

# Large Filing Separator Sheet

Case Number: 00-1781-EL-CRS

Date Filed: 9/16/2008

Section: 3 of 3

Number of Pages: 124

Description of Document: Renewal Application

## Table of Contents

### NOTE 17. VARIABLE INTEREST ENTITIES

FASB Interpretation No. 46 (revised December 2003), *Consolidation of Variable Interest Entities* (FIN 46R) addresses the consolidation of VIEs. An entity is considered a VIE under FIN 46R if it does not have sufficient equity to finance its activities without assistance from variable interest holders or if its equity investors lack any of the following characteristics of a controlling financial interest:

- control through voting rights,
- the obligation to absorb expected losses, or
- the right to receive expected residual returns.

FIN 46R requires the primary beneficiary of a VIE to consolidate the VIE and to disclose certain information about its significant variable interests in the VIE. The primary beneficiary of a VIE is the entity that receives the majority of a VIE's expected losses, expected residual returns, or both.

We have long-term power and capacity contracts with 4 potential VIEs, which contain certain variable pricing mechanisms to the counterparty in the form of partial fuel reimbursement. We have concluded we are not the primary beneficiary of any of these potential VIEs. The contracts expire at various dates ranging from 2015 to 2021. We are not subject to any risk of loss from these potential VIEs other than our remaining purchase commitments which totaled \$2.1 billion as of December 31, 2007. We paid \$211 million, \$214 million and \$222 million for electric capacity and \$160 million, \$130 million and \$159 million for electric energy to these entities for the years ended December 31, 2007, 2006 and 2005, respectively.

Our Consolidated Balance Sheet as of December 31, 2006, reflected \$337 million of net property, plant and equipment and \$370 million of debt, related to the consolidation, in accordance with FIN 46R, of a variable interest lessor entity through which we had financed and leased a power generation plant for our utility operations. The debt was non-recourse to us and was secured by the entity's property, plant and equipment. The lease under which we operated the power generation facility terminated in August 2007 and we took legal title to the facility through the repayment of the lessor's related debt.

As discussed in Note 28, DCI holds an investment in the subordinated notes of a third-party CDO. In June 2006, the CDO entity's equity investor withdrew its capital, which required a redetermination of whether the CDO entity is a VIE under FIN 46R. We concluded that the CDO entity is a VIE and that DCI is the primary beneficiary of the CDO entity, which we have consolidated in accordance with FIN 46R.

### NOTE 18. SHORT-TERM DEBT AND CREDIT AGREEMENTS

As a result of the merger of CNG with Dominion in June 2007, all of CNG's former credit facilities have been assumed by Dominion. We use short-term debt, primarily commercial paper, to fund working capital requirements, as a bridge to long-term debt financing and as bridge financing for acquisitions, if applicable. The levels of borrowing may vary significantly during the course of the year, depending upon the timing and amount of cash requirements not satisfied by cash from operations. In addition,

we utilize cash and letters of credit to fund collateral requirements under our commodities hedging program. Collateral requirements are impacted by commodity prices, hedging levels, our credit quality and the credit quality of our counterparties. At December 31, 2007, we had committed lines of credit totaling \$4.9 billion. These lines of credit support commercial paper borrowings and letter of credit issuances. At December 31, 2007 and 2006, we had the following commercial paper, bank loans, and letters of credit outstanding, as well as capacity available under our credit facilities:

	Facility Limit	Outstanding Commercial Paper	Outstanding Bank Borrowings	Outstanding Letters of Credit	Facility Capacity Available
(millions)					
2007					
Five-year joint revolving credit facility <sup>(1)</sup>	\$3,000	\$ 757	\$ —	\$229	\$2,014
Five-year	1,700	—	1,000	1	699

Source: DOMINION RESOURCES I, 10-K, February 28, 2008

Dominion credit facility <sup>(2)</sup>						
Five-year Dominion bilateral facility <sup>(3)</sup>	200	—	—	—	200	
Totals	\$4,900	\$ 757	\$ 1,000	\$230	\$2,913	
2006						
Five-year joint revolving credit facility <sup>(1)</sup>	\$3,000	\$ 1,759	\$ —	\$236	\$1,005	
Five-year Dominion credit facility <sup>(2)</sup>	1,700	—	500	484	716	
Five-year Dominion bilateral facility <sup>(3)</sup>	200	—	—	—	200	
364-day credit facility <sup>(4)</sup>	1,050	—	—	—	1,050	
Totals	\$5,950	\$ 1,759	\$ 500	\$720	\$2,971	

(1) The \$3.0 billion five-year credit facility was entered into February 2006 and terminates in February 2011. This credit facility can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to \$1.5 billion of letters of credit. The weighted-average interest rates of the outstanding commercial paper supported by this facility were 5.66% and 5.41% at December 31, 2007 and 2006, respectively.

(2) The \$1.7 billion five-year credit facility was entered into in August 2005 and terminates in August 2010. This facility can be used to support bank borrowings, the issuance of letters of credit and commercial paper. The weighted-average interest rates of the outstanding bank borrowing supported by this facility were 5.69% and 5.76% at December 31, 2007 and 2006, respectively.

(3) The \$200 million five-year facility was entered into in December 2005 and terminates in December 2010. This credit facility can be used to support commercial paper and letter of credit issuances.

(4) The \$1.05 billion 364-day credit facility was used to support the issuance of letters of credit and commercial paper by our former CNG consolidated subsidiary to fund collateral requirements under its gas and oil hedging program. The facility was entered into in February 2006 and terminated in February 2007.

In addition to the facilities above, we also entered into a \$100 million bilateral credit facility in August 2004 that terminates in August 2009. At December 31, 2007, there were no letters of credit outstanding under this facility. At December 31, 2006, outstanding letters of credit under this facility totaled \$100 million. At December 31, 2006, we also had a \$100 million three-year credit facility entered into in June 2004 that terminated in June 2007. At December 31, 2006, outstanding letters of credit under this facility totaled \$25 million.

