,000 (d)	189,500 (h)	270,000 (k)	205,000 (m)
Senior Notes		1,000,000 (b)	2,250,000 (e)	1,300,000 (i)	350,000 (l)	300,000 (n)
Bonds and Notes Coupon Rates		(b)	(d) (e)	(h) (i)	(k) (l)	(m) (n)
Sr Unsecured Debt Rating (S&P/Moody's/Fitch)		BBB/ Baa1/BBB+ (c)	BBB/ Baa1/BBB+ (f)	A-/Baa1/A- (j)	A-/ Baa1/A-	A-/Baa1/A- (o)
2. Trust Preferred Securities ($000)		n/a	n/a	n/a	n/a	n/a
Trust Preferred Securities Dividend Rates						
Preferred Rating (S&P/Moody's)						
3. Preferred Stock ($000)		n/a	n/a	n/a	n/a	n/a
Preferred Stock Dividend Rates						
Preferred Rating (S&P/Moody's)						
4. Common Equity ($000)						
Stock or Capital Transfer from Parent		0	220,000 (g)	349,985	1,000,000	1,000,000
5. Other Sources ($000):						
Commercial Paper Program	(a)	286,884	-360,640	39,645	145,417	157,936
S&P / Moody's / Fitch Rating		A-2 / P-2 / F2	A-2 / P-2 / F2	A-2 / P-2 / F2	A-2 / P-2 / F2	A-2 / P-2 / F2
Short-term intercompany note w/ DRI	(a)	0	0	218,564	-218,564	79,276

NOTES:

(a) Commercial Paper Program and Inter-company notes are reported as the increase or (decrease) in year-end balances.
(b) Senior Notes: $450 million Series A 5.40% due 2016; $550 million Series B 6.00% due 2036.
(c) On March 29th, 2006 Moody's downgraded Virginia Power's credit rating from A3 to Baa1
(d) Pollution Control Bonds: $14 million issued through EDA of the County of Chesterfield, 5.6% due 2031.
(e) Senior Notes: $600 million Series A 6.10% due 2037; $600 million Series B 5.95% due 2017; $600 million Series C 5.10% due 2012; and, $450 million Series D 6.35% due 2037.
(f) On December 27th, 2007 S&P upgraded Virginia Power's credit rating from BBB to A-
(g) Reclassification of $200 million of short-term debt payable to Dominion to contributed equity capital (in lieu of issuance of common stock).
(h) Pollution Control Bond Refundings: $30 million Chesapeake due 2032, 3.6% until 2013; $122 million Louisa Series A & B due 2035, 5.375% through 2013; and, $37.5 million Louisa Series C due 2035, 5.0% through 2011.
(i) Senior Notes: $600 million Series A 5.40% due 2018; $700 million Series B 8.875% due 2038.
(j) On April 30th, 2008 Fitch upgraded Virginia Power's credit rating from BBB+ to A-
(k) Pollution Control Bond Refundings: $40 million Chesterfield 5.0% due 2033; $70 million York Series A 4.05% due 2033; New Money: $160 million Wise Series A variable rate (SIFMA index + 150bps) due 2040 ($60 million draw on 9/30/09, $100 million draw on 12/20/2010)
(l) Senior Notes: $350 million Series A 5.0% due 2019
(m) Pollution Control Bonds: $105 million Wise Series A 2.375% due 2040; $100 million Halifax Series A variable rate (65% of 1mLIBOR + 114.5bps) due 2041
(n) Senior Notes: $300 million Series A 3.45% due 2022
(o) On December 8th, 2010 Moody's upgraded Virginia Power's credit rating from Baa1 to A3

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VIRGINIA ELECTRIC AND POWER COMPANY
INTEREST AND CASH FLOW COVERAGE DATA
12 Months Ended December 31, 2010
CASE NO. PUE-2011-00027

Coverage Ratios and Cash Flow Profile Data		2006	2007	2008	Test Period 2009	Test Period 2010
A. Consolidated Company Data - Dominion Resources, Inc.						
Interest Coverage Ratios						
a. Pre-Tax Method (Line 4 / Line 3)		3.33	4.63	3.97	3.01	6.84
Cash Flow Coverage Ratios						
a. Common Dividend Coverage		4.12	2.89	3.30	1.90	4.46
b. Cash Flow Coverage of Construction Expenditures		0.99	0.68	0.86	0.52	1.41
c. Cash after Common Dividends Coverage of Construction Expenditures		0.75	0.44	0.60	0.25	1.10
Data for Interest Coverage ($million)						
1. Net Income Attributable to Dominion (from continuing operations and includes extraordinary item)	(1)	1,725	2,503	1,644	1,261	2,963
2. Income Taxes	(1)	861	1,758	953	596	2,057
3. Interest	(1)(2)	1,110	1,174	873	922	859
4. Earnings Before Interest and Taxes		3,696	5,435	3,470	2,779	5,879
Data for Cash Flow Coverage ($million)						
5. Net Income Attributable to Dominion (from continuing operations and includes extraordinary item)	(1)	1,725	2,503	1,644	1,261	2,963
6. AFUDC(debt and equity)		14	30	61	90	88
7. Depreciation, Depletion and Amortization		1,739	1,533	1,191	1,319	1,258
8. Change in Deferred Taxes and Inv. Tax Credits, net	(1)	567	(1,301)	269	(494)	682
9. Subsidiary Preferred Dividends Paid	(2)	16	16	17	17	17
10. Cash Flow Generated		4,001	2,689	3,026	1,979	4,798
11. Property, Plant & Equipment Expenditures		4,038	3,956	3,517	3,804	3,395
12 Common Dividends Paid		971	931	916	1,039	1,076

(1) Our Consolidated Statements of Income have been recasted to reflect Peoples Natural Gas as discontinued operations.
(2) Recast to reflect the impact of applying SFAS No. 160*Noncontrolling Interests in Consolidated Financial Statements*, effective January 2009.

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VIRGINIA ELECTRIC AND POWER COMPANY
INTEREST AND CASH FLOW COVERAGE DATA
12 Months Ended December 31, 2010
CASE NO. PUE-2011-00027

Coverage Ratios and Cash Flow Profile Data	2006	2007	2008	Test Period 2009	Test Period 2010
B. Subsidiary Data - Virginia Electric & Power Company					
Interest Coverage Ratios (x)					
a. Pre-Tax Method (Line 4 / Line 3)	3.53	3.60	5.13	2.34	4.79
Cash Flow Coverage Ratios (x)					
a. Common Dividend Coverage (10 / 12)	3.14	3.49	4.12	1.29	4.30
b. Cash Flow Coverage of Construction Expenditures (10 / 11)	1.06	1.03	0.90	0.24	0.97
c. Cash after Common Dividends Coverage of Construction Expenditures ([10 - 12] / 11)	0.72	0.73	0.68	0.05	0.75
Data for Interest Coverage ($000)					
1. Net Income (from continuing operations and includes extraordinary item)	477,852	448,122	863,504	355,918	852,006
2. Income Taxes	283,999	370,993	500,356	147,238	541,487
3. Interest	301,664	315,456	329,942	375,454	367,874
4. Earnings Before Interest and Taxes (1 + 2 + 3)	1,063,515	1,134,571	1,693,802	878,610	1,761,367
Data for Cash Flow Coverage ($000)					
5. Net Income (from continuing operations and includes extraordinary item)	477,852	448,122	863,504	355,918	852,006
6. AFUDC (Debt and Equity)	10,956	23,294	39,485	80,748	74,756
7. Amortization and Depreciation	619,081	654,235	701,724	746,835	781,827
8. Change in Deferred Taxes and Inv. Tax Credits, net	24,412	256,218	304,443	(409,384)	609,295
9. Preferred Dividends Paid	15,721	15,721	16,659	16,630	16,659
10. Cash Flow Generated (5 + 7 + 8 - 6 - 9)	1,094,668	1,319,560	1,813,527	595,991	2,151,713
11. Property, Plant & Equipment Expenditures	1,036,181	1,284,487	2,015,584	2,461,734	2,212,389
12. Common Dividends Paid	348,786	377,676	440,623	463,186	500,394

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VIRGINIA ELECTRIC AND POWER COMPANY
CAPITAL STRUCTURE AND COST OF CAPITAL STATEMENT - PER BOOKS AND AVERAGE
12 Months Ended December 31, 2010
CASE NO. PUE-2011-00027

Capital Structure and Cost of Capital Statement	2006	2007	2008	Test Period 2009	13-Month Average 2009	Test Period 2010	13-Month Average 2010
A. Capital Structure Per Balance Sheet ($000):							
Short-Term Debt	617,642	257,002	296,647	442,064		600,000	
Customer Deposits	108,614	115,902	116,035	117,190		115,612	
Other Current Liabilities*	2,214,313	1,409,976	1,615,907	1,648,944		1,362,128	
Long-Term Debt	2,986,458	4,903,501	5,999,815	6,212,601		6,702,240	
Notes payable to affliates	632,301	412,371	0	0		0	
Preferred & Preference Stock	257,097	257,097	257,097	257,097		257,097	
Common Equity	5,392,014	5,540,687	6,274,052	7,172,722		8,507,042	
Investment Tax Credits	33,700	24,042	19,720	18,555		17,507	
Accum. Deferred Income Taxes	2,273,897	2,213,417	2,465,702	2,341,367		2,654,342	
Other Deferred Credits	1,166,840	1,928,985	1,756,892	1,907,630		2,045,589	
Total Capitalization	15,682,878	17,062,981	18,801,867	20,118,170		22,261,557	
B. Capital Structure for Ratemaking Purpose ($000):							
Short-Term Debt **	291,889	1,008,806	488,172	630,292	482,361	397,244	370,718
Long-Term Debt	4,467,463	5,163,687	6,058,095	6,440,075	6,259,845	6,785,194	6,532,118
Preferred Stock	632,065	632,194	252,153	252,153	252,153	252,153	252,153
Common Equity	5,243,008	5,510,338	6,273,817	7,151,672	6,546,531	8,488,051	7,782,824
Job Development Tax Credits	91,678	82,020	77,698	76,532	77,059	17,507	22,438
Total Capitalization	10,726,103	12,397,044	13,149,935	14,550,724	13,617,949	15,940,149	14,960,251
C. Capital Structure Weights for Ratemaking Purpose (%):							
Short-Term Debt	2.721	8.138	3.712	4.332	3.542	2.492	2.478
Long-Term Debt	41.650	41.653	46.069	44.260	45.968	42.567	43.663
Preferred Stock	5.893	5.100	1.918	1.733	1.852	1.582	1.686
Common Equity	48.881	44.449	47.710	49.150	48.073	53.250	52.023
Job Development Tax Credits	0.855	0.662	0.591	0.526	0.566	0.110	0.150
Total Capitalization	100.000	100.000	100.000	100.000	100.000	100.000	100.000
D. Component Capital Cost Rates (%):							
Short-Term Debt	5.383	5.633	5.581	0.288	1.322	0.404	0.351
Long-Term Debt	5.558	5.553	5.788	5.640	5.872	5.419	5.653
Preferred Stock	7.174	7.231	6.605	6.605	6.595	6.605	6.607
Common Equity	N/A	N/A	14.000	11.900	11.900	11.900	11.900
Job Development Tax Credits	8.618	8.496	9.898	8.891	8.908	8.982	9.543
E. Component Weighted Cost Rates (%):							
Short-Term Debt	0.146	0.458	0.207	0.012	0.047	0.010	0.009
Long-Term Debt	2.315	2.313	2.666	2.496	2.699	2.306	2.469
Preferred Stock	0.423	0.369	0.127	0.114	0.122	0.104	0.111
Common Equity	N/A	N/A	6.679	5.849	5.721	6.337	6.191
Job Development Tax Credits	0.074	0.056	0.058	0.047	0.050	0.010	0.014
Weighted Cost of Capital	N/A	N/A	9.737	8.518	8.639	8.767	8.794

* Includes securities due within one year.
** For period end years, Short-Term Debt is a thirteen-month average. For average, Short-Term Debt is the Average Daily Balance for the period

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VIRGINIA ELECTRIC AND POWER COMPANY
RECONCILIATION OF CAPITALIZATION FOR RATEMAKING TO BALANCE SHEET
($000)
CASE NO. PUE-2011-00027

	31-Dec-2009	31-Dec-2010
Capital Structure per Balance Sheet	20,118,170	22,261,557
Capital Structure for Ratemaking	14,550,724	15,940,149
Difference	5,567,446	6,321,408
Reconciliation:		
Short-Term Debt: average daily balance vs. end of period balance	(188,228)	202,756
Customer Deposits	117,190	115,612
Other Current Liabilities *	1,403,480	1,346,959
Mark-to-Market Adjustment of Interest Rate Swaps	370	0
Unamortized Balance of Debt Issuance Expenses (including JSD)	39,746	40,292
Unamortized Balance of Loss on Reacquired Debt Refunded	10,787	9,803
Ratemaking vs. Accounting Method of Amortization of Debt Balances	41,651	(8,655)
Deferred investment tax credits (Job Development Tax Credits) ratemaking vs. GAAP	(57,977)	0
Accumulated Other Comprehensive Income (less unamort balance related to debt hedges)	10,690	18,513
Unamortized Preissuance Hedge Gain/Loss	(27,674)	(21,527)
Accumulated Deferred Income Taxes	2,341,367	2,654,342
Other Deferred Credits	1,876,045	1,963,314
Total	5,567,446	6,321,408

* Excludes securities due within one year of $15,168,979 in 2010; Excludes securities due within one year of $245,464,176 in 2009

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VIRGINIA ELECTRIC AND POWER COMPANY
12 Months Ended December 31, 2009
CASE NO. PUE-2011-00027

Schedule of Bonds, Mortgages, Other Long-Term Debt,
and Preferred and Preference Stock,
and Common Equity for Ratemaking

NOTE: Page 2 contains confidential information which has been marked with highlighting.