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

#### NOTE 19. LONG-TERM DEBT

At December 31, (millions, except percentages)	2007 Weighted- Average Coupon <sup>(1)</sup>	2007	2006
<b>Dominion Resources, Inc.:</b>			
Unsecured Senior and Medium-Term Notes:			
4.125% to 8.125%, due 2008 to 2012	5.38%	\$ 2,262	\$ 3,050
5.0% to 7.195%, due 2013 to 2035 <sup>(2)</sup>	5.61%	3,047	3,110
Variable rates, due 2007 and 2008	5.53%	400	1,400
Unsecured Convertible Senior Notes, 2.125%, due 2023 <sup>(3)</sup>		220	220
Unsecured Junior Subordinated Notes Payable to Affiliated Trusts, 7.83% to 8.4%, due 2027 to 2031	7.85%	268	516
Enhanced Junior Subordinated Notes, 6.3% to 7.5%, due 2066	6.75%	800	800
Unsecured Debentures and Senior Notes <sup>(4)</sup> :			
6.0% to 6.875%, due 2007 to 2011	6.22%	720	1,500
5.0% to 6.875%, due 2013 to 2027	5.28%	711	1,200
Unsecured Junior Subordinated Notes Payable to Affiliated Trust, 7.8%, due 2041 <sup>(4)</sup>		—	206
<b>Virginia Electric and Power Company:</b>			
Secured First and Refunding Mortgage Bonds, 7.625%, due 2007 <sup>(5)</sup>		—	215
Secured Bank Debt, Variable rate, due 2007 <sup>(6)</sup>		—	370
Unsecured Senior and Medium-Term Notes:			
4.5% to 5.73%, due 2007 to 2012	5.03%	950	1,000
4.75% to 8.625%, due 2013 to 2037	5.83%	3,385	1,748
Unsecured Callable and Puttable Enhanced Securities <sup>SM</sup> , 4.10%, due 2038 <sup>(7)</sup>		225	225
Tax-Exempt Financings <sup>(8)</sup> :			
Variable rate, due 2008	3.86%	60	60
Variable rates, due 2015 to 2027	3.80%	137	137
4.95% to 7.55%, due 2007 to 2010	5.42%	205	232
4.25% to 7.55%, due 2014 to 2031	5.26%	223	263
Unsecured Junior Subordinated Notes Payable to Affiliated Trust, 7.375%, due 2042		412	412
<b>Dominion Energy, Inc.:</b>			
Secured Senior Note, 7.33%, due 2020 <sup>(9)</sup>		204	213
Tax-Exempt Financing, 5.0%, due 2036		47	47
<b>Dominion Capital, Inc.:</b>			
Notes, 12.5%, due 2007		—	4
Senior Revolving Notes, Variable rate, due 2017 <sup>(10)</sup>	5.71%	75	—
Senior Note, Variable rate, due 2017 <sup>(10)</sup>	5.66%	385	385
		<b>14,736</b>	<b>17,313</b>
Fair value hedge valuation <sup>(11)</sup>		9	(6)
Amounts due within one year <sup>(12)</sup>	5.19%	(1,477)	(2,478)
Unamortized discount and premium, net		(33)	(38)
<b>Total long-term debt</b>		<b>\$13,235</b>	<b>\$14,791</b>

(1) Represents weighted-average coupon rates for debt outstanding as of December 31, 2007.

(2) At the option of holders in August 2015, \$510 million of Dominion's 5.25% senior notes due 2033 are subject to redemption at 100% of the principal amount plus accrued interest.

(3) Convertible into a combination of cash and shares of our common stock at any time when the closing price of our common stock equals 120% of the applicable conversion price or higher for at least 20 out of the last 30 consecutive trading days ending on the last trading day of the previous calendar quarter. At the option of holders on December 15, 2006, December 15, 2008, December 15, 2013, or December 15, 2018, these securities are subject to redemption at 100% of the principal amount plus accrued interest. On December 15, 2006 less than \$100 thousand of the debt was redeemed due to holders exercising their put option.

(4) Represents debt assumed by DRI from the merger of our former CNG consolidated subsidiary.

(5) Substantially all of Virginia Power's property (\$13.1 billion at December 31, 2007) is subject to the lien of the mortgage securing its First and Refunding Mortgage Bonds. Although there are no publicly issued bonds outstanding as of December 31, 2007, we may issue additional bonds in the future.

(6) Represented debt associated with certain special purpose lessor entities consolidated in accordance with FIN 46R. The debt was nonrecourse to us and was secured by the entities' property, plant and equipment, which totaled \$337 million at December 31, 2006. This debt was repaid in August 2007, when the lease terminated.

(7) On December 15, 2008, the securities are subject to redemption at par plus accrued interest, unless holders of related options exercise their rights to purchase and remarket the notes.

(8) These financings relate to certain pollution control equipment at Virginia Power's generating facilities. The variable rate tax-exempt financings are supported by a \$200 million five-year credit facility that terminates in February 2011. In February 2007, we exercised our call option and redeemed \$62 million of Virginia Power's tax-exempt financings with a weighted average rate of 7.52%, with proceeds raised through the issuance of commercial paper.

(9) Represents debt associated with our Kincaid power station. The debt is non-recourse to us and is secured by the facility's assets (\$557 million at December 31, 2007) and revenue.

(10) As discussed in Note 28, in June 2006, DCI began consolidating a CDO entity, in accordance with FIN 46R. The debt is nonrecourse to us.

(11) Represents the valuation of certain fair value hedges associated with our fixed-rate debt.

(12) Includes \$1 million of net unamortized discount and fair value hedge valuation.

## Table of Contents

Based on stated maturity dates rather than early redemption dates that could be elected by instrument holders, the scheduled principal payments of long-term debt at December 31, 2007, were as follows:

	2008	2009	2010	2011	2012	Thereafter	Total
(millions, except percentages)							
Secured Senior Notes	\$ 10	\$ 11	\$ 12	\$ 13	\$ 13	\$ 145	\$ 204
Unsecured Senior Notes (including Medium-Term Notes)	1,315	313	822	484	1,470	7,305	11,709
Unsecured Callable and Puttable Enhanced Securities <sup>SM</sup>	—	—	—	—	—	225	225
Tax-Exempt Financings	153	111	1	—	—	392	657
Unsecured Junior Subordinated Notes Payable to Affiliated Trusts	—	—	—	—	—	681	681
Enhanced Junior Subordinated Notes	—	—	—	—	—	800	800
Other	—	—	—	—	—	460	460
<b>Total</b>	<b>\$1,478</b>	<b>\$ 435</b>	<b>\$ 835</b>	<b>\$ 497</b>	<b>\$1,483</b>	<b>\$ 10,008</b>	<b>\$14,736</b>
<b>Weighted-average coupon</b>	<b>6.19%</b>	<b>5.36%</b>	<b>5.39%</b>	<b>6.35%</b>	<b>5.62%</b>	<b>5.75%</b>	

We repaid \$5.5 billion of long-term debt and notes payable during 2007, which includes the completion of a debt tender offer repurchasing \$2.5 billion of our debt securities in July 2007. We recognized charges of \$242 million (\$148 million after-tax) primarily in connection with the early redemption of this debt. Of this amount, \$234 million (\$143 million after-tax) was recorded in interest and related charges in our Consolidated Statement of Income.

Our short-term credit facilities and long-term debt agreements contain customary covenants and default provisions. As of December 31, 2007, there were no events of default under these covenants.

### Convertible Securities

In 2004, we entered into an exchange transaction with respect to \$220 million of our outstanding contingent convertible senior notes in contemplation of the transition method provided by EITF Issue No. 04-8, *The Effect of Contingently Convertible Instruments on Diluted Earnings per Share* (EITF 04-8). We exchanged the outstanding notes for new notes with a conversion feature that requires that the principal amount of each note be repaid in cash. At issuance, the notes were valued at a conversion rate of 27.173 shares of common stock per \$1,000 principal amount of senior notes, which represented a conversion price of \$36.80, recast to reflect our November 2007 stock split. Amounts payable in excess of the principal amount will be paid in common stock. The conversion rate is subject to adjustment upon certain events such as subdivisions, splits, combinations of common stock or the issuance to all common stock holders of certain common stock rights, warrants or options and certain dividend increases. As of December 31, 2007, the conversion rate had been adjusted to 27.5294, primarily due to individual dividend payments above the level paid at issuance.

The notes outstanding on December 31, 2004 were included in the diluted EPS calculation retroactive to the date of their issuance using the method described in EITF 04-8, when appropriate. Under this method, the number of shares included in the denominator of the diluted EPS calculation is calculated as the net shares issuable for the reporting period based upon the average market price for the period. This results in an increase in the average shares outstanding used in the calculation of our diluted EPS when the conversion price of \$36.80 is lower than the average market price of our common stock over the period, and results in no adjustment when the conversion price exceeds the average market price.

The senior notes are convertible by holders into a combination of cash and shares of our common stock under any of the following circumstances:

- (1) The closing price of our common stock exceeds the applicable conversion price (\$43.51 as of February 27, 2008) for at least 20 out of the last 30 consecutive trading days ending on the last trading day of the previous calendar quarter;
- (2) The senior notes are called for redemption by us;
- (3) The occurrence of specified corporate transactions; or
- (4) The credit rating assigned to the senior notes by Moody's Investors Service (Moody's) is below Baa3 and by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. (Standard & Poor's), is below BBB- or the ratings are discontinued for any reason.

As of December 31, 2007, the closing price of our common stock was equal to \$44.16 per share or higher for at least 20 out of the last 30 consecutive trading days. Therefore, the senior notes are eligible for conversion during the first quarter of 2008. Beginning in 2007, the notes have been eligible for contingent interest if the average trading price as

defined in the indenture equals or exceeds 120% of the principal amount of the senior notes. Holders have the right to require us to purchase these senior notes for cash at 100% of the principal amount plus accrued interest in December 2008, 2013 or 2018, or if we undergo certain fundamental changes. We continue to classify these senior notes as long-term debt in our Consolidated Balance Sheet since we have the intent and ability to refinance them on a long-term basis.

#### **Equity-Linked Securities**

In 2002, we issued 6.6 million equity-linked debt securities, consisting of stock purchase contracts and senior notes. Total net proceeds were \$320 million. Long-term debt of \$330 million and an equity charge of \$36 million were recorded in our Consolidated Balance Sheet related to the issuance.

The stock purchase contracts obligated the holders to purchase shares of our common stock from us by May 2006. The purchase price, recast to reflect our November 2007 stock split, was \$25 and the number of shares to be purchased was determined under a formula based upon the average closing price of our common stock near the settlement date. The senior notes, or treasury securities in some instances, were pledged as collateral to secure the purchase of common stock under the related stock purchase contracts. The holders were given the option to either satisfy their obligations under the stock purchase contracts by

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

allowing the senior notes to be remarketed with the proceeds being paid to us as consideration for the purchase of stock or continue to hold the senior notes and use other resources as consideration for the purchase of stock under the stock purchase contracts. In February 2006, we successfully remarketed the senior notes related to our equity-linked debt securities. The senior notes, which will mature in 2008, now carry an annual interest rate of 5.687%; prior to the remarketing, the notes carried an annual interest rate of 5.75%.

Prior to conversion, we made quarterly interest payments on the senior notes and quarterly payments on the stock purchase contracts. Prior to conversion, we recorded the present value of the stock purchase contract payments as a liability, offset by a charge to common stock in shareholders' equity. The stock purchase contracts carried an annual interest rate of 3.00% prior to their settlement in May 2006, by issuance of 9 million shares, recast to reflect the impact of our November 2007 stock split, of our common stock. Interest payments on the senior notes are recorded as interest expense and stock purchase contract payments were charged against the liability. Prior to conversion, accretion of the stock purchase contract liability was recorded as interest expense. In calculating diluted EPS, we applied the treasury stock method to the equity-linked debt securities. These securities did not have a significant effect on diluted EPS in 2006 or 2005.

#### Junior Subordinated Notes Payable to Affiliated Trusts

From 1997 through 2002, we established five subsidiary capital trusts, each as a finance subsidiary of the respective parent company, which holds 100% of the voting interests. The trusts sold trust preferred securities representing preferred beneficial interests and 97% beneficial ownership in the assets held by the trusts. In exchange for the funds realized from the sale of the trust preferred securities and common securities that represent the remaining 3% beneficial ownership interest in the assets held by the capital trusts, we issued various junior subordinated notes. The junior subordinated notes constitute 100% of each capital trust's assets. Each trust must redeem its trust preferred securities when their respective junior subordinated notes are repaid at maturity or if redeemed prior to maturity.

In July and August 2007, we redeemed approximately 240 thousand units of the \$250 million 8.4% Dominion Capital Trust III debentures due January 15, 2031. The securities were redeemed at a price of \$1,209 per preferred security plus accrued and unpaid distributions.

In July 2007, we redeemed all 8 million units of the \$200 million 7.8% Dominion CNG Capital Trust I debentures due October 31, 2041. The securities were redeemed at a price of \$25 per preferred security plus accrued and unpaid distributions.

In October 2006, we redeemed all 12 million units of the \$300 million 8.4% Dominion Resources Capital Trust II debentures due January 30, 2041. The securities were redeemed at a price of \$25 per preferred security plus accrued and unpaid distributions.

The following table provides summary information about the trust preferred securities and junior subordinated notes outstanding as of December 31, 2007:

Date Established	Capital Trusts	Units (thousands)	Rate	Trust Preferred Securities Amount	Common Securities Amount (millions)
December 1997	Dominion Resources Capital Trust I(1)	250	7.83%	\$250	\$ 7.7
January 2001	Dominion Resources Capital Trust III(2)	10	8.4%	10	0.3
August 2002	Virginia Power Capital Trust II(3)	16,000	7.375%	400	12.4

Junior subordinated notes/debentures held as assets by each capital trust were as follows:

(1)\$258 million—Dominion Resources, Inc. 7.83% Debentures due 12/1/2027.

(2)\$10 million—Dominion Resources, Inc. 8.4% Debentures due 1/15/2031.

(3)\$412 million—Virginia Power 7.375% Debentures due 7/30/2042.

Distribution payments on the trust preferred securities are considered to be fully and unconditionally guaranteed by the respective parent company that issued the debt instruments held by each trust, when all of the related agreements are taken into consideration. Each guarantee agreement only provides for the guarantee of distribution payments on the relevant trust preferred securities to the extent that the trust has funds legally and immediately available to make distributions. The trust's ability to pay amounts when they are due on the trust preferred securities is dependent solely upon the payment of amounts by Dominion or Virginia Power when they are due on the junior subordinated notes. We may defer interest payments on the junior subordinated notes on one or more occasions for up to five consecutive years and the related trusts must also defer distributions. If the payment on the junior subordinated notes is deferred, the company that issued them may not make distributions related to its capital stock, including dividends, redemptions, repurchases, liquidation payments or guarantee payments. Also, during the deferral period, the company that issued them may not make any payments on, redeem or repurchase any debt securities that are equal in right of payment with, or subordinated to, the junior subordinated notes.