Virginia Electric and Power Company - Consolidated

Long-Term Debt Securities Outstanding - Ratemaking

As of December 31, 2009

Description	Issue Date	Maturity Date	Principal Issued	Original Net Proceeds	Coupon Rate(1)	Principal Outstanding	Net Amount Outstanding	Effective Cost Rate (2)	Annualized Embedded Cost	Variable Rate Index + Spread / Current or First Call Rate/Date	Compan
Interest Rate Swaps											
Swap 10 (Ch 87B) Pay	11/08/2002	06/01/2017	$35,000,000	$35,000,000	0.944%	$35,000,000	$35,000,000	0.9444%	$330,533	6mLIBORa + 46bps	VEPCO
Swap 9 (Ch 87A) Pay	11/08/2002	06/01/2017	$40,000,000	$40,000,000	0.944%	$40,000,000	$40,000,000	0.9444%	$377,752	6mLIBORa + 46bps	VEPCO
Variable - Interest Rate Swaps:			$75,000,000	$75,000,000	0.944%	$75,000,000	$75,000,000	0.9444%	$708,285		
Swap 10 (Ch 87B) Receive	11/08/2002	06/01/2017	($35,000,000)	($35,000,000)	5.875%	($35,000,000)	($35,000,000)	5.8753%	($2,056,355)	100.00% @ 05/06/2009	VEPCO
Swap 9 (Ch 87A) Receive	11/08/2002	06/01/2017	($40,000,000)	($40,000,000)	5.875%	($40,000,000)	($40,000,000)	5.8753%	($2,350,120)		VEPCO
Fixed - Interest Rate Swaps:			($75,000,000)	($75,000,000)	5.875%	($75,000,000)	($75,000,000)	5.8753%	($4,406,475)		
Total Interest Rate Swaps:			$0	$0	0.000%	$0	$0	0.0000%	($3,698,190)		
Mortgage Bonds											
LOR 89-A ($11M) Mtg Bond	11/03/1993	02/01/2019							$47,327		VEPCO
LOR 89-A ($15M) Mtg Bond	09/30/1993	02/01/2019							$64,537		VEPCO
LOR 89-A ($5M) Mtg Bond	03/05/1992	02/01/2019							$18,422		VEPCO
Amortization of LOR - Mortgage Bonds:			$0	$0	0.000%	$0	$0	0.0000%	$130,286		
Total Mortgage Bonds:			$0	$0	0.000%	$0	$0	0.0000%	$130,286		
Pollution Control Bonds											
Grant 86	11/20/1986	08/01/2016	$7,400,000	$7,075,399	1.750%	$7,400,000	$7,333,032	1.9042%	$139,635	CP Mode : 100.00% @ 11/20/1986	VEPCO
Grant 94	03/30/1994	09/01/2024	$19,500,000	$19,117,863	1.184%	$19,500,000	$19,349,773	1.2458%	$241,064	CP Mode : 100.00% @ 03/30/1994	VEPCO
Grant 96	02/29/1996	03/01/2026	$24,500,000	$24,113,959	1.133%	$24,500,000	$24,324,067	1.1861%	$288,516	CP Mode : 100.00% @ 02/29/1996	VEPCO
Halifax 92	11/24/1992	11/01/2027	$56,000,000	$55,506,889	1.750%	$56,000,000	$55,854,633	1.7690%	$988,095	CP Mode : 100.00% @ 11/24/1992	VEPCO
Prince William 86	10/08/1986	08/01/2016	$11,200,000	$11,122,678	1.733%	$11,200,000	$11,200,130	1.7324%	$194,031	CP Mode : 100.00% @ 10/08/1986	VEPCO
Wise 09-A	09/30/2009	10/01/2040	$160,000,000	$158,683,982	1.765%	$60,000,000	$58,853,003	1.8630%	$1,096,421	SIFMA index +150bps	VEPCO
Variable - Pollution Control Bonds:			$278,600,000	$275,620,771	1.608%	$178,600,000	$176,914,638	1.6662%	$2,947,764		
Chesapeake 08-A	01/30/2008	02/01/2032	$30,000,000	$29,729,464	3.600%	$30,000,000	$29,693,214	3.5713%	$1,060,434	Reset Term/Rate @ 1/31/2013	VEPCO

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Description	Issue Date	Maturity Date	Principal Issued	Original Net Proceeds	Coupon Rate (1)	Principal Outstanding	Net Amount Outstanding	Effective Cost Rate (2)	Annualized Embedded Cost	Variable Rate Index + Spread / Current or First Call Rate/Date	Compan
Chesterfield 07-A	11/15/2007	11/01/2031	$14,000,000	$13,662,633	5.600%	$14,000,000	$13,643,395	5.6760%	$774,399	100.00% @ 11/01/2017	VEPCO
Chesterfield 09-A	05/19/2009	05/01/2023	$40,000,000	$39,287,891	5.000%	$40,000,000	$39,250,363	4.9381%	$1,938,222	Optional Redemption @ 5/1/2019	VEPCO
Chesterfield 87A (post fix)	06/04/1987	06/01/2017	$40,000,000	$38,787,691	5.875%	$40,000,000	$39,257,784	6.1934%	$2,431,392	102.00% @ 11/08/2010	VEPCO
Chesterfield 87B (post fix)	06/04/1987	06/01/2017	$35,000,000	$34,856,318	5.875%	$35,000,000	$34,916,132	5.9185%	$2,066,511	102.00% @ 11/08/2010	VEPCO
Louisa 00	09/19/2000	09/01/2030	$30,000,000	$29,773,604	4.250%	$30,000,000	$29,946,520	4.2662%	$1,277,588	Fixed 'til 4/1/2010 : Reset Term/Rate @ 3/31/2007	VEPCO
Louisa 01	02/28/2001	03/01/2031	$50,000,000	$49,587,778	4.350%	$50,000,000	$49,884,749	4.3710%	$2,180,445	Fixed 'til 3/1/2010 : Reset Term/Rate @ 2/28/2007	VEPCO
Louisa 08-A	11/20/2008	11/01/2035	$60,000,000	$59,464,303	5.375%	$60,000,000	$59,414,501	5.3505%	$3,178,973	Reset Term/Rate @ 12/1/2013	VEPCO
Louisa 08-B	11/20/2008	11/01/2035	$62,000,000	$61,499,008	5.375%	$62,000,000	$61,446,542	5.3445%	$3,284,010	Reset Term/Rate @ 12/1/2013	VEPCO
Louisa 08-C	11/20/2008	11/01/2035	$37,500,000	$37,154,486	5.000%	$37,500,000	$37,124,471	4.9760%	$1,847,314	Reset Term/Rate @ 11/30/2011	VEPCO
Louisa 97	04/08/1997	04/01/2022	$10,000,000	$9,689,259	4.250%	$10,000,000	$9,882,901	4.3971%	$434,559	Fixed 'til 4/1/2010 : Reset Term/Rate @ 3/31/2007	VEPCO
Mecklenburg IDA Bonds	08/18/2004	10/15/2017	$24,500,000	$25,266,850	6.500%	$24,500,000	$24,980,020	6.1237%	$1,529,701	100.00% @ 10/12/2012	VEPCO
Pittsylvania 94B	11/29/2004	01/01/2010	$5,400,000	$5,670,000	7.650%	$1,200,000	$1,276,704	5.9936%	$76,521		VEPCO
York 09-A	05/19/2009	05/01/2033	$70,000,000	$69,551,290	4.050%	$70,000,000	$69,515,505	3.9938%	$2,776,310	Reset Term/Rate @ 4/30/2014	VEPCO
Fixed - Pollution Control Bonds:			**$508,400,000**	**$503,980,574**	**4.978%**	**$504,200,000**	**$500,232,800**	**4.9690%**	**$24,856,379**		
Total Pollution Control Bonds:			**$787,000,000**	**$779,601,345**	**4.096%**	**$682,800,000**	**$677,147,438**	**4.1061%**	**$27,804,142**		
Senior Notes											
03-A Sr Notes	02/28/2003	03/01/2013	$400,000,000	$396,564,623	4.750%	$400,000,000	$398,842,672	4.8621%	$19,392,130	MW:T+15bp @ 2/28/2003	VEPCO
03-B Sr Notes	12/09/2003	12/15/2010	$230,000,000	$227,011,598	4.500%	$230,000,000	$229,617,360	4.7232%	$10,845,287	MW:T+15bp @ 12/9/2003	VEPCO
03-C Sr Notes	12/09/2003	12/15/2015	$200,000,000	$198,568,863	5.250%	$200,000,000	$199,204,094	5.3327%	$10,622,957	MW:T+20bp @ 12/9/2003	VEPCO
04-A Sr Notes (Meck Exchan	11/22/2004	10/15/2017	$105,800,000	$118,547,723	7.250%	$65,000,000	$68,605,920	4.7380%	$3,250,548		VEPCO
06-A Sr Notes	01/13/2006	01/15/2016	$450,000,000	$445,537,065	5.400%	$450,000,000	$439,750,734	5.1584%	$22,684,102	MW:T+20bp @ 1/13/2006	VEPCO
06-B Sr Notes	01/13/2006	01/15/2036	$550,000,000	$543,593,802	6.000%	$550,000,000	$542,267,981	6.0162%	$32,623,926	MW:T+25bp @ 1/13/2006	VEPCO
07-A Sr Notes	05/17/2007	05/15/2037	$600,000,000	$592,823,283	6.000%	$600,000,000	$591,913,646	6.0186%	$35,624,915	MW: T+25bp @ 5/17/2007	VEPCO
07-B Sr Notes	09/11/2007	09/15/2017	$600,000,000	$593,377,629	5.950%	$600,000,000	$589,564,211	5.7552%	$33,930,599	MW: T+25bps @ 9/11/2007	VEPCO
07-C Sr Notes	12/04/2007	11/30/2012	$600,000,000	$595,883,461	5.100%	$600,000,000	$598,559,314	5.3404%	$31,965,462	MW: T+25bp @ 12/4/2007	VEPCO
07-D Sr Notes	12/04/2007	11/30/2037	$450,000,000	$444,802,728	6.350%	$450,000,000	$444,935,040	6.4377%	$28,643,583	MW: T+30bps @ 12/4/2007	VEPCO
08-A Sr Notes	04/17/2008	04/30/2018	$600,000,000	$581,567,499	5.400%	$600,000,000	$580,673,230	5.4851%	$31,850,507	MW: T+35bps @ 4/17/2008	VEPCO

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Description	Issue Date	Maturity Date	Principal Issued	Original Net Proceeds	Coupon Rate(1)	Principal Outstanding	Net Amount Outstanding	Effective Cost Rate (2)	Annualized Embedded Cost	Variable Rate Index + Spread Current or First Call Rate/Date	Compan
08-B Sr Notes	11/06/2008	11/15/2038	$700,000,000	$693,427,261	8.875%	$700,000,000	$691,865,561	8.7731%	$60,698,058	MW: T+50bps @ 11/6/2008	VEPCO
09-A Sr Notes	06/26/2009	06/30/2019	$350,000,000	$346,774,687	5.000%	$350,000,000	$344,891,328	3.9989%	$13,791,859	MW: T+25bp @ 6/26/2009	VEPCO
Rosemary 8.625% Notes	02/08/2005	02/15/2016	$62,336,321	$64,268,747	8.625%	$35,657,693	$34,344,396	7.2092%	$2,475,956		VEPCO
Fixed - Senior Notes:			$5,898,136,321	$5,842,748,969	5.966%	$5,830,657,693	$5,755,035,485	5.8801%	$338,399,889		
Total Senior Notes:			$5,898,136,321	$5,842,748,969	5.966%	$5,830,657,693	$5,755,035,485	5.8801%	$338,399,889		
Senior Notes - Promissory											
Fort Eustis	12/15/2004	01/15/2025	$297,215	$297,215	7.250%	$256,444	$252,974	7.0441%	$17,820	Puttable at Par @ 3/15/2005	VEPCO
Fort Lee	04/01/2005	04/01/2032	$6,156,544	$6,156,544	7.250%	$5,733,224	$5,687,716	7.1146%	$404,658	Puttable at Par @ 4/1/2005	VEPCO
Fort Monroe	02/17/2005	03/17/2025	$2,133,076	$2,133,076	7.250%	$1,851,963	$1,828,299	7.0466%	$128,833	Puttable at Par @ 5/17/2005	VEPCO
Fort Story	12/15/2004	01/15/2025	$144,996	$144,996	7.250%	$125,106	$123,413	7.0441%	$8,693	Puttable at Par @ 3/15/2005	VEPCO
Fixed - Senior Notes - Promissory:			$8,731,831	$8,731,831	7.250%	$7,966,738	$7,892,403	7.0955%	$560,004		
Total Senior Notes - Promissory:			$8,731,831	$8,731,831	7.250%	$7,966,738	$7,892,403	7.0955%	$560,004		
Grand Total Long-Term Debt:			$6,693,868,152	$6,631,082,144	5.715%	$6,521,424,431	$6,440,075,326	5.6396%	$363,196,132		

Notes:

** indicates issues that are based upon estimated issuance expenses*

(1) variable interest rates are an average of the end-of-month effective interest rates for each security between Oct-2009 and Dec-2009

(2) as developed for ratemaking purposes (i.e., annual cashflows)

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Virginia Electric and Power Company - Consolidated

Preferred Securities

As of December 31, 2009

Description	Issue Date	Maturity Date	Par Amount Issued	Original Net Proceeds	Dividend Rate**	Par Value Outstanding	Net Amount Outstanding	Effective Cost Rate	Cash Flow Requirement	Current or First Call Rate @ Date	Company
$5.00 Preferred Stock	05/25/1944	Perpetual	$28,947,200	$30,329,422	$5.000	$10,667,700	$11,177,080	4.7721%	$533,385	112.5 @ 3/20/1953	VEPCO
$4.04 Preferred Stock	03/14/1950	Perpetual	$10,000,000	$10,001,791	$4.040	$1,292,600	$1,292,832	4.0393%	$52,221	102.27 @ 3/20/1960	VEPCO
$4.20 Preferred Stock	03/14/1951	Perpetual	$10,000,000	$10,006,760	$4.200	$1,479,700	$1,480,700	4.1972%	$62,147	102.5 @ 3/19/1961	VEPCO
$4.12 Preferred Stock	12/14/1955	Perpetual	$12,500,000	$12,492,866	$4.120	$3,253,400	$3,251,543	4.1224%	$134,040	103.73 @ 1/1/1966	VEPCO
$4.80 Preferred Stock	08/01/1962	Perpetual	$30,000,000	$29,864,747	$4.800	$7,320,600	$7,287,596	4.8217%	$351,389	101 @ 8/1/1977	VEPCO
$7.05 Preferred Stock	07/08/1993	Perpetual	$50,000,000	$48,062,602	$7.050	$50,000,000	$48,062,602	7.3342%	$3,525,000	101.41 @ 8/1/2009	VEPCO
$6.98 Preferred Stock	08/18/1993	Perpetual	$60,000,000	$56,509,835	$6.980	$60,000,000	$56,509,835	7.4111%	$4,188,000	101.4 @ 9/1/2009	VEPCO
Flex MMP 2002 Series	12/12/2002	Perpetual	$125,000,000	$123,090,846	$6.250	$125,000,000	$123,090,846	6.3469%	$7,812,500	999 @ 3/18/2011	VEPCO
Subtotal - Fixed/Not Mandatory Redemption:			**$326,447,200**	**$320,358,869**	**$6.051**	**$259,014,000**	**$252,153,033**	**6.6066%**	**$16,658,682**		
LOR $7.30 Pfd Stk	12/05/1994	06/20/2024							($3,713)	N/A	VEPCO
Subtotal - Amortization of LOR:			**$0**	**$0**	**$0.000**	**$0**	**$0**	**0.0000%**	**($3,713)**		
Total Preferred Securities:			**$326,447,200**	**$320,358,869**	**$6.051**	**$259,014,000**	**$252,153,033**	**6.6051%**	**$16,654,969**		

Notes:

** indicates issues that are based upon estimated issuance expenses*

*** rate per $100 par value; variable rates are an average of effective dividend rates between Dec 1, 2009 and Dec 31, 2009.*

Par value for Trust Preferred Stock is $25. Par value for all other series is $100.