#### **Enhanced Junior Subordinated Notes**

In June 2006 and September 2006, we issued \$300 million of 2006 Series A Enhanced Junior Subordinated Notes due 2066 (June hybrids) and \$500 million of 2006 Series B Enhanced Junior Subordinated Notes due 2066 (September hybrids), respectively. The June hybrids will bear interest at 7.5% per year until June 30, 2016. Thereafter, they will bear interest at the three-month London Interbank Offered Rate (LIBOR) plus 2.825%, reset quarterly. The September hybrids will bear interest at 6.3% per year until September 30, 2011. Thereafter, they will bear interest at the three-month LIBOR plus 2.3%, reset quarterly. We may defer interest payments on the hybrids on one or more occasions for up to 10 consecutive years. If the interest payments on the hybrids are deferred, we may not make dis-

## Table of Contents

tributions related to our capital stock, including dividends, redemptions, repurchases, liquidation payments or guarantee payments. Also, during the deferral period, we may not make any payments on or redeem or repurchase any debt securities that are equal in right of payment with, or subordinated to, the hybrids.

### NOTE 20. SUBSIDIARY PREFERRED STOCK

Dominion is authorized to issue up to 20 million shares of preferred stock, however, none were issued and outstanding at December 31, 2007 or 2006.

Virginia Power is authorized to issue up to 10 million shares of preferred stock, \$100 liquidation preference, and had 2.59 million preferred shares issued and outstanding at December 31, 2007 and 2006. Upon involuntary liquidation, dissolution or winding-up of Virginia Power, each share would be entitled to receive \$100 plus accrued dividends. Dividends are cumulative.

Holders of Virginia Power's outstanding preferred stock are not entitled to voting rights except, under certain provisions of the amended and restated articles of incorporation and related provisions of Virginia law restricting corporate action, or upon default in dividends, or in special statutory proceedings and as required by Virginia law (such as mergers, consolidations, sales of assets, dissolution and changes in voting rights or priorities of preferred stock).

Presented below are the series of Virginia Power preferred stock not subject to mandatory redemption that were outstanding as of December 31, 2007:

Dividend	Issued and Outstanding Shares (thousands)	Entitled Per Share Upon Liquidation
\$5.00	107	\$ 112.50
4.04	13	102.27
4.20	15	102.50
4.12	32	103.73
4.80	73	101.00
7.05	500	102.12 <sup>(1)</sup>
6.98	600	102.10 <sup>(2)</sup>
Flex MMP 12/02, Series A	1,250	100.00 <sup>(3)</sup>
Total	2,590	

(1)Through 7/31/2008; \$101.77 commencing 8/1/2008; amounts decline in steps thereafter to \$100.00 by 8/1/2013.

(2)Through 8/31/2008; \$101.75 commencing 9/1/2008; amounts decline in steps thereafter to \$100.00 by 9/1/2013.

(3)Dividend rate was 5.50% through 12/20/2007. Dividend rate is now 6.25% through 3/20/2011; after which, the rate will be determined according to periodic auctions for periods established by Virginia Power at the time of the auction process.

### NOTE 21. SHAREHOLDERS' EQUITY

#### Issuance of Common Stock

In 2007, we received cash proceeds of \$226 million for 7.6 million shares issued in connection with the exercise of employee stock options. During 2007, we purchased our common stock on the open market with the proceeds received through Dominion Direct<sup>®</sup> (a dividend reinvestment and open enrollment direct stock purchase plan) and employee savings

plans, rather than having additional new common shares issued. In January 2008, we began issuing additional new common shares to be used for these programs.

#### Repurchases of Common Stock

In 2007, we repurchased 129.0 million shares of common stock for approximately \$5.8 billion. This amount includes the completion of our equity tender offer in August 2007, in which we purchased approximately 115.5 million shares at a price of \$45.50 per share for a total cost of approximately \$5.3 billion, excluding fees and expenses related to the tender.

In December 2006, we entered into a prepaid accelerated share repurchase agreement (ASR) with a financial institution as the counterparty. Under the ASR, we would receive between 11.2 million and 13.0 million shares in exchange for the prepayment. At the time of

execution of the ASR, we made a prepayment of \$500 million and the counterparty initially delivered approximately 10.1 million shares to us. The final number of shares to be delivered to the Company was determined by the volume weighted average price of our common stock over the period commencing on December 12, 2006 and terminating on May 16, 2007. In May 2007, the counterparty delivered approximately 1.6 million additional shares to us in completion of the ASR.

At December 31, 2007, the remaining stock repurchase authorization provided by our Board of Directors is the lesser of 54 million shares or \$2.7 billion of our outstanding common stock.

#### Shares Reserved for Issuance

At December 31, 2007, we had a total of 46 million shares reserved and available for issuance for the following: Dominion Direct<sup>®</sup>, employee stock awards, employee savings plans, director stock compensation plans and contingent convertible senior notes.

#### Accumulated Other Comprehensive Income (Loss)

Presented in the table below is a summary of AOCI by component:

At December 31,	2007	2006
(millions)		
Net unrealized losses on derivatives—hedging activities, net of tax of \$30 and \$266, respectively	\$ (42)	\$(422)
Net unrealized gains on investment securities, net of tax of \$116 and \$187, respectively	180	282
Net unrecognized pension and other postretirement benefit costs, net of tax of \$149 and \$239, respectively	(150)	(335)
Foreign currency translation adjustments	—(1)	50
Total accumulated other comprehensive loss	\$ (12)	\$(425)

(1) Decrease is due to the sale of our Canadian E&P business in June 2007.

#### Stock-Based Awards

In April 2005, our shareholders approved the 2005 Incentive Compensation Plan (2005 Incentive Plan) for employees and the Non-Employee Directors Compensation Plan (Non-Employee Directors Plan). The 2005 Incentive Plan permits stock-based awards that include restricted stock, performance grants, goal-based stock and stock options, and the Non-Employee Directors

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

Plan permits restricted stock and stock options. Under provisions of both plans, employees and non-employee directors may be granted options to purchase common stock at a price not less than its fair market value at the date of grant with a maximum term of eight years. Option terms are set at the discretion of the Compensation, Governance and Nominating (CGN) Committee of the Board of Directors or the Board of Directors itself, as provided under each individual plan. At December 31, 2007, approximately 29 million shares were available for future grants under these plans. Prior to April 2005, we had an incentive compensation plan that provided stock options and restricted stock awards to directors, executives and other key employees with vesting periods from one to five years. Stock options generally had contractual terms from six and one half to ten years in length.

Our results for the years ended December 31, 2007, 2006 and 2005 include \$57 million, \$31 million and \$25 million, respectively, of compensation costs and \$21 million, \$11 million and \$10 million, respectively, of income tax benefits related to our stock-based compensation arrangements. Stock-based compensation cost is reported in other operations and maintenance expense in our Consolidated Statements of Income.

#### STOCK OPTIONS

The following table provides a summary of changes in amounts of stock options outstanding as of and for the years ended December 31, 2007, 2006 and 2005. No options were granted under any plan in 2007, 2006 or 2005.

	Shares (thousands)	Weighted- average Exercise Price	Weighted- average Remaining Contractual Life (years)	Aggregated Intrinsic Value (1) (millions)
Outstanding at December 31, 2004	27,618	\$ 30.09		
Exercisable at December 31, 2004	21,536	\$ 30.01		
Exercised	(11,158)	\$ 29.90		\$ 77
Forfeited/expired	(30)	\$ 31.27		
Outstanding and exercisable at December 31, 2005	16,428	\$ 30.21		
Exercised	(1,895)	\$ 29.88		\$ 19
Forfeited/expired	(42)	\$ 30.40		
Outstanding and exercisable at December 31, 2006	14,491	\$ 30.26		
Exercised	(7,453)	\$ 30.06		\$ 108
Forfeited/expired	(17)	\$ 30.44		
Outstanding and exercisable at December 31, 2007	7,021	\$ 30.46	2.8	\$ 120

(1) Intrinsic value represents the difference between the exercise price of the option and the market value of our stock.

We issue new shares to satisfy stock option exercises. We received cash proceeds from the exercise of stock options of approximately \$226 million, \$54 million and \$335 million in the years ended December 31, 2007, 2006 and 2005, respectively.

#### RESTRICTED STOCK

The fair value of our restricted stock awards is equal to the market price of our stock on the date of grant. These awards generally vest over a three-year service period and are settled by issuing new shares. The following table provides a summary of restricted stock activity for the years ended December 31, 2007, 2006 and 2005:

Shares	Weighted- average Grant Date Fair Value
--------	---

	(thousands)	
Nonvested at December 31, 2004	1,920	\$ 30.17
Granted	498	37.26
Vested	(60)	31.23
Cancelled and forfeited	(96)	31.84
Nonvested at December 31, 2005	2,262	\$ 31.64
Granted	675	35.22
Vested	(361)	30.38
Cancelled and forfeited	(83)	33.77
Nonvested at December 31, 2006	2,493	\$ 32.72
Granted	508	44.53
Vested	(897)	33.00
Cancelled and forfeited	(90)	38.33
Nonvested at December 31, 2007	2,014	\$ 35.31

As of December 31, 2007, unrecognized compensation cost related to nonvested restricted stock awards totaled \$25 million and is expected to be recognized over a weighted-average period of 1.5 years. The fair value of restricted stock awards that vested was \$30 million, \$14 million and \$2 million in 2007, 2006 and 2005, respectively. Employees may elect to have shares of restricted stock withheld upon vesting to satisfy tax withholding obligations. The number of shares withheld will vary for each employee depending on the vesting date fair value of Dominion stock and the applicable federal, state and local tax withholding rates.

## Table of Contents

### GOAL-BASED STOCK

Goal-based stock awards are generally granted to key non-officer employees on an annual basis. Goal-based stock awards were also granted in lieu of cash-based performance grants to certain officers who had not achieved a certain level of share ownership. The issuance of awards is based on the achievement of multiple performance metrics during a two-year period, including return on invested capital and total shareholder return relative to that of a peer group of companies. The actual number of shares issued will vary between zero and 200% of targeted shares depending on the level of performance metrics achieved. The fair value of goal-based stock is equal to the market price of our stock on the date of grant. These awards generally vest over a three-year service period and are settled by issuing new shares. The following table provides a summary of goal-based stock activity for the years ended December 31, 2007 and 2006:

	Targeted Number of Shares (thousands)	Weighted- average Grant Date Fair Value
Nonvested at December 31, 2005	—	\$ —
Granted	200	34.77
Vested	—	—
Cancelled and forfeited	(6)	34.77
Nonvested at December 31, 2006	194	\$ 34.77
Granted	160	44.24
Vested	(32)	34.77
Cancelled and forfeited	(33)	35.03
Nonvested at December 31, 2007	289	\$ 39.16

At December 31, 2007, the targeted number of shares expected to be issued under these awards was approximately 289 thousand. In January 2008, the CGN determined that the total number of shares expected to be issued under the goal-based stock awards is 359 thousand, based on the actual performance against metrics, as amended in January 2008, established for those awards whose performance period ended on December 31, 2007.

As of December 31, 2007, unrecognized compensation cost related to nonvested goal-based stock awards totaled \$8 million and is expected to be recognized over a weighted-average period of 1.5 years.

### CASH-BASED PERFORMANCE GRANT

In April 2006, a cash-based performance grant was made to officers. Payout of the performance grant will occur by March 15, 2008 and is based on the achievement of two performance metrics during 2006 and 2007: return on invested capital and total shareholder return relative to that of a peer group of companies. Actual payout will vary between zero and 200% of the targeted amount, depending on the level of performance metrics achieved. At December 31, 2007, the targeted amount of the grant was \$13 million, however the actual payout will be \$18 million based on the performance metrics achieved.

In April 2007, a cash-based performance grant was made to officers. Payout of the performance grant will occur by March 15, 2009 and is based on the achievement of two performance metrics during 2007 and 2008: return on invested capital and total shareholder return relative to that of a peer group of companies.

At December 31, 2007, the targeted amount of the grant is \$14 million, but actual payout will vary between zero and 200% of the targeted amount depending on the level of performance metrics achieved.

At December 31, 2007, a liability of \$25 million has been accrued for these awards.

### NOTE 22. DIVIDEND RESTRICTIONS

The Virginia Commission may prohibit any public service company, including Virginia Power, from declaring or paying a dividend to an affiliate, if found to be detrimental to the public interest. At December 31, 2007, the Virginia Commission had not restricted the payment of dividends by Virginia Power.

Certain agreements associated with our credit facilities contain restrictions on the ratio of our debt to total capitalization. These limitations did not restrict our ability to pay dividends or receive dividends from our subsidiaries at December 31, 2007.

See Note 19 for a description of potential restrictions on dividend payments by us and certain of our subsidiaries in connection with the

deferral of distribution payments on trust preferred securities or interest payments on enhanced junior subordinated notes.

---

**NOTE 23. EMPLOYEE BENEFIT PLANS**

We provide certain benefits to eligible active employees, retirees and qualifying dependents. Under the terms of our benefit plans, we reserve the right to change, modify or terminate the plans. From time to time in the past, benefits have changed, and some of these changes have reduced benefits.

We maintain qualified noncontributory defined benefit pension plans covering virtually all employees. Retirement benefits are based primarily on years of service, age and the employee's compensation. Our funding policy is to generally contribute annually an amount that is in accordance with the provisions of the Employment Retirement Income Security Act of 1974. The pension program also provides benefits to certain retired executives under company-sponsored nonqualified employee benefit plans. Certain of these nonqualified plans are funded through contributions to a grantor trust.

We provide retiree health care and life insurance benefits with annual employee premiums based on several factors such as age, retirement date and years of service.

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Medicare Act) was signed into law. The Medicare Act introduces a prescription drug benefit under Medicare (Medicare Part D), as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. We have determined that the prescription drug benefit offered under our other postretirement benefit plans is at least actuarially equivalent to Medicare Part D and therefore, we expect to receive the federal subsidy offered under the Medicare Act.

We use December 31 as the measurement date for all of our employee benefit plans. We use the market-related value of pension plan assets to determine the expected return on pension plan assets, a component of net periodic pension cost. The market-

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

related value recognizes changes in fair value on a straight-line basis over a four-year period. Changes in fair value are measured as the difference between the expected and actual plan asset returns, including dividends, interest and realized and unrealized investment gains and losses.