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Virginia Electric and Power Company - Consolidated

Common Equity for Ratemaking - Virginia

As of December 31, 2009

Description	Amount	Company
Other Paid-In Capital	$1,109,636,677	VEPCO
Common Stock	$4,737,392,045	VEPCO
Subtotal - Common Stock:	**$5,847,028,722**	
Retained Earnings	$1,299,729,836	VEPCO
Subtotal - Retained Earnings:	**$1,299,729,836**	
Reverse impact of Flex MMP's issuance expenses because this balance is already included in the 'Restore Common Equity - Issuance Expenses' adjustment below	($1,893,939)	VEPCO
Remove investment in VP Svcs & VP Comm	$0	VEPCO
Reverse 6/98 Reg.Asset writeoff-adj for recoveries	$0	VEPCO
Reverse effect of SFAS90	$0	VEPCO
Subtotal - Other:	**($1,893,939)**	
Restore Common Equity for Unamortized Balance of LOR $7.30 Pfd Stk (not refunded)	($53,839)	VEPCO
Subtotal - Unamortized Balance of Redeemed, Not Refunded Preferred Stock:	**($53,839)**	
Restore Common Equity for Unamortized Balance of Preferred Issuance Expenses and Gain/Loss on Reacquired and Refunded (excluding issuance expenses of Trust Preferred)	$6,860,967	
Total Common Equity:	**$7,151,671,747**	

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VIRGINIA ELECTRIC AND POWER COMPANY
COST OF CAPITAL AND CAPITAL STRUCTURE
13-month Average
SUPPORTING CALCULATIONS
As of December 31, 2009

	LTD check	Pollution Control	Senior Notes	Other PIC	Common Stock	Adjustments	Retained Earnings	CE check	Pfd Stock	JDC
12/31/2008	6,058,095,127	620,530,941	5,437,564,186	1,109,762,428	3,737,410,555	4,909,476	1,421,734,723	6,273,817,182	252,153,033	77,697,898
1/31/2009	6,056,756,021	619,637,815	5,437,118,206	1,109,762,428	3,737,410,557	4,909,786	1,416,574,373	6,268,657,144	252,153,033	77,358,504
2/28/2009	6,055,076,528	619,634,890	5,435,441,638	1,109,762,428	3,737,410,557	4,910,095	1,471,872,757	6,323,955,837	252,153,033	77,019,107
3/31/2009	6,054,567,337	619,632,571	5,434,934,766	1,109,763,495	3,737,410,557	4,910,404	1,520,837,085	6,372,921,541	252,153,033	77,406,547
4/30/2009	6,049,442,799	619,598,379	5,429,846,420	1,109,763,495	3,737,410,557	4,910,714	1,525,050,920	6,377,135,686	252,153,033	77,309,429
5/31/2009	6,156,690,991	728,559,619	5,428,131,372	1,109,763,495	3,737,410,557	4,911,023	1,493,334,891	6,345,419,968	252,153,033	77,212,311
6/30/2009	6,393,143,031	618,481,731	5,774,661,300	1,110,071,966	3,737,410,557	4,911,333	1,592,303,501	6,444,697,357	252,153,033	77,115,193
7/31/2009	6,392,190,551	618,386,404	5,773,804,147	1,109,534,094	3,737,410,557	4,911,642	1,683,504,627	6,535,360,920	252,153,033	77,018,075
8/31/2009	6,389,974,918	618,362,866	5,771,612,052	1,109,534,094	3,737,410,557	4,911,952	1,618,825,938	6,470,682,541	252,153,033	76,920,957
9/30/2009	6,448,107,376	677,296,591	5,770,810,785	1,109,534,094	3,737,410,557	4,912,261	1,713,828,360	6,565,685,272	252,153,033	76,823,839
10/31/2009	6,442,970,813	677,216,662	5,765,754,151	1,109,534,464	3,737,410,557	4,912,570	1,646,047,051	6,497,904,642	252,153,033	76,726,721
11/30/2009	6,440,889,972	677,161,988	5,763,727,984	1,109,534,464	4,690,933,076	4,912,880	1,671,611,273	7,476,991,693	252,153,033	76,629,603
12/31/2009	6,440,075,326	677,147,438	5,762,927,888	1,109,636,677	4,737,392,046	4,913,189	1,299,729,836	7,151,671,748	252,153,033	76,532,492
13-mo avg	6,259,844,676	645,511,223	5,614,333,453	1,109,689,048	3,887,680,096	4,911,333	1,544,250,410	6,546,530,887	252,153,033	77,059,283

Sr & MTNs	5,614,333,453	CS & OPIC	4,997,369,144

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VIRGINIA ELECTRIC AND POWER COMPANY
12 Months Ended December 31, 2010
CASE NO. PUE-2011-00027

Schedule of Bonds, Mortgages, Other Long-Term Debt,
and Preferred and Preference Stock,
and Common Equity for Ratemaking

Virginia Electric and Power Company - Consolidated

Long-Term Debt Securities Outstanding - Ratemaking

As of December 31, 2010

Description	Issue Date	Maturity Date	Principal Issued	Original Net Proceeds	Coupon Rate(1)	Principal Outstanding	Net Amount Outstanding	Effective Cost Rate (2)	Annualized Embedded Cost	Variable Rate Index + Spread Current or First Call Rate/Date	Compan
Credit Facility											
* 2010 $3B Credit Facility	09/24/2010	09/23/2013	$3,000,000,000	$2,983,325,000		$3,000,000,000			$0		VEPCO
* 2010 $500M Credit Facility	09/24/2010	09/23/2013	$500,000,000	$497,220,833		$500,000,000			$0		VEPCO
* 2010 Tax-exempt Credit Facil	09/24/2010	09/23/2013	$120,000,000	$119,333,000		$120,000,000			$0		VEPCO
Long-Term - Credit Facility:			$3,620,000,000	$3,599,878,833	0.000%	$3,620,000,000	$0	0.0000%	$0		
Total Credit Facility:			$3,620,000,000	$3,599,878,833	0.000%	$3,620,000,000	$0	0.0000%	$0		
Mortgage Bonds											
LOR 89-A ($11M) Mtg Bond	11/03/1993	02/01/2019							$47,327		VEPCO
LOR 89-A ($15M) Mtg Bond	09/30/1993	02/01/2019							$64,537		VEPCO
LOR 89-A ($5M) Mtg Bond	03/05/1992	02/01/2019							$18,422		VEPCO
Amortization of LOR - Mortgage Bonds:			$0	$0	0.000%	$0	$0	0.0000%	$130,286		
Total Mortgage Bonds:			$0	$0	0.000%	$0	$0	0.0000%	$130,286		
Pollution Control Bonds											
Grant 86	11/20/1986	08/01/2016	$7,400,000	$7,075,399	1.417%	$7,400,000	$7,343,205	1.5663%	$115,015	CP Mode : 100.00% @ 11/20/1986	VEPCO
Grant 94	03/30/1994	09/01/2024	$19,500,000	$19,117,863	1.000%	$19,500,000	$19,360,016	1.0601%	$205,243	CP Mode : 100.00% @ 03/30/1994	VEPCO
Grant 96	02/29/1996	03/01/2026	$24,500,000	$24,113,959	0.841%	$24,500,000	$24,334,949	0.8917%	$217,001	CP Mode : 100.00% @ 02/29/1996	VEPCO
Halifax 10-A	12/23/2010	12/01/2041	$100,000,000	$99,517,783	1.320%	$100,000,000	$99,917,945	1.3237%	$1,322,659	65% of 1mLIBOR + 114.5bps : 100.00% @ 12/23/2010	VEPCO
Halifax 92	11/24/1992	11/01/2027	$56,000,000	$55,506,889	1.416%	$56,000,000	$55,862,784	1.4345%	$801,335	CP Mode : 100.00% @ 11/24/1992	VEPCO
Prince William 86	10/08/1986	08/01/2016	$11,200,000	$11,122,678	1.367%	$11,200,000	$11,200,110	1.3666%	$153,062	CP Mode : 100.00% @ 10/08/1986	VEPCO
Wise 09-A	09/30/2009	10/01/2040	$160,000,000	$158,609,787	1.783%	$160,000,000	$158,817,148	1.8212%	$2,892,400	SIFMA index +150bps	VEPCO
Variable - Pollution Control Bonds:			$378,600,000	$375,064,358	1.486%	$378,600,000	$376,836,158	1.5144%	$5,706,716		
Chesapeake 08-A	01/30/2008	02/01/2032	$30,000,000	$29,729,464	3.600%	$30,000,000	$29,673,324	3.5713%	$1,059,723	Reset Term/Rate @ 1/31/2013	VEPCO

Monday, March 07, 2011

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Description	Issue Date	Maturity Date	Principal Issued	Original Net Proceeds	Coupon Rate(1)	Principal Outstanding	Net Amount Outstanding	Effective Cost Rate (2)	Annualized Embedded Cost	Variable Rate Index + Spread Current or First Call Rate/Date	Compan
Chesterfield 07-A	11/15/2007	11/01/2031	$14,000,000	$13,661,500	5.600%	$14,000,000	$13,632,187	5.6760%	$773,763	100.00% @ 11/01/2017	VEPCO
Chesterfield 09-A	05/19/2009	05/01/2023	$40,000,000	$39,260,525	5.000%	$40,000,000	$39,162,011	4.9449%	$1,936,522	Optional Redemption @ 5/1/2019	VEPCO
Chesterfield 87A (post fix)(po	06/04/1987	06/01/2017	$40,000,000	$39,246,031	5.875%	$40,000,000	$39,221,959	5.6207%	$2,204,549	102.00% @ 11/08/2010	VEPCO
Chesterfield 87B (post fix)(po	06/04/1987	06/01/2017	$35,000,000	$35,000,000	5.875%	$35,000,000	$34,965,835	5.2906%	$1,849,902	102.00% @ 11/08/2010	VEPCO
Louisa 00	09/19/2000	09/01/2030	$30,000,000	$29,773,604	1.375%	$30,000,000	$29,949,108	1.3860%	$415,088	Fixed 'til 4/1/2011 : Reset Term/Rate @ 3/31/2010	VEPCO
Louisa 01	02/28/2001	03/01/2031	$50,000,000	$49,587,778	2.500%	$50,000,000	$49,890,194	2.5164%	$1,255,445	Fixed 'til 3/1/2013 : Next @ 2/28/2013; Previous remarketing @ 2/28/2010	VEPCO
Louisa 08-A	11/20/2008	11/01/2035	$60,000,000	$59,464,303	5.375%	$60,000,000	$59,367,328	5.3505%	$3,176,449	Reset Term/Rate @ 12/1/2013	VEPCO
Louisa 08-B	11/20/2008	11/01/2035	$62,000,000	$61,499,008	5.375%	$62,000,000	$61,396,847	5.3445%	$3,281,354	Reset Term/Rate @ 12/1/2013	VEPCO
Louisa 08-C	11/20/2008	11/01/2035	$37,500,000	$37,154,486	5.000%	$37,500,000	$37,096,145	4.9760%	$1,845,904	Reset Term/Rate @ 11/30/2011	VEPCO
Louisa 97	04/08/1997	04/01/2022	$10,000,000	$9,689,259	1.375%	$10,000,000	$9,892,460	1.4866%	$147,059	Fixed 'til 4/1/2011 : Reset Term/Rate @ 3/31/2010	VEPCO
Mecklenburg IDA Bonds	08/18/2004	10/15/2017	$24,500,000	$25,266,850	6.500%	$24,500,000	$24,915,429	6.1237%	$1,525,746	100.00% @ 10/12/2012	VEPCO
Wise 10-A	11/16/2010	11/01/2040	$105,000,000	$104,153,590	2.375%	$105,000,000	$104,149,162	2.3607%	$2,458,649	Reset term/rate @ 10/31/2015	VEPCO
York 09-A	05/19/2009	05/01/2033	$70,000,000	$69,471,991	4.050%	$70,000,000	$69,379,714	4.0012%	$2,776,021	Reset Term/Rate @ 4/30/2014	VEPCO
Fixed - Pollution Control Bonds:			**$608,000,000**	**$602,958,389**	**4.182%**	**$608,000,000**	**$602,691,702**	**4.0993%**	**$24,706,175**		
Total Pollution Control Bonds:			**$986,600,000**	**$978,022,747**	**3.147%**	**$986,600,000**	**$979,527,860**	**3.1049%**	**$30,412,891**		
Senior Notes											
03-A Sr Notes	02/28/2003	03/01/2013	$400,000,000	$396,564,623	4.750%	$400,000,000	$399,243,660	4.8621%	$19,411,626	MW:T+15bp @ 2/28/2003	VEPCO
03-C Sr Notes	12/09/2003	12/15/2015	$200,000,000	$198,568,863	5.250%	$200,000,000	$199,330,101	5.3327%	$10,629,676	MW:T+20bp @ 12/9/2003	VEPCO
04-A Sr Notes (Meck Exchan	11/22/2004	10/15/2017	$105,800,000	$118,547,723	7.250%	$55,800,000	$58,028,847	4.7380%	$2,749,407		VEPCO
06-A Sr Notes	01/13/2006	01/15/2016	$450,000,000	$445,537,065	5.400%	$450,000,000	$438,096,079	5.1584%	$22,598,748	MW:T+20bp @ 1/13/2006	VEPCO
06-B Sr Notes	01/13/2006	01/15/2036	$550,000,000	$543,593,802	6.000%	$550,000,000	$541,881,362	6.0162%	$32,600,666	MW:T+25bp @ 1/13/2006	VEPCO
07-A Sr Notes	05/17/2007	05/15/2037	$600,000,000	$592,823,283	6.000%	$600,000,000	$591,528,038	6.0186%	$35,601,707	MW: T+25bp @ 5/17/2007	VEPCO
07-B Sr Notes	09/11/2007	09/15/2017	$600,000,000	$593,377,629	5.950%	$600,000,000	$587,747,383	5.7552%	$33,826,037	MW: T+25bps @ 9/11/2007	VEPCO
07-C Sr Notes	12/04/2007	11/30/2012	$600,000,000	$595,883,461	5.100%	$600,000,000	$599,958,698	5.3404%	$32,040,194	MW: T+25bp @ 12/4/2007	VEPCO
07-D Sr Notes	12/04/2007	11/30/2037	$450,000,000	$444,802,728	6.350%	$450,000,000	$445,005,683	6.4377%	$28,648,131	MW: T+30bps @ 12/4/2007	VEPCO

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Description	Issue Date	Maturity Date	Principal Issued	Original Net Proceeds	Coupon Rate(1)	Principal Outstanding	Net Amount Outstanding	Effective Cost Rate (2)	Annualized Embedded Cost	Variable Rate Index + Spread Current or First Call Rate/Date	Compan
08-A Sr Notes	04/17/2008	04/30/2018	$600,000,000	$581,566,510	5.400%	$600,000,000	$580,110,252	5.4852%	$31,820,208	MW: T+35bps @ 4/17/2008	VEPCO
08-B Sr Notes	11/06/2008	11/15/2038	$700,000,000	$693,426,253	8.875%	$700,000,000	$690,378,603	8.7731%	$60,567,605	MW: T+50bps @ 11/6/2008	VEPCO
09-A Sr Notes	06/26/2009	06/30/2019	$350,000,000	$346,569,244	5.000%	$350,000,000	$340,931,588	4.0055%	$13,656,015	MW: T+25bp @ 6/26/2009	VEPCO
10-A Sr Notes	09/01/2010	09/01/2022	$300,000,000	$297,062,454	3.450%	$300,000,000	$297,069,599	3.4913%	$10,371,591	MW: T+15bps @ 9/1/2010	VEPCO
Rosemary 8.625% Notes	02/08/2005	02/15/2016	$62,336,321	$64,268,747	8.625%	$30,570,947	$28,677,478	7.2092%	$2,067,417		VEPCO
Fixed - Senior Notes:			**$5,968,136,321**	**$5,912,592,385**	**5.890%**	**$5,886,370,947**	**$5,797,987,371**	**5.8053%**	**$336,589,028**		
LOR - FSS Aug30y	08/31/2010	08/31/2040							$0		VEPCO
LOR - FSS Mar10y	03/31/2010	03/31/2020							$0		VEPCO
Amortization of LOR - Senior Notes:			**$0**	**$0**	**0.000%**	**$0**	**$0**	**0.0000%**	**$0**		
Total Senior Notes:			**$5,968,136,321**	**$5,912,592,385**	**5.890%**	**$5,886,370,947**	**$5,797,987,371**	**5.8053%**	**$336,589,028**		
Senior Notes - Promissory											
Fort Eustis	12/15/2004	01/15/2025	$297,215	$297,215	7.250%	$246,434	$242,178	7.0441%	$17,059	Puttable at Par @ 3/15/2005	VEPCO
Fort Lee	04/01/2005	04/01/2032	$6,156,544	$6,156,544	7.250%	$5,623,084	$5,566,291	7.1146%	$396,019	Puttable at Par @ 4/1/2005	VEPCO
Fort Monroe	02/17/2005	03/17/2025	$2,133,076	$2,133,076	7.250%	$1,780,954	$1,751,756	7.0466%	$123,439	Puttable at Par @ 5/17/2005	VEPCO
Fort Story	12/15/2004	01/15/2025	$144,996	$144,996	7.250%	$120,223	$118,146	7.0441%	$8,322	Puttable at Par @ 3/15/2005	VEPCO
Fixed - Senior Notes - Promissory:			**$8,731,831**	**$8,731,831**	**7.250%**	**$7,770,694**	**$7,678,371**	**7.0958%**	**$544,840**		
Total Senior Notes - Promissory:			**$8,731,831**	**$8,731,831**	**7.250%**	**$7,770,694**	**$7,678,371**	**7.0958%**	**$544,840**		