The following table summarizes the changes in our pension and other postretirement benefit plan obligations and plan assets and includes a statement of the plans' funded status:

	Pension Benefits		Other Postretirement Benefits	
Year Ended December 31,	2007	2006	2007	2006
(millions)				
Change in benefit obligation:				
Benefit obligation at beginning of year	\$3,666	\$3,834	\$ 1,297	\$ 1,622
Service cost	112	124	55	72
Interest cost	222	210	77	81
Benefits paid	(164)	(175)	(69)	(72)
Actuarial (gain) loss during the year <sup>(1)</sup>	(139)	(329)	125	(395)
Plan amendments	4	2	(14)	(11)
Curtailments	(8)	—	(7)	—
Benefit obligation at end of year	\$3,693	\$3,666	\$ 1,464	\$ 1,297
Change in plan assets:				
Fair value of plan assets at beginning of year	\$4,793	\$4,360	\$ 909	\$ 794
Actual return on plan assets	461	589	59	85
Contributions	8	19	25	68
Benefits paid from plan assets	(164)	(175)	(33)	(38)
Fair value of plan assets at end of year	\$5,098	\$4,793	\$ 960	\$ 909
Funded status at end of year	\$1,405	\$1,127	\$ (504)	\$ (388)
Amounts recognized in the Consolidated Balance Sheets at December 31:				
Noncurrent pension and other postretirement benefit assets	\$1,544	\$1,240	\$ 21	\$ 6
Other current liabilities	(29)	(2)	(2)	—
Other deferred credits and other liabilities	(110)	(111)	(523)	(394)
Net amount recognized	\$1,405	\$1,127	\$ (504)	\$ (388)

(1) The actuarial gains for pension benefits primarily resulted from an increase in the discount rate for 2007 and an increase in the discount rate and the expected retirement age for 2006. The 2006 actuarial gain for other postretirement benefits primarily resulted from an increase in the discount rate and a decrease in expected future benefit claims.

The accumulated benefit obligation (ABO) for all of our defined benefit pension plans was \$3.2 billion each at December 31, 2007 and 2006. Under our funding policies, we evaluate plan funding requirements annually, usually in the fourth quarter after receiving updated plan information from our actuary. Based on the funded status of each plan and other factors, we determine the amount of contributions for the current year, if any, at that time.

We do not expect any pension or postretirement benefit plan assets to be returned to the Company during 2008.

The following table provides information on the benefit obligation and fair value of plan assets for plans with a benefit obligation in excess of plan assets:

	Pension Benefits		Other Postretirement Benefits	
As of December 31,	2007	2006	2007	2006
(millions)				
Benefit obligation	\$ 139	\$ 131	\$ 1,328	\$ 1,159
Fair value of plan assets	—	18	803	765

The following table provides information on the ABO and fair value of plan assets for pension plans with an ABO in excess of plan assets:

As of December 31,	2007	2006
(millions)		

Accumulated benefit obligation	\$ 84	\$ 65
Fair value of plan assets	<u>—</u>	<u>—</u>

## Table of Contents

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Other Postretirement Benefits
(millions)		
2008	\$ 194	\$ 83
2009	177	90
2010	191	97
2011	196	104
2012	212	110
2013-2017	1,341	637

The above benefit payments for other postretirement benefit plans are expected to be offset by Medicare Part D subsidies of approximately \$5 million annually for 2008 and 2009, approximately \$6 million annually for the period 2010 through 2012 and approximately \$39 million during the period 2013 through 2017.

Our overall objective for investing our pension and other postretirement plan assets is to achieve the best possible long-term rates of return commensurate with prudent levels of risk. To minimize risk, funds are broadly diversified among asset classes, investment strategies and investment advisors. The strategic target asset allocation for our pension funds is 34% U.S. equity securities, 12% non-U.S. equity securities, 22% debt securities, 7% real estate and 25% other, such as private equity investments. Financial derivatives may be used to obtain or manage market exposures and to hedge assets and liabilities. The asset allocations for our pension plans and other postretirement plans follow:

As of December 31,	Pension Plans				Other Postretirement Plans			
	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total	Fair Value	% of Total
(millions, except percentages)								
Equity securities:								
U.S.	\$1,767	35%	\$1,491	31%	\$384	40%	\$369	41%
International	757	15	751	16	107	11	106	11
Debt securities	1,228	24	1,356	28	347	36	335	37
Real estate	406	8	376	8	31	3	25	3
Other	940	18	819	17	91	10	74	8
Total	\$5,098	100%	\$4,793	100%	\$960	100%	\$909	100%

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

The components of the provision for net periodic benefit (credit) cost, other comprehensive income, and regulatory assets and regulatory liabilities were as follows:

Year Ended December 31, (millions)	Pension Benefits			Other Postretirement Benefits		
	2007	2006	2005	2007	2006	2005
Service cost	\$ 112	\$ 124	\$ 110	\$ 55	\$ 72	\$ 64
Interest cost	222	210	201	77	81	83
Expected return on plan assets	(391)	(357)	(341)	(71)	(62)	(51)
Amortization of prior service (credit) cost	4	4	3	(6)	(4)	(1)
Amortization of transition obligation	—	—	—	3	3	3
Amortization of net loss	37	89	77	6	24	19
Settlements and curtailments <sup>(1)</sup>	11	12	—	(3)	—	—
Plan amendments <sup>(2)</sup>	4	—	—	9	—	—
Net periodic benefit (credit) cost	\$ (1)	\$ 82	\$ 50	\$ 70	\$ 114	\$ 117
Changes in plan assets and benefit obligations recognized in other comprehensive income and regulatory assets and regulatory liabilities:						
Current year net actuarial (gain) loss	\$(209)	\$ —	\$ —	\$ 137	\$ —	\$ —
Prior service (credit) cost	3	—	—	(8)	—	—
Transition asset	—	—	—	(17)	—	—
Settlements and curtailments	(21)	—	—	—	—	—
Less amounts included in net periodic benefit (credit) cost:						
Amortization of net loss	(37)	—	—	(6)	—	—
Amortization of prior service credit (cost)	(4)	—	—	6	—	—
Amortization of transition obligation	—	—	—	(3)	—	—
Plan amendments	—	—	—	(2)	—	—
Change in additional minimum liability	—	(17)	(7)	—	—	—
Total recognized in other comprehensive income and regulatory assets and regulatory liabilities	\$(268)	\$ (17)	\$ (7)	\$ 107	\$ —	\$ —

(1) Relates to the sale of our non-Appalachian E&P operations and the planned sale of Peoples and Hope for 2007 and 2006, respectively, and the impact of distributions to retired executives.

(2) Represents a one-time benefit enhancement for certain employees in connection with the disposition of our non-Appalachian E&P business.

The components of AOCI and regulatory assets and regulatory liabilities that have not been recognized as components of periodic benefit (credit) cost:

As of December 31, (millions)	Pension Benefits		Other Postretirement Benefits	
	2007	2006	2007	2006
Transition obligation	\$ —	\$ —	\$ —	\$ 20
Net actuarial loss	365	631	185	57
Prior service (credit) cost	23	25	(40)	(39)
Total <sup>(1)</sup>	\$ 388	\$ 656	\$ 145	\$ 38

(1) Of the \$388 million and \$145 million related to pension benefits and other postretirement benefits, respectively, as of December 31, 2007, \$183 million and \$116 million, respectively, are included in AOCI. Of the \$656 million and \$38 million related to pension benefits and other postretirement benefits, respectively, as of December 31, 2006, \$561 million and \$13 million, respectively, are included in AOCI.