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Description	Issue Date	Maturity Date	Principal Issued	Original Net Proceeds	Coupon Rate(1)	Principal Outstanding	Net Amount Outstanding	Effective Cost Rate (2)	Annualized Embedded Cost	Variable Rate: Index + Spread Current or First Call Rate/Date	Compan
Grand Total Long-Term Debt:			$10,583,468,152	$10,499,225,795	3.603%	$10,500,741,641	$6,785,193,601	5.4188%	$367,677,045		

Notes:

** indicates issues that are based upon estimated issuance expenses*

(1) variable interest rates are an average of the end-of-month effective interest rates for each security between Oct-2010 and Dec-2010

(2) as developed for ratemaking purposes (i.e., annual cashflows)

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Virginia Electric and Power Company - Consolidated

Preferred Securities

As of December 31, 2010

Description	Issue Date	Maturity Date	Par Amount Issued	Original Net Proceeds	Dividend Rate**	Par Value Outstanding	Net Amount Outstanding	Effective Cost Rate	Cash Flow Requirement	Current or First Call Rate @ Date	Company
$5.00 Preferred Stock	05/25/1944	Perpetual	$28,947,200	$30,329,422	$5.000	$10,667,700	$11,177,080	4.7721%	$533,385	112.5 @ 3/20/1953	VEPCO
$4.04 Preferred Stock	03/14/1950	Perpetual	$10,000,000	$10,001,791	$4.040	$1,292,600	$1,292,832	4.0393%	$52,221	102.27 @ 3/20/1960	VEPCO
$4.20 Preferred Stock	03/14/1951	Perpetual	$10,000,000	$10,006,760	$4.200	$1,479,700	$1,480,700	4.1972%	$62,147	102.5 @ 3/19/1961	VEPCO
$4.12 Preferred Stock	12/14/1955	Perpetual	$12,500,000	$12,492,866	$4.120	$3,253,400	$3,251,543	4.1224%	$134,040	103.73 @ 1/1/1966	VEPCO
$4.80 Preferred Stock	08/01/1962	Perpetual	$30,000,000	$29,864,747	$4.800	$7,320,600	$7,287,596	4.8217%	$351,389	101 @ 8/1/1977	VEPCO
$7.05 Preferred Stock	07/08/1993	Perpetual	$50,000,000	$48,062,602	$7.050	$50,000,000	$48,062,602	7.3342%	$3,525,000	101.06 @ 8/1/2010	VEPCO
$6.98 Preferred Stock	08/18/1993	Perpetual	$60,000,000	$56,509,835	$6.980	$60,000,000	$56,509,835	7.4111%	$4,188,000	101.05 @ 9/1/2010	VEPCO
Flex MMP 2002 Series	12/12/2002	Perpetual	$125,000,000	$123,090,846	$6.250	$125,000,000	$123,090,846	6.3469%	$7,812,500	999 @ 3/18/2011	VEPCO
Subtotal - Fixed/Not Mandatory Redemption:			**$326,447,200**	**$320,358,869**	**$6.051**	**$259,014,000**	**$252,153,033**	**6.6066%**	**$16,658,682**		
LOR $7.30 Pfd Stk	12/05/1994	06/20/2024							($3,713)	N/A	VEPCO
Subtotal - Amortization of LOR:			**$0**	**$0**	**$0.000**	**$0**	**$0**	**0.0000%**	**($3,713)**		
Total Preferred Securities:			**$326,447,200**	**$320,358,869**	**$6.051**	**$259,014,000**	**$252,153,033**	**6.6051%**	**$16,654,969**		

Notes:

** indicates issues that are based upon estimated issuance expenses*

*** rate per $100 par value; variable rates are an average of effective dividend rates between Dec 1, 2010 and Dec 31, 2010*

Par value for Trust Preferred Stock is $25. Par value for all other series is $100.

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Virginia Electric and Power Company

Common Equity for Ratemaking - Virginia

As of December 31, 2010

Description	Amount
Other Paid-In Capital	$1,111,049,413
Common Stock	$5,737,401,833
Subtotal - Common Stock:	**$6,848,451,246**
Retained Earnings	$1,634,682,590
Subtotal - Retained Earnings:	**$1,634,682,590**
Reverse impact of Flex MMP's issuance expenses because this balance is already included in the 'Restore Common Equity - Issuance Expenses' adjustment below	($1,893,939)
Remove investment in VP Svcs & VP Comm	$0
Reverse 6/98 Reg.Asset writeoff-adj for recoveries	$0
Reverse effect of SFAS90	$0
Subtotal - Other:	**($1,893,939)**
Restore Common Equity for Unamortized Balance of LOR $7.30 Pfd Stk (not refunded)	($50,126)
Subtotal - Unamortized Balance of Redeemed, Not Refunded Preferred Stock:	**($50,126)**
Restore Common Equity for Unamortized Balance of Preferred Issuance Expenses and Gain/Loss on Reacquired and Refunded (excluding issuance expenses of Trust Preferred)	$6,860,967
Total Common Equity:	**$8,488,050,738**

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VIRGINIA ELECTRIC AND POWER COMPANY
COST OF CAPITAL AND CAPITAL STRUCTURE
13-month Average
SUPPORTING CALCULATIONS
As of December 31, 2010

	Pollution Control	Senior Notes	LTD check	Other PIC	Common Stock	Adjustments	Retained Earnings	CE check	Pfd Stock	JDC
12/31/2009	677,147,438	5,762,927,888	6,440,075,326	1,109,636,677	4,737,392,046	4,913,189	1,299,729,836	7,151,671,748	252,153,033	76,532,492
1/31/2010	675,864,082	5,762,138,962	6,438,003,044	1,109,636,677	4,737,392,046	4,913,499	1,278,549,767	7,130,491,989	252,153,033	18,463,564
2/28/2010	675,850,532	5,760,105,163	6,435,955,695	1,109,636,677	4,737,392,046	4,913,808	1,348,800,638	7,200,743,169	252,153,033	18,360,668
3/31/2010	675,838,673	5,759,297,392	6,435,136,065	1,109,878,564	5,170,645,585	4,914,118	1,282,360,118	7,567,798,385	252,153,033	18,263,551
4/30/2010	675,826,319	5,753,895,517	6,429,721,836	1,109,878,564	5,170,645,585	4,914,427	1,309,686,780	7,595,125,356	252,153,033	18,116,434
5/31/2010	675,622,043	5,751,590,277	6,427,212,320	1,109,878,564	5,170,645,585	4,914,736	1,313,971,551	7,599,410,436	252,153,033	18,069,317
6/30/2010	675,646,927	5,750,781,752	6,426,428,679	1,110,182,903	5,170,645,585	4,915,046	1,464,442,626	7,750,186,160	252,153,033	17,972,200
7/31/2010	675,634,207	5,749,969,482	6,425,603,689	1,110,182,903	5,170,645,585	4,915,355	1,444,656,973	7,730,400,816	252,153,033	17,875,083
8/31/2010	675,621,700	5,747,869,296	6,423,490,996	1,110,185,203	5,170,645,585	4,915,665	1,588,777,369	7,874,523,822	252,153,033	17,777,966
9/30/2010	675,607,948	6,044,353,397	6,719,961,345	1,110,691,567	5,373,462,759	4,915,974	1,668,707,189	8,157,777,489	252,153,033	17,680,849
10/31/2010	675,586,787	6,038,745,104	6,714,331,891	1,110,691,023	5,649,998,041	4,916,283	1,685,007,444	8,450,612,791	252,153,033	17,583,732
11/30/2010	779,771,431	6,036,644,228	6,816,415,659	1,110,691,023	5,649,998,041	4,916,593	1,714,318,293	8,479,923,950	252,153,033	17,486,615
12/31/2010	979,529,283	5,805,665,046	6,785,194,329	1,111,049,413	5,737,401,833	4,916,902	1,634,682,590	8,488,050,738	252,153,033	17,506,657
13-mo avg	707,195,952	5,824,921,808	6,532,117,760	1,110,170,751	5,203,608,486	4,915,046	1,464,130,090	7,782,824,373	252,153,033	22,437,625

Sr & MTNs	5,824,921,808	CS & OPIC	6,313,779,237

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VIRGINIA ELECTRIC AND POWER COMPANY
12 Months Ended December 31, 2010
CASE NO. PUE-2011-00027

Short-Term Debt

2010	
Commercial Paper Program	
Cost Rates:	
October 2010	
November 2010	
December 2010	0.406%
Average for 3-months ended 12/31/10	0.406%

2009	
Commercial Paper Program	
Cost Rates:	
October 2009	0.300%
November 2009	
December 2009	0.285%
Average for 3-months ended 12/31/09	0.292%

Inter-Company Loan	
Cost Rates:	
October 2010	0.400%
November 2010	0.400%
December 2010	0.409%
Average for 3-months ended 12/31/10	0.403%

Inter-Company Loan	
Cost Rates:	
October 2009	0.301%
November 2009	0.293%
December 2009	0.278%
Average for 3-months ended 12/31/09	0.291%

Computation of 13-month Average Balances

	Commercial Paper	InterCompany Note	
Date	Balance	Balance	
12/31/2009	$442,064,000	$0	
01/31/2010	$428,966,000	$0	
02/28/2010	$0	$380,815,000	
03/31/2010	$0	$0	
04/30/2010	$0	$64,140,000	
05/31/2010	$0	$351,585,000	
06/30/2010	$0	$762,884,000	
07/31/2010	$0	$826,373,000	
08/31/2010	$100,000,000	$625,482,000	
09/30/2010	$100,000,000	$204,856,000	
10/31/2010	$0	$74,522,000	
11/30/2010	$0	$123,207,000	
12/31/2010	$600,000,000	$79,276,000	
Average:	$128,540,769	$268,703,077	$397,243,846

	Commercial Paper	InterCompany Note	
Date	Balance	Balance	
12/31/2008	$298,647,000	$218,564,000	
01/31/2009	$153,706,000	$337,075,000	
02/28/2009	$22,216,000	$438,137,000	
03/31/2009	$538,262,000	$119,747,000	
04/30/2009	$479,838,000	$221,389,000	
05/31/2009	$564,401,000	$213,434,000	
06/30/2009	$379,382,000	$379,705,000	
07/31/2009	$301,919,000	$411,496,000	
08/31/2009	$190,000,000	$439,932,000	
09/30/2009	$0	$1,000,000,000	
10/31/2009	$0	$933,342,000	
11/30/2009	$0	$118,543,000	
12/31/2009	$442,064,000	$0	
Average:	$258,956,538	$371,335,692	$630,292,231

Virginia Electric and Power Company
Activity for DRI-VEPCO I/C Loan
Activity to Date: 12/31/2009

ActivityDate	Activity	ActivityPrin	ActivityDisc	Comments	Balance	# of Days Balance Effective
1/1/2009					$0.00	4
1/5/2009	Mature	$123,181,000.00		5.92% Working Capital	$341,745,000.00	0
1/5/2009	Mature	($215,564,000.00)		12/29/2008 Draw	$126,181,000.00	0
1/5/2009	Mature	($3,000,000.00)		10/1/2008 Draw	$123,181,000.00	7
1/12/2009	Mature	$48,555,000.00		4.63% Working Capital	$171,736,000.00	1
1/13/2009	Mature	$34,388,000.00		4.87% Working Capital	$206,124,000.00	0
1/13/2009	Mature	($48,555,000.00)		01/12/2009 Draw	$157,569,000.00	7
1/20/2009	Mature	$51,031,000.00		5.1% Working Capital	$208,600,000.00	1
1/21/2009	Mature	$24,260,000.00		5.44% Working Capital	$232,860,000.00	1
1/22/2009	Mature	($24,260,000.00)		01/21/2009 Draw	$208,600,000.00	0
1/22/2009	Mature	$8,431,000.00		5.67% Working Capital	$217,031,000.00	1
1/23/2009	Mature	$138,353,000.00		5.67% Working Capital	$355,384,000.00	0
1/23/2009	Mature	($51,031,000.00)		01/20/2009 Draw	$304,353,000.00	0
1/23/2009	Mature	($34,388,000.00)		01/13/2009 Draw	$269,965,000.00	4
1/27/2009	Mature	$80,834,000.00		5.67% Working Capital	$350,799,000.00	0
1/27/2009	Mature	($123,181,000.00)		01/05/2009 Draw	$227,618,000.00	1
1/28/2009	Mature	$26,236,000.00		4% Working Capital	$253,854,000.00	0
1/28/2009	Mature	($8,431,000.00)		01/22/2009 Draw	$245,423,000.00	1
1/29/2009	Mature	($138,353,000.00)		01/23/2009 Draw	$107,070,000.00	0
1/29/2009	Mature	$246,058,000.00		4.59% Working Capital	$353,128,000.00	1
1/30/2009	Mature	($80,834,000.00)		01/27/2009 Draw	$272,294,000.00	0
1/30/2009	Mature	$64,781,000.00		2.02% Working Capital	$337,075,000.00	3
2/2/2009	Mature	($26,236,000.00)		01/28/2009 Draw	$310,839,000.00	0
2/2/2009	Mature	$11,462,000.00		1.86% Working Capital	$322,301,000.00	1
2/3/2009	Mature	($246,058,000.00)		01/29/2009 Draw	$76,243,000.00	0
2/3/2009	Mature	$249,757,000.00		1.84% Working Capital	$326,000,000.00	2
2/5/2009	Mature	($64,781,000.00)		01/30/2009 Draw	$261,219,000.00	0
2/5/2009	Mature	$61,797,000.00		1.85% Working Capital	$323,016,000.00	1
2/6/2009	Mature	($11,462,000.00)		02/02/2009 Draw	$311,554,000.00	3
2/9/2009	Mature	($249,757,000.00)		02/03/2009 Draw	$61,797,000.00	0
2/9/2009	Mature	$217,215,000.00		1.91% Working Capital	$279,012,000.00	1
2/10/2009	Mature	($61,797,000.00)		02/05/2009 Draw	$217,215,000.00	0
2/10/2009	Mature	$48,649,000.00		1.91% Working Capital	$265,864,000.00	1
2/11/2009	Mature	$205,803,000.00		1.91% Working Capital	$471,667,000.00	0
2/11/2009	Mature	($217,215,000.00)		02/09/2009 Draw	$254,452,000.00	1
2/12/2009	Mature	$76,658,000.00		1.91% Working Capital	$331,110,000.00	0
2/12/2009	Mature	($48,649,000.00)		02/10/2009 Draw	$282,461,000.00	1
2/13/2009	Mature	($205,803,000.00)		02/11/2009 Draw	$76,658,000.00	0
2/13/2009	Mature	$262,615,000.00		1.9% Working Capital	$339,273,000.00	4
2/17/2009	Mature	($76,658,000.00)		02/12/2009 Draw	$262,615,000.00	0
2/17/2009	Mature	$41,744,000.00		1.86% Working Capital	$304,359,000.00	1
2/18/2009	Mature	($262,615,000.00)		02/13/2009 Draw	$41,744,000.00	0
2/18/2009	Mature	$229,381,000.00		1.86% Working Capital	$271,125,000.00	1
2/19/2009	Mature	$10,818,000.00		1.86% Working Capital	$281,943,000.00	0
2/19/2009	Mature	($41,744,000.00)		02/17/2009 Draw	$240,199,000.00	1
2/20/2009	Mature	$303,952,000.00		1.86% Working Capital	$544,151,000.00	0
2/20/2009	Mature	($229,381,000.00)		02/18/2009 Draw	$314,770,000.00	3
2/23/2009	Mature	($10,818,000.00)		02/19/2009 Draw	$303,952,000.00	1
2/24/2009	Mature	($303,952,000.00)		02/20/2009 Draw	$0.00	0
2/24/2009	Mature	$306,276,000.00		1.86% Working Capital	$306,276,000.00	1

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2/25/2009	Mature	$393,006,000.00	1.86% Working Capital	$699,282,000.00	0
2/25/2009	Mature	($306,276,000.00)	02/24/2009 Draw	$393,006,000.00	2
2/27/2009	Mature	$436,137,000.00	1.87% Working Capital	$829,143,000.00	0
2/27/2009	Mature	($393,006,000.00)	02/25/2009 Draw	$436,137,000.00	3
3/2/2009	Mature	($436,137,000.00)	02/27/2009 Draw	$0.00	0
3/2/2009	Mature	$431,040,000.00	1.1% Working Capital	$431,040,000.00	3
3/5/2009	Mature	$46,501,000.00	1.05% Working Capital	$477,541,000.00	1
3/6/2009	Mature	($46,501,000.00)	03/05/2009 Draw	$431,040,000.00	3
3/9/2009	Mature	($431,040,000.00)	03/02/2009 Draw	$0.00	0
3/9/2009	Mature	$432,066,000.00	1% Working Capital	$432,066,000.00	7
3/16/2009	Mature	$487,094,000.00	1.01% Working Capital	$919,160,000.00	0
3/16/2009	Mature	($432,066,000.00)	03/09/2009 Draw	$487,094,000.00	7
3/23/2009	Mature	$465,413,000.00	1.25% Working Capital	$952,507,000.00	0
3/23/2009	Mature	($487,094,000.00)	03/16/2009 Draw	$465,413,000.00	2
3/25/2009	Mature	$349,987,000.00	1.29% Working Capital	$815,400,000.00	0
3/25/2009	Mature	($465,413,000.00)	03/23/2009 Draw	$349,987,000.00	1
3/26/2009	Mature	$275,465,000.00	1.21% Working Capital	$625,452,000.00	0
3/26/2009	Mature	($349,987,000.00)	03/25/2009 Draw	$275,465,000.00	4
3/30/2009	Mature	$80,351,000.00	1.19% Working Capital	$355,816,000.00	0
3/30/2009	Mature	($275,465,000.00)	03/26/2009 Draw	$80,351,000.00	1
3/31/2009	Mature	$119,747,000.00	1.22% Working Capital	$200,098,000.00	0
3/31/2009	Mature	($80,351,000.00)	03/30/2009 Draw	$119,747,000.00	2
4/2/2009	Mature	($119,747,000.00)	03/31/2009 Draw	$0.00	0
4/2/2009	Mature	$93,270,000.00	1.25% Working Capital	$93,270,000.00	1
4/3/2009	Mature	$59,191,000.00	1.25% Working Capital	$152,461,000.00	4
4/7/2009	Mature	($93,270,000.00)	04/02/2009 Draw	$59,191,000.00	0
4/7/2009	Mature	$119,230,000.00	1.17% Working Capital	$178,421,000.00	1
4/8/2009	Mature	($59,191,000.00)	04/03/2009 Draw	$119,230,000.00	0
4/8/2009	Mature	$84,059,000.00	1.21% Working Capital	$203,289,000.00	1
4/9/2009	Mature	$49,377,000.00	1.23% Working Capital	$252,666,000.00	7
4/16/2009	Mature	$12,481,000.00	1.14% Working Capital	$265,147,000.00	4
4/20/2009	Mature	$79,652,000.00	1.18% Working Capital	$344,799,000.00	0
4/20/2009	Mature	($119,230,000.00)	04/07/2009 Draw	$225,569,000.00	1
4/21/2009	Mature	$138,143,000.00	1.02% Working Capital	$363,712,000.00	0
4/21/2009	Mature	($84,059,000.00)	04/08/2009 Draw	$279,653,000.00	1
4/22/2009	Mature	($49,377,000.00)	04/09/2009 Draw	$230,276,000.00	0
4/22/2009	Mature	$44,594,000.00	1.08% Working Capital	$274,870,000.00	1
4/23/2009	Mature	$15,884,000.00	1.11% Working Capital	$290,754,000.00	0
4/23/2009	Mature	($12,481,000.00)	04/16/2009 Draw	$278,273,000.00	1
4/24/2009	Mature	$69,470,000.00	1.1% Working Capital	$347,743,000.00	0
4/24/2009	Mature	($79,652,000.00)	04/20/2009 Draw	$268,091,000.00	3
4/27/2009	Mature	($138,143,000.00)	04/21/2009 Draw	$129,948,000.00	0
4/27/2009	Mature	$132,859,000.00	0.98% Working Capital	$262,807,000.00	1
4/28/2009	Mature	($44,594,000.00)	04/22/2009 Draw	$218,213,000.00	0
4/28/2009	Mature	$60,891,000.00	0.95% Working Capital	$279,104,000.00	1
4/29/2009	Mature	($15,884,000.00)	04/23/2009 Draw	$263,220,000.00	0
4/29/2009	Mature	$27,639,000.00	0.97% Working Capital	$290,859,000.00	1
4/30/2009	Mature	($69,470,000.00)	04/24/2009 Draw	$221,389,000.00	1
5/1/2009	Mature	($132,859,000.00)	04/27/2009 Draw	$88,530,000.00	0
5/1/2009	Mature	$62,100,000.00	0.92% Working Capital	$150,630,000.00	3
5/4/2009	Mature	($60,891,000.00)	04/28/2009 Draw	$89,739,000.00	0
5/4/2009	Mature	$65,571,000.00	0.91% Working Capital	$155,310,000.00	1
5/5/2009	Mature	($27,639,000.00)	04/29/2009 Draw	$127,671,000.00	0
5/5/2009	Mature	$10,022,000.00	0.92% Working Capital	$137,693,000.00	1
5/6/2009	Mature	$62,059,000.00	0.92% Working Capital	$199,752,000.00	0
5/6/2009	Mature	($62,100,000.00)	05/01/2009 Draw	$137,652,000.00	1

5/7/2009	Mature	($65,571,000.00)	05/04/2009 Draw	$72,081,000.00	0
5/7/2009	Mature	$96,327,000.00	0.93% Working Capital	$168,408,000.00	1
5/8/2009	Mature	$11,646,000.00	0.96% Working Capital	$180,054,000.00	0
5/8/2009	Mature	($10,022,000.00)	05/05/2009 Draw	$170,032,000.00	3
5/11/2009	Mature	$80,705,000.00	0.96% Working Capital	$250,737,000.00	0
5/11/2009	Mature	($62,059,000.00)	05/06/2009 Draw	$188,678,000.00	1
5/12/2009	Mature	$109,186,000.00	0.98% Working Capital	$297,864,000.00	0
5/12/2009	Mature	($96,327,000.00)	05/07/2009 Draw	$201,537,000.00	1
5/13/2009	Mature	($11,646,000.00)	05/08/2009 Draw	$189,891,000.00	0
5/13/2009	Mature	$10,565,000.00	0.97% Working Capital	$200,456,000.00	1
5/14/2009	Mature	($80,705,000.00)	05/11/2009 Draw	$119,751,000.00	0
5/14/2009	Mature	$91,625,000.00	0.96% Working Capital	$211,376,000.00	1
5/15/2009	Mature	$171,722,000.00	0.98% Working Capital	$383,098,000.00	0
5/15/2009	Mature	($109,186,000.00)	05/12/2009 Draw	$273,912,000.00	3
5/18/2009	Mature	($10,565,000.00)	05/13/2009 Draw	$263,347,000.00	0
5/18/2009	Mature	$11,886,000.00	0.98% Working Capital	$275,233,000.00	1
5/19/2009	Mature	($91,625,000.00)	05/14/2009 Draw	$183,608,000.00	0
5/19/2009	Mature	$87,078,000.00	0.97% Working Capital	$270,686,000.00	1
5/20/2009	Mature	($171,722,000.00)	05/15/2009 Draw	$98,964,000.00	0
5/20/2009	Mature	$189,448,000.00	0.98% Working Capital	$288,412,000.00	1
5/21/2009	Mature	($11,886,000.00)	05/18/2009 Draw	$276,526,000.00	0
5/21/2009	Mature	$70,254,000.00	0.96% Working Capital	$346,780,000.00	1
5/22/2009	Mature	($87,078,000.00)	05/19/2009 Draw	$259,702,000.00	0
5/22/2009	Mature	$37,895,000.00	0.89% Working Capital	$297,597,000.00	4
5/26/2009	Mature	($189,448,000.00)	05/20/2009 Draw	$108,149,000.00	0
5/26/2009	Mature	$111,183,000.00	0.83% Working Capital	$219,332,000.00	1
5/27/2009	Mature	$113,983,000.00	0.81% Working Capital	$333,315,000.00	0
5/27/2009	Mature	($70,254,000.00)	05/21/2009 Draw	$263,061,000.00	1
5/28/2009	Mature	$30,786,000.00	0.82% Working Capital	$293,847,000.00	0
5/28/2009	Mature	($37,895,000.00)	05/22/2009 Draw	$255,952,000.00	1
5/29/2009	Mature	$68,665,000.00	0.82% Working Capital	$324,617,000.00	0
5/29/2009	Mature	($111,183,000.00)	05/26/2009 Draw	$213,434,000.00	3
6/1/2009	Mature	$89,433,000.00	0.8% Working Capital	$302,867,000.00	0
6/1/2009	Mature	($113,983,000.00)	05/27/2009 Draw	$188,884,000.00	1
6/2/2009	Mature	$37,301,000.00	0.77% Working Capital	$226,185,000.00	0
6/2/2009	Mature	($30,786,000.00)	05/28/2009 Draw	$195,399,000.00	1
6/3/2009	Mature	$61,599,000.00	0.76% Working Capital	$256,998,000.00	0
6/3/2009	Mature	($68,665,000.00)	05/29/2009 Draw	$188,333,000.00	1
6/4/2009	Mature	$124,013,000.00	0.76% Working Capital	$312,346,000.00	0
6/4/2009	Mature	($89,433,000.00)	06/01/2009 Draw	$222,913,000.00	1
6/5/2009	Mature	($37,301,000.00)	06/02/2009 Draw	$185,612,000.00	0
6/5/2009	Mature	$50,980,000.00	0.75% Working Capital	$236,592,000.00	3
6/8/2009	Mature	($61,599,000.00)	06/03/2009 Draw	$174,993,000.00	0
6/8/2009	Mature	$66,453,000.00	0.75% Working Capital	$241,446,000.00	1
6/9/2009	Mature	$116,463,000.00	0.74% Working Capital	$357,909,000.00	0
6/9/2009	Mature	($124,013,000.00)	06/04/2009 Draw	$233,896,000.00	1
6/10/2009	Mature	($50,980,000.00)	06/05/2009 Draw	$182,916,000.00	0
6/10/2009	Mature	$35,430,000.00	0.74% Working Capital	$218,346,000.00	1
6/11/2009	Mature	($66,453,000.00)	06/08/2009 Draw	$151,893,000.00	0
6/11/2009	Mature	$102,357,000.00	0.77% Working Capital	$254,250,000.00	1
6/12/2009	Mature	($116,463,000.00)	06/09/2009 Draw	$137,787,000.00	0
6/12/2009	Mature	$118,720,000.00	0.76% Working Capital	$256,507,000.00	3
6/15/2009	Mature	($35,430,000.00)	06/10/2009 Draw	$221,077,000.00	1
6/16/2009	Mature	($102,357,000.00)	06/11/2009 Draw	$118,720,000.00	0
6/16/2009	Mature	$7,165,000.00	0.75% Working Capital	$125,885,000.00	1
6/17/2009	Mature	($118,720,000.00)	06/12/2009 Draw	$7,165,000.00	0