The following table provides the components of AOCI, regulatory assets and regulatory liabilities as of December 31, 2007 that are expected to be amortized as components of periodic benefit cost in 2008:

(millions)	Pension Benefits		Other Postretirement Benefits	
	2007	2006	2007	2006
Net actuarial loss	\$ 7	\$ 8	\$ 8	\$ 8
Prior service (credit) cost	4	—	(6)	—

Significant assumptions used in determining the net periodic cost recognized in our Consolidated Statements of Income were as follows, on a weighted-average basis:

Year Ended December 31,	Pension Benefits			Other Postretirement Benefits		
	2007	2006	2005	2007	2006	2005
Discount rate	6.20%	5.60%	6.00%	6.10%	5.50%	6.00%
Expected return on plan assets	8.75%	8.75%	8.75%	8.00%	8.00%	8.00%
Rate of Increase for compensation	4.79%	4.70%	4.70%	4.70%	4.70%	4.70%

Medical cost trend rate <sup>(1)</sup>	9.00%	9.00%	9.00%
--	-------	-------	-------

*(1) The medical cost trend rate for 2007 is assumed to gradually decrease to 5.00% by 2011 and continues at that rate for years thereafter.*

Significant assumptions used in determining the projected pension benefit and postretirement benefit obligations recognized in our Consolidated Balance Sheets were as follows, on a weighted-average basis:

	Pension Benefits		Other Postretirement Benefits	
At December 31,	2007	2006	2007	2006
Discount rate	6.60%	6.20%	6.50%	6.10%
Rate of increase for compensation	4.79%	4.79%	4.70%	4.70%

## Table of Contents

We determine the expected long-term rates of return on plan assets for pension plans and other postretirement benefit plans by using a combination of:

- Historical return analysis to determine expected future risk premiums;
- Forward-looking return expectations derived from the yield on long-term bonds and the price earnings ratios of major stock market indices;
- Expected inflation and risk-free interest rate assumptions; and
- The types of investments expected to be held by the plans.

We develop assumptions, which are then compared to the forecasts of other independent investment advisors to ensure reasonableness. An internal committee selects the final assumptions.

We determine discount rates from analyses of AA/Aa rated bonds with cash flows matching the expected payments to be made under our plans.

Assumed health care cost trend rates have a significant effect on the amounts reported for our retiree health care plans. A one-percentage-point change in assumed health care cost trend rates would have had the following effects:

	Other Postretirement Benefits	
	One percentage point increase	One percentage point decrease
(millions)		
Effect on total service and interest cost components for 2007	\$ 20	\$ (17)
Effect on postretirement benefit obligation at December 31, 2007	184	(140)

In addition, we sponsor defined contribution thrift-type savings plans. During 2007, 2006 and 2005, we recognized \$37 million, \$36 million and \$33 million, respectively, as contributions to these plans.

Certain regulatory authorities have held that amounts recovered in utility customers' rates for other postretirement benefits, in excess of benefits actually paid during the year, must be deposited in trust funds dedicated for the sole purpose of paying such benefits. Accordingly, certain of our subsidiaries fund postretirement benefit costs through Voluntary Employees' Beneficiary Associations (VEBAs). Our remaining subsidiaries do not prefund postretirement benefit costs but instead pay claims as presented. We expect to contribute \$32 million to the Dominion VEBAs in 2008.

## NOTE 24. COMMITMENTS AND CONTINGENCIES

As the result of issues generated in the ordinary course of business, we are involved in legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies, some of which involve substantial amounts of money. The ultimate outcome of such proceedings cannot be predicted at this time, however, for current proceedings not specifically reported herein, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on our financial position, liquidity or results of operations.

### Long-Term Purchase Agreements

At December 31, 2007, we had the following long-term commitments that are noncancelable or are cancelable only under certain conditions, and that third parties have used to secure financing for the facilities that will provide the contracted goods or services:

	2008	2009	2010	2011	2012	Thereafter	Total
(millions)							
Purchased electric capacity <sup>(1)</sup>	\$383	\$364	\$349	\$348	\$352	\$ 1,857	\$3,653

*(1) Commitments represent estimated amounts payable for capacity under power purchase contracts with qualifying facilities and independent power producers, the last of which ends in 2021. Capacity payments under the contracts are generally based on fixed dollar amounts per month, subject to escalation using broad-based economic indices.*

*At December 31, 2007, the present value of our total commitment for capacity payments is \$2.4 billion. Capacity payments totaled \$410 million, \$437 million and \$472 million, and energy payments totaled \$360 million, \$291 million and \$378 million for 2007, 2006 and 2005, respectively.*

#### **Lease Commitments**

We lease various facilities, vehicles and equipment primarily under operating leases. Payments under certain leases are escalated based on an index such as the consumer price index. Future minimum lease payments under noncancelable operating and capital leases that have initial or remaining lease terms in excess of one year as of December 31, 2007 are as follows:

	2008	2009	2010	2011	2012	Thereafter	Total
(millions)	\$ 81	\$ 72	\$ 58	\$ 50	\$ 41	\$ 151	\$453

## **Table of Contents**

### **Notes to Consolidated Financial Statements, Continued**

---

Rental expense totaled \$185 million, \$178 million and \$160 million for 2007, 2006 and 2005, respectively, the majority of which is reflected in other operations and maintenance expense.

We lease the Fairless power station (Fairless) in Pennsylvania, which began commercial operations in June 2004. During construction, we acted as the construction agent for the lessor, controlled the design and construction of the facility and have since been reimbursed for all project costs (\$898 million) advanced to the lessor. We make annual lease payments of \$53 million that are reflected in the lease commitments table. The lease expires in 2013 and at that time, we may renew the lease at negotiated amounts based on original project costs and current market conditions, subject to lessor approval; purchase Fairless at its original construction cost; or sell Fairless, on behalf of the lessor, to an independent third party. If Fairless is sold and the proceeds from the sale are less than its original construction cost, we would be required to make a payment to the lessor in an amount up to 70.75% of the original project costs adjusted for certain other costs as specified in the lease. The lease agreement does not contain any provisions that involve credit rating or stock price trigger events.

#### **Wind Farm Power Projects**

##### **Mr. Storm Wind Farm**

In December 2006, we acquired a 50% interest in a joint venture with Shell WindEnergy Inc. (Shell) to develop a wind-turbine facility in Grant County, West Virginia (NedPower). NedPower consists of two construction phases totaling 264 Mw. The first phase (164 Mw) is expected to become fully operational by June 2008 and the second phase is expected to be fully operational by December 2008. During 2007, we made cash contributions of \$67 million to NedPower and expect to contribute an additional \$57 million in 2008. The remaining cost of both phases is expected to be funded by NedPower through non-recourse construction financing with third-party banks.

##### **Fowler Ridge Wind Farm**

In January 2008, we acquired a 50% interest in a joint venture with BP Alternative Energy Inc. (BP) to develop a wind-turbine facility in Benton County, Indiana. The facility is expected to be built in two phases and generate a total of 750 Mw. We will jointly own 650 Mw with BP and BP will retain sole ownership of 100 Mw. We have committed to contribute approximately \$340 million of cash at various dates through January 2009, which includes our initial investment and funding for the development of the first 300 Mw phase. Construction of the second 350 Mw phase could begin as early as 2009, with funding to be contributed to the joint venture to maintain 50/50 ownership between the partners. Our ultimate funding requirements may decrease to the extent that the joint venture obtains non-recourse construction and term financing.