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6/17/2009	Mature	$601,758,000.00	0.74% Working Capital	$608,923,000.00	1
6/18/2009	Mature	($7,165,000.00)	06/16/2009 Draw	$601,758,000.00	0
6/18/2009	Mature	$8,745,000.00	0.76% Working Capital	$610,503,000.00	1
6/19/2009	Mature	($8,745,000.00)	06/18/2009 Draw	$601,758,000.00	0
6/19/2009	Mature	$11,643,000.00	0.76% Working Capital	$613,401,000.00	3
6/22/2009	Mature	$429,532,000.00	0.75% Working Capital	$1,042,933,000.00	0
6/22/2009	Mature	($601,758,000.00)	06/17/2009 Draw	$441,175,000.00	1
6/23/2009	Mature	($11,643,000.00)	06/19/2009 Draw	$429,532,000.00	1
6/24/2009	Mature	($429,532,000.00)	06/22/2009 Draw	$0.00	0
6/24/2009	Mature	$440,037,000.00	0.75% Working Capital	$440,037,000.00	2
6/26/2009	Mature	$227,625,000.00	0.75% Working Capital	$667,662,000.00	0
6/26/2009	Mature	($440,037,000.00)	06/24/2009 Draw	$227,625,000.00	3
6/29/2009	Mature	$219,378,000.00	0.75% Working Capital	$447,003,000.00	1
6/30/2009	Mature	$160,327,000.00	0.74% Working Capital	$607,330,000.00	0
6/30/2009	Mature	($227,625,000.00)	06/26/2009 Draw	$379,705,000.00	1
7/1/2009	Mature	($219,378,000.00)	06/29/2009 Draw	$160,327,000.00	1
7/2/2009	Mature	($160,327,000.00)	06/30/2009 Draw	$0.00	85
9/25/2009	Mature	$163,083,000.00	0.58% Working Capital	$163,083,000.00	5
9/30/2009	Mature	($163,083,000.00)	09/25/2009 Draw	$0.00	0
9/30/2009	Mature	$125,000,000.00	0.33% Working Capital	$125,000,000.00	0
9/30/2009	Mature	$125,000,000.00	0.33% Working Capital	$250,000,000.00	0
9/30/2009	Mature	$750,000,000.00	0.33% Working Capital	$1,000,000,000.00	1
10/1/2009	Mature	$67,808,000.00	0.33% Working Capital	$1,067,808,000.00	0
10/1/2009	Mature	($125,000,000.00)	09/30/2009 Draw	$942,808,000.00	5
10/6/2009	Mature	($125,000,000.00)	09/30/2009 Draw	$817,808,000.00	0
10/6/2009	Mature	$112,912,000.00	0.3% Working Capital	$930,720,000.00	1
10/7/2009	Mature	($67,808,000.00)	10/01/2009 Draw	$862,912,000.00	0
10/7/2009	Mature	$79,839,000.00	0.3% Working Capital	$942,751,000.00	1
10/8/2009	Mature	($112,912,000.00)	10/06/2009 Draw	$829,839,000.00	0
10/8/2009	Mature	$91,831,000.00	0.3% Working Capital	$921,670,000.00	1
10/9/2009	Mature	($79,839,000.00)	10/07/2009 Draw	$841,831,000.00	0
10/9/2009	Mature	$70,267,000.00	0.3% Working Capital	$912,098,000.00	4
10/13/2009	Mature	($91,831,000.00)	10/08/2009 Draw	$820,267,000.00	0
10/13/2009	Mature	$95,127,000.00	0.3% Working Capital	$915,394,000.00	1
10/14/2009	Mature	($70,267,000.00)	10/09/2009 Draw	$845,127,000.00	0
10/14/2009	Mature	$39,033,000.00	0.3% Working Capital	$884,160,000.00	1
10/15/2009	Mature	$81,805,000.00	0.3% Working Capital	$965,965,000.00	0
10/15/2009	Mature	($95,127,000.00)	10/13/2009 Draw	$870,838,000.00	1
10/16/2009	Mature	$44,502,000.00	0.3% Working Capital	$915,340,000.00	0
10/16/2009	Mature	($39,033,000.00)	10/14/2009 Draw	$876,307,000.00	3
10/19/2009	Mature	$66,712,000.00	0.3% Working Capital	$943,019,000.00	0
10/19/2009	Mature	($81,805,000.00)	10/15/2009 Draw	$861,214,000.00	1
10/20/2009	Mature	$366,965,000.00	0.3% Working Capital	$1,228,179,000.00	0
10/20/2009	Mature	$366,965,000.00	0.3% Working Capital	$1,595,144,000.00	0
10/20/2009	Mature	($750,000,000.00)	09/30/2009 Draw	$845,144,000.00	1
10/21/2009	Mature	($44,502,000.00)	10/16/2009 Draw	$800,642,000.00	0
10/21/2009	Mature	$34,675,000.00	0.3% Working Capital	$835,317,000.00	1
10/22/2009	Mature	($66,712,000.00)	10/19/2009 Draw	$768,605,000.00	0
10/22/2009	Mature	$49,173,000.00	0.3% Working Capital	$817,778,000.00	1
10/23/2009	Mature	($366,965,000.00)	10/20/2009 Draw	$450,813,000.00	0
10/23/2009	Mature	$412,918,000.00	0.3% Working Capital	$863,731,000.00	3
10/26/2009	Mature	($366,965,000.00)	10/20/2009 Draw	$496,766,000.00	0
10/26/2009	Mature	$374,536,000.00	0.3% Working Capital	$871,302,000.00	1
10/27/2009	Mature	$49,271,000.00	0.3% Working Capital	$920,573,000.00	0
10/27/2009	Mature	($34,675,000.00)	10/21/2009 Draw	$885,898,000.00	1
10/28/2009	Mature	($49,173,000.00)	10/22/2009 Draw	$836,725,000.00	0

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10/28/2009	Mature	$53,298,000.00	0.3% Working Capital	$890,023,000.00	1
10/29/2009	Mature	($412,918,000.00)	10/23/2009 Draw	$477,105,000.00	0
10/29/2009	Mature	$409,592,000.00	0.3% Working Capital	$886,697,000.00	1
10/30/2009	Mature	$421,181,000.00	0.3% Working Capital	$1,307,878,000.00	0
10/30/2009	Mature	($374,536,000.00)	10/26/2009 Draw	$933,342,000.00	3
11/2/2009	Mature	$35,274,000.00	0.3% Working Capital	$968,616,000.00	0
11/2/2009	Mature	($49,271,000.00)	10/27/2009 Draw	$919,345,000.00	1
11/3/2009	Mature	($53,298,000.00)	10/28/2009 Draw	$866,047,000.00	0
11/3/2009	Mature	$34,113,000.00	0.3% Working Capital	$900,160,000.00	1
11/4/2009	Mature	$432,815,000.00	0.3% Working Capital	$1,332,975,000.00	0
11/4/2009	Mature	($409,592,000.00)	10/29/2009 Draw	$923,383,000.00	1
11/5/2009	Mature	$407,575,000.00	0.3% Working Capital	$1,330,958,000.00	0
11/5/2009	Mature	($421,181,000.00)	10/30/2009 Draw	$909,777,000.00	1
11/6/2009	Mature	($35,274,000.00)	11/02/2009 Draw	$874,503,000.00	0
11/6/2009	Mature	$43,343,000.00	0.3% Working Capital	$917,846,000.00	7
11/13/2009	Mature	($43,343,000.00)	11/06/2009 Draw	$874,503,000.00	0
11/13/2009	Mature	($34,113,000.00)	11/03/2009 Draw	$840,390,000.00	0
11/13/2009	Mature	($432,815,000.00)	11/04/2009 Draw	$407,575,000.00	0
11/13/2009	Mature	($407,575,000.00)	11/05/2009 Draw	$0.00	0
11/13/2009	Mature	$917,846,000.00	0.29% Working Capital	$917,846,000.00	3
11/16/2009	Mature	$953,528,000.00	0.29% Working Capital	$1,871,374,000.00	0
11/16/2009	Mature	($917,846,000.00)	11/13/2009 Draw	$953,528,000.00	1
11/17/2009	Mature	($953,528,000.00)	11/16/2009 Draw	$0.00	8
11/25/2009	Mature	$48,929,000.00	0.29% Working Capital	$48,929,000.00	2
11/27/2009	Mature	$42,357,000.00	0.29% Working Capital	$91,286,000.00	3
11/30/2009	Mature	$67,614,000.00	0.29% Working Capital	$158,900,000.00	0
11/30/2009	Mature	($42,357,000.00)	11/27/2009 Draw	$116,543,000.00	1
12/1/2009	Mature	$61,062,000.00	0.29% Working Capital	$177,605,000.00	0
12/1/2009	Mature	($67,614,000.00)	11/30/2009 Draw	$109,991,000.00	1
12/2/2009	Mature	$80,123,000.00	0.29% Working Capital	$190,114,000.00	0
12/2/2009	Mature	($61,062,000.00)	12/01/2009 Draw	$129,052,000.00	1
12/3/2009	Mature	$40,075,000.00	0.29% Working Capital	$169,127,000.00	1
12/4/2009	Mature	$57,914,000.00	0.29% Working Capital	$227,041,000.00	0
12/4/2009	Mature	($48,929,000.00)	11/25/2009 Draw	$178,112,000.00	3
12/7/2009	Mature	($80,123,000.00)	12/02/2009 Draw	$97,989,000.00	0
12/7/2009	Mature	$69,159,000.00	0.29% Working Capital	$167,148,000.00	1
12/8/2009	Mature	($40,075,000.00)	12/03/2009 Draw	$127,073,000.00	0
12/8/2009	Mature	$23,734,000.00	0.29% Working Capital	$150,807,000.00	1
12/9/2009	Mature	($57,914,000.00)	12/04/2009 Draw	$92,893,000.00	0
12/9/2009	Mature	$53,845,000.00	0.29% Working Capital	$146,738,000.00	1
12/10/2009	Mature	($69,159,000.00)	12/07/2009 Draw	$77,579,000.00	0
12/10/2009	Mature	$7,170,000.00	0.29% Working Capital	$84,749,000.00	1
12/11/2009	Mature	($23,734,000.00)	12/08/2009 Draw	$61,015,000.00	0
12/11/2009	Mature	$37,400,000.00	0.29% Working Capital	$98,415,000.00	3
12/14/2009	Mature	($53,845,000.00)	12/09/2009 Draw	$44,570,000.00	0
12/14/2009	Mature	$38,098,000.00	0.29% Working Capital	$82,668,000.00	1
12/15/2009	Mature	($7,170,000.00)	12/10/2009 Draw	$75,498,000.00	1
12/16/2009	Mature	$101,214,000.00	0.25% Working Capital	$176,712,000.00	0
12/16/2009	Mature	($37,400,000.00)	12/11/2009 Draw	$139,312,000.00	1
12/17/2009	Mature	$98,466,000.00	0.25% Working Capital	$237,778,000.00	0
12/17/2009	Mature	($38,098,000.00)	12/14/2009 Draw	$199,680,000.00	1
12/18/2009	Mature	$127,913,000.00	0.25% Working Capital	$327,593,000.00	0
12/18/2009	Mature	($101,214,000.00)	12/16/2009 Draw	$226,379,000.00	4
12/22/2009	Mature	($98,466,000.00)	12/17/2009 Draw	$127,913,000.00	1
12/23/2009	Mature	($127,913,000.00)	12/18/2009 Draw	$0.00	0
12/23/2009	Mature	$58,634,000.00	0.3% Working Capital	$58,634,000.00	1

12/24/2009	Mature	$33,057,000.00	0.34% Working Capital	$91,691,000.00	4
12/28/2009	Mature	($58,634,000.00)	12/23/2009 Draw	$33,057,000.00	1
12/29/2009	Mature	($33,057,000.00)	12/24/2009 Draw	$0.00	

Weighted Average Balance: $ 274,780,632.60

Avg Daily Holdings $ 207,580,819.18

For Period: 01/01/2009 - 12/31/2009
Comp Code: 1000 - 1000

Report By: STEV368 02/10/2010 12:52:54

Product		PERIOD		HOLDINGS		
PTy	Description	NIssues	Total PV of Issues Avg Cost per Issue	WAYM of Issues WADM of Issues	Total PV at EOP Avg Daily Holdngs	WAYM at EOP WADM at EOP	Max Par During P Min Par During P
CP	CP Discntd	000320	8,174,623,000.00 25,540,152.35	0.748850 8.869870	442,064,000.00 207,580,819.18	0.284550 7.526621	831,897,000.00 0.00
Overall total			8,174,623,000.00 25,540,152.35	0.748850 8.869870	442,064,000.00 207,580,819.18	0.284550 7.526621	831,897,000.00 * 0.00 *

Legend: PTy - Product Type
PV - Par Value
WADM - Weighted Average Days to Maturity
WAYM - Weighted Average Yield to Maturity
EOP - End of Period

PUBLIC VERSION

Exhibit No. ___
Witness: MRS
Schedule 5
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Virginia Electric and Power Company
Activity for DRI-VEPCO I/C Loan
Activity to Date: 12/31/2010

ActivityDate	Activity	ActivityPrin	ActivityDisc	Comments	Balance	# of Days Balance Effective
1/1/2010					$0	3
1/4/2010	Mature	$13,160,000		0.28% Working Capital	$13,160,000	3
1/7/2010	Mature	($13,160,000)		01/04/2010 Draw	$0	21
1/28/2010	Mature	$89,811,000		0.29% Working Capital	$89,811,000	1
1/29/2010	Mature	($89,811,000)		01/28/2010 Draw	$0	4
2/2/2010	Mature	$183,128,000		0.28% Working Capital	$183,128,000	1
2/3/2010	Mature	$25,807,000		0.29% Working Capital	$208,935,000	1
2/4/2010	Mature	($183,128,000)		02/02/2010 Draw	$25,807,000	0
2/4/2010	Mature	($25,807,000)		02/03/2010 Draw	$0	0
2/4/2010	Mature	$139,275,000		0.29% Working Capital	$139,275,000	1
2/5/2010	Mature	$20,296,000		0.29% Working Capital	$159,571,000	3
2/8/2010	Mature	$19,730,000		0.29% Working Capital	$179,301,000	0
2/8/2010	Mature	($20,296,000)		02/05/2010 Draw	$159,005,000	1
2/9/2010	Mature	($139,275,000)		02/04/2010 Draw	$19,730,000	0
2/9/2010	Mature	$150,663,000		0.28% Working Capital	$170,393,000	1
2/10/2010	Mature	$10,677,000		0.28% Working Capital	$181,070,000	0
2/10/2010	Mature	($19,730,000)		02/08/2010 Draw	$161,340,000	1
2/11/2010	Mature	$181,237,000		0.28% Working Capital	$342,577,000	0
2/11/2010	Mature	($150,663,000)		02/09/2010 Draw	$191,914,000	1
2/12/2010	Mature	($10,677,000)		02/10/2010 Draw	$181,237,000	4
2/16/2010	Mature	($181,237,000)		02/11/2010 Draw	$0	0
2/16/2010	Mature	$197,118,000		0.28% Working Capital	$197,118,000	1
2/17/2010	Mature	$150,837,000		0.28% Working Capital	$347,955,000	0
2/17/2010	Mature	($197,118,000)		02/16/2010 Draw	$150,837,000	1
2/18/2010	Mature	($150,837,000)		02/17/2010 Draw	$0	0
2/18/2010	Mature	$160,457,000		0.28% Working Capital	$160,457,000	1
2/19/2010	Mature	($160,457,000)		02/18/2010 Draw	$0	0
2/19/2010	Mature	$220,047,000		0.28% Working Capital	$220,047,000	0
2/19/2010	Mature	$2,000,000		0.28% Working Capital	$222,047,000	3
2/22/2010	Mature	$206,979,000		0.29% Working Capital	$429,026,000	0
2/22/2010	Mature	($220,047,000)		02/19/2010 Draw	$208,979,000	1
2/23/2010	Mature	($206,979,000)		02/22/2010 Draw	$2,000,000	0
2/23/2010	Mature	$175,400,000		0.29% Working Capital	$177,400,000	1
2/24/2010	Mature	$163,302,000		0.29% Working Capital	$340,702,000	0
2/24/2010	Mature	($175,400,000)		02/23/2010 Draw	$165,302,000	1
2/25/2010	Mature	($163,302,000)		02/24/2010 Draw	$2,000,000	0
2/25/2010	Mature	$206,223,000		0.29% Working Capital	$208,223,000	1
2/26/2010	Mature	($206,223,000)		02/25/2010 Draw	$2,000,000	0
2/26/2010	Mature	$378,815,000		0.27% Working Capital	$380,815,000	3
3/1/2010	Mature	$388,725,000		0.27% Working Capital	$769,540,000	0
3/1/2010	Mature	($378,815,000)		02/26/2010 Draw	$390,725,000	1
3/2/2010	Mature	$371,606,000		0.26% Working Capital	$762,331,000	0
3/2/2010	Mature	($388,725,000)		03/01/2010 Draw	$373,606,000	1
3/3/2010	Mature	$421,554,000		0.28% Working Capital	$795,160,000	0
3/3/2010	Mature	($371,606,000)		03/02/2010 Draw	$423,554,000	1
3/4/2010	Mature	($421,554,000)		03/03/2010 Draw	$2,000,000	0
3/4/2010	Mature	$400,948,000		0.26% Working Capital	$402,948,000	1
3/5/2010	Mature	$403,902,000		0.26% Working Capital	$806,850,000	0
3/5/2010	Mature	($400,948,000)		03/04/2010 Draw	$405,902,000	3
3/8/2010	Mature	($403,902,000)		03/05/2010 Draw	$2,000,000	0

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3/8/2010	Mature	$374,570,000	0.27% Working Capital	$376,570,000	1
3/9/2010	Mature	$345,770,000	0.27% Working Capital	$722,340,000	0
3/9/2010	Mature	($374,570,000)	03/08/2010 Draw	$347,770,000	1
3/10/2010	Mature	$328,374,000	0.27% Working Capital	$676,144,000	0
3/10/2010	Mature	($345,770,000)	03/09/2010 Draw	$330,374,000	1
3/11/2010	Mature	$321,943,000	0.27% Working Capital	$652,317,000	0
3/11/2010	Mature	($328,374,000)	03/10/2010 Draw	$323,943,000	1
3/12/2010	Mature	$323,703,000	0.27% Working Capital	$647,646,000	0
3/12/2010	Mature	($321,943,000)	03/11/2010 Draw	$325,703,000	3
3/15/2010	Mature	$283,650,000	0.27% Working Capital	$609,353,000	0
3/15/2010	Mature	($323,703,000)	03/12/2010 Draw	$285,650,000	7
3/22/2010	Mature	$108,000,000	0.28% Working Capital	$393,650,000	4
3/26/2010	Mature	$40,608,000	0.26% Working Capital	$434,258,000	5
3/31/2010	Mature	($283,650,000)	03/15/2010 Draw	$150,608,000	0
3/31/2010	Mature	($40,608,000)	03/26/2010 Draw	$110,000,000	0
3/31/2010	Mature	($2,000,000)	02/19/2010 Draw	$108,000,000	0
3/31/2010	Mature	($108,000,000)	03/22/2010 Draw	$0	27
4/27/2010	Mature	$54,757,000	0.35% Working Capital	$54,757,000	1
4/28/2010	Mature	($54,757,000)	04/27/2010 Draw	$0	2
4/30/2010	Mature	$64,140,000	0.36% Working Capital	$64,140,000	3
5/3/2010	Mature	($64,140,000)	04/30/2010 Draw	$0	0
5/3/2010	Mature	$57,780,000	0.36% Working Capital	$57,780,000	1
5/4/2010	Mature	($57,780,000)	05/03/2010 Draw	$0	0
5/4/2010	Mature	$49,667,000	0.36% Working Capital	$49,667,000	1
5/5/2010	Mature	($49,667,000)	05/04/2010 Draw	$0	0
5/5/2010	Mature	$91,394,000	0.36% Working Capital	$91,394,000	1
5/6/2010	Mature	($91,394,000)	05/05/2010 Draw	$0	0
5/6/2010	Mature	$83,132,000	0.37% Working Capital	$83,132,000	1
5/7/2010	Mature	$96,016,000	0.37% Working Capital	$179,148,000	0
5/7/2010	Mature	($83,132,000)	05/06/2010 Draw	$96,016,000	3
5/10/2010	Mature	$88,861,000	0.43% Working Capital	$184,877,000	0
5/10/2010	Mature	($96,016,000)	05/07/2010 Draw	$88,861,000	1
5/11/2010	Mature	$78,691,000	0.42% Working Capital	$167,552,000	0
5/11/2010	Mature	($88,861,000)	05/10/2010 Draw	$78,691,000	1
5/12/2010	Mature	$62,247,000	0.41789% Working Capital	$140,938,000	0
5/12/2010	Mature	($78,691,000)	05/11/2010 Draw	$62,247,000	1
5/13/2010	Mature	($62,247,000)	05/12/2010 Draw	$0	0
5/13/2010	Mature	$55,705,000	0.42% Working Capital	$55,705,000	1
5/14/2010	Mature	($55,705,000)	05/13/2010 Draw	$0	0
5/14/2010	Mature	$60,870,000	0.41727% Working Capital	$60,870,000	3
5/17/2010	Mature	($60,870,000)	05/14/2010 Draw	$0	0
5/17/2010	Mature	$113,421,000	0.41814% Working Capital	$113,421,000	1
5/18/2010	Mature	($113,421,000)	05/17/2010 Draw	$0	0
5/18/2010	Mature	$108,862,000	0.41933% Working Capital	$108,862,000	1
5/19/2010	Mature	($108,862,000)	05/18/2010 Draw	$0	0
5/19/2010	Mature	$107,374,000	0.42% Working Capital	$107,374,000	5
5/24/2010	Mature	$110,360,000	0.42% Working Capital	$217,734,000	0
5/24/2010	Mature	($107,374,000)	05/19/2010 Draw	$110,360,000	1
5/25/2010	Mature	($110,360,000)	05/24/2010 Draw	$0	0
5/25/2010	Mature	$279,210,000	0.42564% Working Capital	$279,210,000	1
5/26/2010	Mature	$281,781,000	0.43439% Working Capital	$560,991,000	0
5/26/2010	Mature	($279,210,000)	05/25/2010 Draw	$281,781,000	1
5/27/2010	Mature	($281,781,000)	05/26/2010 Draw	$0	0
5/27/2010	Mature	$334,943,000	0.43445% Working Capital	$334,943,000	1
5/28/2010	Mature	$351,585,000	0.43% Working Capital	$686,528,000	0

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5/28/2010	Mature	($334,943,000)	05/27/2010 Draw	$351,585,000	4
6/1/2010	Mature	$364,006,000	0.43164% Working Capital	$715,591,000	0
6/1/2010	Mature	($351,585,000)	05/28/2010 Draw	$364,006,000	1
6/2/2010	Mature	($364,006,000)	06/01/2010 Draw	$0	0
6/2/2010	Mature	$376,619,000	0.43% Working Capital	$376,619,000	1
6/3/2010	Mature	($376,619,000)	06/02/2010 Draw	$0	0
6/3/2010	Mature	$425,751,000	0.43% Working Capital	$425,751,000	1
6/4/2010	Mature	$439,612,000	0.43% Working Capital	$865,363,000	0
6/4/2010	Mature	($425,751,000)	06/03/2010 Draw	$439,612,000	3
6/7/2010	Mature	$445,900,000	0.43% Working Capital	$885,512,000	0
6/7/2010	Mature	($439,612,000)	06/04/2010 Draw	$445,900,000	1
6/8/2010	Mature	$447,299,000	0.43% Working Capital	$893,199,000	0
6/8/2010	Mature	($445,900,000)	06/07/2010 Draw	$447,299,000	1
6/9/2010	Mature	$450,228,000	0.43% Working Capital	$897,527,000	0
6/9/2010	Mature	($447,299,000)	06/08/2010 Draw	$450,228,000	2
6/11/2010	Mature	($450,228,000)	06/09/2010 Draw	$0	0
6/11/2010	Mature	$462,352,000	0.43% Working Capital	$462,352,000	4
6/15/2010	Mature	$557,657,000	0.43% Working Capital	$1,020,009,000	0
6/15/2010	Mature	($462,352,000)	06/11/2010 Draw	$557,657,000	1
6/16/2010	Mature	($557,657,000)	06/15/2010 Draw	$0	0
6/16/2010	Mature	$564,608,000	0.43% Working Capital	$564,608,000	1
6/17/2010	Mature	$575,396,000	0.43% Working Capital	$1,140,004,000	0
6/17/2010	Mature	($564,608,000)	06/16/2010 Draw	$575,396,000	1
6/18/2010	Mature	($575,396,000)	06/17/2010 Draw	$0	0
6/18/2010	Mature	$594,509,000	0.427% Working Capital	$594,509,000	3
6/21/2010	Mature	$676,036,000	0.42773% Working Capital	$1,270,545,000	0
6/21/2010	Mature	($594,509,000)	06/18/2010 Draw	$676,036,000	1
6/22/2010	Mature	($676,036,000)	06/21/2010 Draw	$0	0
6/22/2010	Mature	$666,520,000	0.43% Working Capital	$666,520,000	1
6/23/2010	Mature	$645,197,000	0.43% Working Capital	$1,311,717,000	0
6/23/2010	Mature	($666,520,000)	06/22/2010 Draw	$645,197,000	1
6/24/2010	Mature	($645,197,000)	06/23/2010 Draw	$0	0
6/24/2010	Mature	$636,020,000	0.43% Working Capital	$636,020,000	1
6/25/2010	Mature	($636,020,000)	06/24/2010 Draw	$0	0
6/25/2010	Mature	$769,562,000	0.43% Working Capital	$769,562,000	3
6/28/2010	Mature	($769,562,000)	06/25/2010 Draw	$0	0
6/28/2010	Mature	$775,608,000	0.43% Working Capital	$775,608,000	1
6/29/2010	Mature	$767,619,000	0.43% Working Capital	$1,543,227,000	0
6/29/2010	Mature	($775,608,000)	06/28/2010 Draw	$767,619,000	1
6/30/2010	Mature	($767,619,000)	06/29/2010 Draw	$0	0
6/30/2010	Mature	$762,884,000	0.43% Working Capital	$762,884,000	1
7/1/2010	Mature	($762,884,000)	06/30/2010 Draw	$0	0
7/1/2010	Mature	$767,931,000	0.43% Working Capital	$767,931,000	1
7/2/2010	Mature	$795,924,000	0.43% Working Capital	$1,563,855,000	0
7/2/2010	Mature	($767,931,000)	07/01/2010 Draw	$795,924,000	4
7/6/2010	Mature	($795,924,000)	07/02/2010 Draw	$0	0
7/6/2010	Mature	$825,314,000	0.43% Working Capital	$825,314,000	1
7/7/2010	Mature	$797,050,000	0.43% Working Capital	$1,622,364,000	0
7/7/2010	Mature	($825,314,000)	07/06/2010 Draw	$797,050,000	1
7/8/2010	Mature	$777,599,000	0.43% Working Capital	$1,574,649,000	0
7/8/2010	Mature	($797,050,000)	07/07/2010 Draw	$777,599,000	1
7/9/2010	Mature	$787,268,000	0.42% Working Capital	$1,564,867,000	0
7/9/2010	Mature	($777,599,000)	07/08/2010 Draw	$787,268,000	3
7/12/2010	Mature	($787,268,000)	07/09/2010 Draw	$0	0
7/12/2010	Mature	$776,621,000	0.42% Working Capital	$776,621,000	1
7/13/2010	Mature	$753,495,000	0.42133% Working Capital	$1,530,116,000	0

7/13/2010	Mature	($776,621,000)	07/12/2010 Draw	$753,495,000	1
7/14/2010	Mature	$741,461,000	0.42% Working Capital	$1,494,956,000	0
7/14/2010	Mature	($753,495,000)	07/13/2010 Draw	$741,461,000	1
7/15/2010	Mature	$758,816,000	0.42% Working Capital	$1,500,277,000	0
7/15/2010	Mature	($741,461,000)	07/14/2010 Draw	$758,816,000	1
7/16/2010	Mature	($758,816,000)	07/15/2010 Draw	$0	0
7/16/2010	Mature	$795,100,000	0.42% Working Capital	$795,100,000	3
7/19/2010	Mature	$785,491,000	0.42% Working Capital	$1,580,591,000	0
7/19/2010	Mature	($795,100,000)	07/16/2010 Draw	$785,491,000	1
7/20/2010	Mature	($785,491,000)	07/19/2010 Draw	$0	0
7/20/2010	Mature	$767,017,000	0.42% Working Capital	$767,017,000	1
7/21/2010	Mature	($767,017,000)	07/20/2010 Draw	$0	0
7/21/2010	Mature	$738,878,000	0.42% Working Capital	$738,878,000	1
7/22/2010	Mature	$723,128,000	0.41% Working Capital	$1,462,006,000	0
7/22/2010	Mature	($738,878,000)	07/21/2010 Draw	$723,128,000	1
7/23/2010	Mature	$788,825,000	0.41% Working Capital	$1,511,953,000	0
7/23/2010	Mature	($723,128,000)	07/22/2010 Draw	$788,825,000	3
7/26/2010	Mature	($788,825,000)	07/23/2010 Draw	$0	0
7/26/2010	Mature	$779,561,000	0.41% Working Capital	$779,561,000	1
7/27/2010	Mature	($779,561,000)	07/26/2010 Draw	$0	0
7/27/2010	Mature	$837,108,000	0.41% Working Capital	$837,108,000	1
7/28/2010	Mature	($837,108,000)	07/27/2010 Draw	$0	0
7/28/2010	Mature	$822,233,000	0.4% Working Capital	$822,233,000	1
7/29/2010	Mature	$787,733,000	0.4% Working Capital	$1,609,966,000	0
7/29/2010	Mature	($822,233,000)	07/28/2010 Draw	$787,733,000	1
7/30/2010	Mature	($787,733,000)	07/29/2010 Draw	$0	0
7/30/2010	Mature	$826,373,000	0.39% Working Capital	$826,373,000	3
8/2/2010	Mature	$822,919,000	0.38% Working Capital	$1,649,292,000	0
8/2/2010	Mature	($826,373,000)	07/30/2010 Draw	$822,919,000	1
8/3/2010	Mature	$798,520,000	0.38% Working Capital	$1,621,439,000	0
8/3/2010	Mature	($822,919,000)	08/02/2010 Draw	$798,520,000	1
8/4/2010	Mature	$820,508,000	0.38% Working Capital	$1,619,028,000	0
8/4/2010	Mature	($798,520,000)	08/03/2010 Draw	$820,508,000	1
8/5/2010	Mature	$806,262,000	0.38% Working Capital	$1,626,770,000	0
8/5/2010	Mature	($820,508,000)	08/04/2010 Draw	$806,262,000	1
8/6/2010	Mature	($806,262,000)	08/05/2010 Draw	$0	0
8/6/2010	Mature	$818,277,000	0.38% Working Capital	$818,277,000	3
8/9/2010	Mature	$807,191,000	0.37% Working Capital	$1,625,468,000	0
8/9/2010	Mature	($818,277,000)	08/06/2010 Draw	$807,191,000	1
8/10/2010	Mature	$784,093,000	0.37% Working Capital	$1,591,284,000	0
8/10/2010	Mature	($807,191,000)	08/09/2010 Draw	$784,093,000	1
8/11/2010	Mature	($784,093,000)	08/10/2010 Draw	$0	0
8/11/2010	Mature	$764,872,000	0.37% Working Capital	$764,872,000	1
8/12/2010	Mature	$744,472,000	0.36% Working Capital	$1,509,344,000	0
8/12/2010	Mature	($764,872,000)	08/11/2010 Draw	$744,472,000	1
8/13/2010	Mature	$750,440,000	0.36% Working Capital	$1,494,912,000	0
8/13/2010	Mature	($744,472,000)	08/12/2010 Draw	$750,440,000	3
8/16/2010	Mature	$663,696,000	0.35% Working Capital	$1,414,136,000	0
8/16/2010	Mature	($750,440,000)	08/13/2010 Draw	$663,696,000	1
8/17/2010	Mature	$635,856,000	0.43% Working Capital	$1,299,552,000	0
8/17/2010	Mature	($663,696,000)	08/16/2010 Draw	$635,856,000	1
8/18/2010	Mature	$605,377,000	0.43% Working Capital	$1,241,233,000	0
8/18/2010	Mature	($635,856,000)	08/17/2010 Draw	$605,377,000	1
8/19/2010	Mature	($605,377,000)	08/18/2010 Draw	$0	0
8/19/2010	Mature	$564,595,000	0.43% Working Capital	$564,595,000	1
8/20/2010	Mature	($564,595,000)	08/19/2010 Draw	$0	0

8/20/2010	Mature	$572,102,000	0.43% Working Capital	$572,102,000	4
8/24/2010	Mature	($572,102,000)	08/20/2010 Draw	$0	0
8/24/2010	Mature	$519,532,000	0.41% Working Capital	$519,532,000	1
8/25/2010	Mature	$582,070,000	0.41% Working Capital	$1,101,602,000	0
8/25/2010	Mature	($519,532,000)	08/24/2010 Draw	$582,070,000	1
8/26/2010	Mature	$577,636,000	0.4% Working Capital	$1,159,706,000	0
8/26/2010	Mature	($582,070,000)	08/25/2010 Draw	$577,636,000	1
8/27/2010	Mature	($577,636,000)	08/26/2010 Draw	$0	0
8/27/2010	Mature	$648,181,000	0.4% Working Capital	$648,181,000	3
8/30/2010	Mature	$677,562,000	0.4% Working Capital	$1,325,743,000	0
8/30/2010	Mature	($648,181,000)	08/27/2010 Draw	$677,562,000	1
8/31/2010	Mature	$625,482,000	0.4% Working Capital	$1,303,044,000	0
8/31/2010	Mature	($677,562,000)	08/30/2010 Draw	$625,482,000	1
9/1/2010	Mature	$310,877,000	0.4% Working Capital	$936,359,000	0
9/1/2010	Mature	($625,482,000)	08/31/2010 Draw	$310,877,000	1
9/2/2010	Mature	$281,301,000	0.4% Working Capital	$592,178,000	0
9/2/2010	Mature	($310,877,000)	09/01/2010 Draw	$281,301,000	1
9/3/2010	Mature	($281,301,000)	09/02/2010 Draw	$0	0
9/3/2010	Mature	$378,943,000	0.4% Working Capital	$378,943,000	4
9/7/2010	Mature	$364,702,000	0.4% Working Capital	$743,645,000	0
9/7/2010	Mature	($378,943,000)	09/03/2010 Draw	$364,702,000	1
9/8/2010	Mature	($364,702,000)	09/07/2010 Draw	$0	0
9/8/2010	Mature	$333,318,000	0.4% Working Capital	$333,318,000	1
9/9/2010	Mature	$318,945,000	0.4% Working Capital	$652,263,000	0
9/9/2010	Mature	($333,318,000)	09/08/2010 Draw	$318,945,000	1
9/10/2010	Mature	$319,761,000	0.4% Working Capital	$638,706,000	0
9/10/2010	Mature	($318,945,000)	09/09/2010 Draw	$319,761,000	3
9/13/2010	Mature	$305,888,000	0.4% Working Capital	$625,649,000	0
9/13/2010	Mature	($319,761,000)	09/10/2010 Draw	$305,888,000	1
9/14/2010	Mature	$279,207,000	0.4% Working Capital	$585,095,000	0
9/14/2010	Mature	($305,888,000)	09/13/2010 Draw	$279,207,000	1
9/15/2010	Mature	($279,207,000)	09/14/2010 Draw	$0	0
9/15/2010	Mature	$174,471,000	0.4% Working Capital	$174,471,000	1
9/16/2010	Mature	($174,471,000)	09/15/2010 Draw	$0	0
9/16/2010	Mature	$155,590,000	0.4% Working Capital	$155,590,000	1
9/17/2010	Mature	($155,590,000)	09/16/2010 Draw	$0	0
9/17/2010	Mature	$155,025,000	0.4% Working Capital	$155,025,000	3
9/20/2010	Mature	($155,025,000)	09/17/2010 Draw	$0	0
9/20/2010	Mature	$311,142,000	0.4% Working Capital	$311,142,000	1
9/21/2010	Mature	($311,142,000)	09/20/2010 Draw	$0	0
9/21/2010	Mature	$289,256,000	0.4% Working Capital	$289,256,000	1
9/22/2010	Mature	($289,256,000)	09/21/2010 Draw	$0	0
9/22/2010	Mature	$274,429,000	0.4% Working Capital	$274,429,000	1
9/23/2010	Mature	($274,429,000)	09/22/2010 Draw	$0	0
9/23/2010	Mature	$279,631,000	0.4% Working Capital	$279,631,000	1
9/24/2010	Mature	($279,631,000)	09/23/2010 Draw	$0	0
9/24/2010	Mature	$147,314,000	0.4% Working Capital	$147,314,000	3
9/27/2010	Mature	($147,314,000)	09/24/2010 Draw	$0	0
9/27/2010	Mature	$255,295,000	0.4% Working Capital	$255,295,000	1
9/28/2010	Mature	($255,295,000)	09/27/2010 Draw	$0	0
9/28/2010	Mature	$245,275,000	0.4% Working Capital	$245,275,000	1
9/29/2010	Mature	($245,275,000)	09/28/2010 Draw	$0	0
9/29/2010	Mature	$213,901,000	0.4% Working Capital	$213,901,000	1
9/30/2010	Mature	($213,901,000)	09/29/2010 Draw	$0	0
9/30/2010	Mature	$204,856,000	0.4% Working Capital	$204,856,000	1
10/1/2010	Mature	($204,856,000)	09/30/2010 Draw	$0	0

10/1/2010	Mature	$238,940,000	0.4% Working Capital	$238,940,000	3
10/4/2010	Mature	($238,940,000)	10/01/2010 Draw	$0	0
10/4/2010	Mature	$249,113,000	0.4% Working Capital	$249,113,000	1
10/5/2010	Mature	$285,372,000	0.4% Working Capital	$534,485,000	0
10/5/2010	Mature	($249,113,000)	10/04/2010 Draw	$285,372,000	1
10/6/2010	Mature	$256,157,000	0.4% Working Capital	$541,529,000	0
10/6/2010	Mature	($285,372,000)	10/05/2010 Draw	$256,157,000	1
10/7/2010	Mature	$249,957,000	0.4% Working Capital	$506,114,000	0
10/7/2010	Mature	($256,157,000)	10/06/2010 Draw	$249,957,000	1
10/8/2010	Mature	$270,399,000	0.4% Working Capital	$520,356,000	0
10/8/2010	Mature	($249,957,000)	10/07/2010 Draw	$270,399,000	4
10/12/2010	Mature	$260,277,000	0.4% Working Capital	$530,676,000	0
10/12/2010	Mature	($270,399,000)	10/08/2010 Draw	$260,277,000	1
10/13/2010	Mature	($260,277,000)	10/12/2010 Draw	$0	0
10/13/2010	Mature	$250,010,000	0.4% Working Capital	$250,010,000	1
10/14/2010	Mature	($250,010,000)	10/13/2010 Draw	$0	0
10/14/2010	Mature	$229,567,000	0.4% Working Capital	$229,567,000	1
10/15/2010	Mature	($229,567,000)	10/14/2010 Draw	$0	0
10/15/2010	Mature	$237,703,000	0.4% Working Capital	$237,703,000	3
10/18/2010	Mature	$219,986,000	0.4% Working Capital	$457,689,000	0
10/18/2010	Mature	($237,703,000)	10/15/2010 Draw	$219,986,000	1
10/19/2010	Mature	$198,734,000	0.4% Working Capital	$418,720,000	0
10/19/2010	Mature	($219,986,000)	10/18/2010 Draw	$198,734,000	1
10/20/2010	Mature	($198,734,000)	10/19/2010 Draw	$0	0
10/20/2010	Mature	$219,326,000	0.4% Working Capital	$219,326,000	1
10/21/2010	Mature	($219,326,000)	10/20/2010 Draw	$0	0
10/21/2010	Mature	$219,055,000	0.4% Working Capital	$219,055,000	1
10/22/2010	Mature	($219,055,000)	10/21/2010 Draw	$0	0
10/22/2010	Mature	$253,750,000	0.4% Working Capital	$253,750,000	3
10/25/2010	Mature	($253,750,000)	10/22/2010 Draw	$0	0
10/25/2010	Mature	$291,003,000	0.4% Working Capital	$291,003,000	1
10/26/2010	Mature	$32,718	0.4% Working Capital	$291,035,718	0
10/26/2010	Mature	($291,003,000)	10/25/2010 Draw	$32,718	1
10/27/2010	Mature	($32,718)	10/26/2010 Draw	$0	0
10/27/2010	Mature	$56,415,000	0.4% Working Capital	$56,415,000	1
10/28/2010	Mature	$46,993,000	0.4% Working Capital	$103,408,000	0
10/28/2010	Mature	($56,415,000)	10/27/2010 Draw	$46,993,000	1
10/29/2010	Mature	$74,522,000	0.4% Working Capital	$121,515,000	0
10/29/2010	Mature	($46,993,000)	10/28/2010 Draw	$74,522,000	3
11/1/2010	Mature	($74,522,000)	10/29/2010 Draw	$0	0
11/1/2010	Mature	$64,571,000	0.4% Working Capital	$64,571,000	1
11/2/2010	Mature	($64,571,000)	11/01/2010 Draw	$0	0
11/2/2010	Mature	$51,844,000	0.4% Working Capital	$51,844,000	1
11/3/2010	Mature	($51,844,000)	11/02/2010 Draw	$0	0
11/3/2010	Mature	$93,329,000	0.4% Working Capital	$93,329,000	1
11/4/2010	Mature	($93,329,000)	11/03/2010 Draw	$0	0
11/4/2010	Mature	$84,481,000	0.4% Working Capital	$84,481,000	1
11/5/2010	Mature	($84,481,000)	11/04/2010 Draw	$0	0
11/5/2010	Mature	$106,127,000	0.4% Working Capital	$106,127,000	3
11/8/2010	Mature	($106,127,000)	11/05/2010 Draw	$0	0
11/8/2010	Mature	$92,929,000	0.4% Working Capital	$92,929,000	1
11/9/2010	Mature	$74,395,000	0.4% Working Capital	$167,324,000	0
11/9/2010	Mature	($92,929,000)	11/08/2010 Draw	$74,395,000	1
11/10/2010	Mature	($74,395,000)	11/09/2010 Draw	$0	0
11/10/2010	Mature	$72,744,000	0.4% Working Capital	$72,744,000	2
11/12/2010	Mature	($72,744,000)	11/10/2010 Draw	$0	0

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11/12/2010	Mature	$89,892,000	0.4% Working Capital	$89,892,000	3
11/15/2010	Mature	$131,821,000	0.4% Working Capital	$221,713,000	0
11/15/2010	Mature	($89,892,000)	11/12/2010 Draw	$131,821,000	1
11/16/2010	Mature	$15,946,000	0.4% Working Capital	$147,767,000	0
11/16/2010	Mature	($131,821,000)	11/15/2010 Draw	$15,946,000	1
11/17/2010	Mature	$12,081,000	0.4% Working Capital	$28,027,000	0
11/17/2010	Mature	($15,946,000)	11/16/2010 Draw	$12,081,000	1
11/18/2010	Mature	$2,699,000	0.4% Working Capital	$14,780,000	0
11/18/2010	Mature	($12,081,000)	11/17/2010 Draw	$2,699,000	1
11/19/2010	Mature	$29,876,000	0.4% Working Capital	$32,575,000	0
11/19/2010	Mature	($2,699,000)	11/18/2010 Draw	$29,876,000	3
11/22/2010	Mature	$17,941,000	0.4% Working Capital	$47,817,000	0
11/22/2010	Mature	($29,876,000)	11/19/2010 Draw	$17,941,000	1
11/23/2010	Mature	$1,941,000	0.4% Working Capital	$19,882,000	0
11/23/2010	Mature	($17,941,000)	11/22/2010 Draw	$1,941,000	1
11/24/2010	Mature	$29,799,000	0.4% Working Capital	$31,740,000	0
11/24/2010	Mature	($1,941,000)	11/23/2010 Draw	$29,799,000	2
11/26/2010	Mature	$116,892,000	0.4% Working Capital	$146,691,000	0
11/26/2010	Mature	($29,799,000)	11/24/2010 Draw	$116,892,000	3
11/29/2010	Mature	$93,081,000	0.4% Working Capital	$209,973,000	0
11/29/2010	Mature	($116,892,000)	11/26/2010 Draw	$93,081,000	1
11/30/2010	Mature	($93,081,000)	11/29/2010 Draw	$0	0
11/30/2010	Mature	$123,207,000	0.4% Working Capital	$123,207,000	1
12/1/2010	Mature	($123,207,000)	11/30/2010 Draw	$0	0
12/1/2010	Mature	$55,777,208	0.4% Working Capital	$55,777,208	1
12/2/2010	Mature	$65,880,000	0.4% Working Capital	$121,657,208	0
12/2/2010	Mature	($55,777,208)	12/01/2010 Draw	$65,880,000	1
12/3/2010	Mature	($65,880,000)	12/02/2010 Draw	$0	0
12/3/2010	Mature	$137,952,000	0.41% Working Capital	$137,952,000	3
12/6/2010	Mature	($137,952,000)	12/03/2010 Draw	$0	0
12/6/2010	Mature	$147,274,000	0.41% Working Capital	$147,274,000	1
12/7/2010	Mature	$137,345,000	0.41% Working Capital	$284,619,000	0
12/7/2010	Mature	($147,274,000)	12/06/2010 Draw	$137,345,000	1
12/8/2010	Mature	($137,345,000)	12/07/2010 Draw	$0	0
12/8/2010	Mature	$123,987,000	0.41% Working Capital	$123,987,000	1
12/9/2010	Mature	$115,988,000	0.41% Working Capital	$239,975,000	0
12/9/2010	Mature	($123,987,000)	12/08/2010 Draw	$115,988,000	1
12/10/2010	Mature	$130,130,000	0.41% Working Capital	$246,118,000	0
12/10/2010	Mature	($115,988,000)	12/09/2010 Draw	$130,130,000	1
12/11/2010	Mature	($130,130,000)	12/10/2010 Draw	$0	2
12/13/2010	Mature	$119,913,000	0.41% Working Capital	$119,913,000	1
12/14/2010	Mature	$107,585,000	0.4% Working Capital	$227,498,000	0
12/14/2010	Mature	($119,913,000)	12/13/2010 Draw	$107,585,000	1
12/15/2010	Mature	($107,585,000)	12/14/2010 Draw	$0	8
12/23/2010	Mature	$23,089,000	0.41% Working Capital	$23,089,000	1
12/24/2010	Mature	$55,285,000	0.41% Working Capital	$78,374,000	0
12/24/2010	Mature	($23,089,000)	12/23/2010 Draw	$55,285,000	3
12/27/2010	Mature	($55,285,000)	12/24/2010 Draw	$0	0
12/27/2010	Mature	$90,180,000	0.41% Working Capital	$90,180,000	1
12/28/2010	Mature	($90,180,000)	12/27/2010 Draw	$0	0
12/28/2010	Mature	$70,562,000	0.41% Working Capital	$70,562,000	1
12/29/2010	Mature	($70,562,000)	12/28/2010 Draw	$0	0
12/29/2010	Mature	$62,798,000	0.41% Working Capital	$62,798,000	1
12/30/2010	Mature	$62,003,000	0.41% Working Capital	$124,801,000	0
12/30/2010	Mature	($62,798,000)	12/29/2010 Draw	$62,003,000	1
12/31/2010	Mature	($62,003,000)	12/30/2010 Draw	$0	0

12/31/2010	Mature	$79,276,000	0.41% Working Capital	$79,276,000	1

I/C Weighted
Average Balance: $ 280,460,279.25

CP Avg Daily
Holdings $ 90,257,224.66

For Period: 01/01/2010 - 12/31/2010
Comp Code: 1000 - 1000

Report By: STEV368 01/11/2011 16:21:16

Product		PERIOD		HOLDINGS		
PTy	Description	NIssues	Total PV of Issues Avg Cost per Issue	WAYM of Issues WADM of Issues	Total PV at EOP Avg Daily Holdngs	WAYM at EOP WADM at EOP	Max Par During P Min Par During P
CP	CP Discrtd	000164	4,180,949,000.00 25,491,048.21	0.297770 9.899785	600,000,000.00 90,257,224.66	0.406059 19.885259	600,000,000.00 0.00
Overall total			4,180,949,000.00 25,491,048.21	0.297770 9.899785	600,000,000.00 90,257,224.66	0.406059 19.885259	600,000,000.00 * 0.00 *

Legend: PTy - Product Type
PV - Par Value
WADM - Weighted Average Days to Maturity
WAYM - Weighted Average Yield to Maturity
EOP - End of Period

PUBLIC VERSION

Exhibit No. ___
Witness: MRS
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