#### **Environmental Matters**

We are subject to costs resulting from a number of federal, state and local laws and regulations designed to protect human health and the environment. These laws and regulations affect future planning and existing operations. They can result in increased capital, operating and other costs as a result of compliance, remediation, containment and monitoring obligations.

To the extent environmental costs are incurred in connection with operations regulated by the Virginia Commission during the period ending December 31, 2008, in excess of the level currently included in Virginia jurisdictional rates, our results of operations could decrease. After that date, we may seek recovery through rates.

#### **Superfund Sites**

From time to time, we may be identified as a potentially responsible party (PRP) to a Superfund site. The EPA (or a state) can either (a) allow such a party to conduct and pay for a remedial investigation, feasibility study and remedial action or (b) conduct the remedial investigation and action and then seek reimbursement from the parties. Each party can be held jointly, severally and strictly liable for all costs. These parties can also bring contribution actions against each other and seek reimbursement from their insurance companies. As a result, we may be responsible for the costs of remedial investigation and actions under the Superfund Act or other laws or regulations regarding the remediation of waste. We do not believe that any currently identified sites will result in significant liabilities.

#### **Other**

We have determined that we are associated with 21 former manufactured gas plant sites. Studies conducted by other utilities at their former manufactured gas plants have indicated that their sites contain coal tar and other potentially harmful materials. None of the 21 former sites with which we are associated is under investigation by any state or federal environmental agency. One of the former sites is conducting a state-approved post closure groundwater monitoring program and an environmental land use restriction has been recorded. At another site we have been accepted into a state-based voluntary remediation program and have not yet estimated the future remediation costs. It is not known to what degree the other former sites may contain environmental contamination. We are not able to estimate the cost, if any, that may be required for the possible remediation of these other sites.

#### **Nuclear Operations**

##### **NUCLEAR DECOMMISSIONING—MINIMUM FINANCIAL ASSURANCE**

The Nuclear Regulatory Commission (NRC) requires nuclear power plant owners to annually update minimum financial assurance amounts for the future decommissioning of their nuclear facilities. Our 2007 calculation for the NRC minimum financial assurance amount, aggregated for our nuclear units, was \$2.4 billion and has been satisfied by a combination of the funds being collected and deposited in the nuclear decommissioning trusts and the real annual rate of return growth of the funds allowed by the NRC.

##### **NUCLEAR INSURANCE**

The Price-Anderson Act provides the public up to \$10.8 billion of liability protection per nuclear incident via obligations required of owners of nuclear power plants. The Price-Anderson Act Amendment of 1988 allows for an inflationary provision adjustment every five years. We have purchased \$300 million of

## Table of Contents

---

coverage from commercial insurance pools with the remainder provided through a mandatory industry risk-sharing program. In the event of a nuclear incident at any licensed nuclear reactor in the U.S., we could be assessed up to \$100.6 million for each of our seven licensed reactors not to exceed \$15 million per year per reactor. There is no limit to the number of incidents for which this retrospective premium can be assessed. The Price-Anderson Act was first enacted in 1957 and was renewed again in 2005.

Our current level of property insurance coverage (\$2.55 billion for North Anna power station (North Anna), \$2.55 billion for Surry power station, \$2.75 billion for Millstone power station (Millstone), and \$1.8 billion for Kewaunee) exceeds the NRC minimum requirement for nuclear power plant licensees of \$1.06 billion per reactor site and includes coverage for premature decommissioning and functional total loss. The NRC requires that the proceeds from this insurance be used first, to return the reactor to and maintain it in a safe and stable condition and second, to decontaminate the reactor and station site in accordance with a plan approved by the NRC. Our nuclear property insurance is provided by the Nuclear Electric Insurance Limited (NEIL), a mutual insurance company, and is subject to retrospective premium assessments in any policy year in which losses exceed the funds available to the insurance company. The maximum assessment for the current policy period is \$99 million. Based on the severity of the incident, the board of directors of our nuclear insurer has the discretion to lower or eliminate the maximum retrospective premium assessment. We have the financial responsibility for any losses that exceed the limits or for which insurance proceeds are not available because they must first be used for stabilization and decontamination.

We purchase insurance from NEIL to cover the cost of replacement power during the prolonged outage of a nuclear unit due to direct physical damage of the unit. Under this program, we are subject to a retrospective premium assessment for any policy year in which losses exceed funds available to NEIL. The current policy period's maximum assessment is \$35 million.

Old Dominion Electric Cooperative, a part owner of North Anna, and Massachusetts Municipal Wholesale Electric Company and Central Vermont Public Service Corporation, part owners of Millstone's Unit 3, are responsible to us for their share of the nuclear decommissioning obligation and insurance premiums on applicable units, including any retrospective premium assessments and any losses not covered by insurance.

### **SPENT NUCLEAR FUEL**

Under provisions of the Nuclear Waste Policy Act of 1982, we have entered into contracts with the Department of Energy (DOE) for the disposal of spent nuclear fuel. The DOE failed to begin accepting the spent fuel on January 31, 1998, the date provided by the Nuclear Waste Policy Act and by our contracts with the DOE. In January 2004, we and certain of our direct and indirect subsidiaries filed lawsuits in the U.S. Court of Federal Claims against the DOE requesting damages in connection with its failure to commence accepting spent nuclear fuel. Trial is scheduled for May 2008. We will continue to manage our spent fuel until it is accepted by the DOE.

### **Guarantees, Surety Bonds and Letters of Credit**

At December 31, 2007, we had issued \$41 million of guarantees to support third parties and equity method investees. Additionally, we have issued a limited-scope guarantee and indemnification for one-half of the project-level financing for phase one of the NedPower wind farm project. Under this guarantee, we would be required to repay one-half of NedPower's debt, only if it is unable to do so, as a direct result of an unfavorable ruling associated with current litigation seeking to halt the project. The guarantee will terminate when a final non-appealable ruling in favor of the project is received. We do not expect an unfavorable ruling and no significant amounts have been recorded. Our exposure under the guarantee totaled \$56 million as of December 31, 2007 and will increase to \$103 million in 2008 based upon NedPower's future expected borrowings to complete phase one. Shell has provided an identical guarantee for the other one-half of NedPower's borrowings.

We also enter into guarantee arrangements on behalf of our consolidated subsidiaries, primarily to facilitate their commercial transactions with third parties. To the extent that a liability subject to a guarantee has been incurred by one of our consolidated subsidiaries, that liability is included in our Consolidated Financial Statements. We are not required to recognize liabilities for guarantees issued on behalf of our subsidiaries unless it becomes probable that we will have to perform under the guarantees. We believe it is unlikely that we would be required to perform or otherwise incur any losses associated with guarantees of our subsidiaries' obligations.

At December 31, 2007, we had issued the following subsidiary guarantees:

	Stated Limit	Value <sup>(1)</sup>
(millions)		
Subsidiary debt <sup>(2)</sup>	\$ 48	\$ 48
Commodity transactions <sup>(3)</sup>	2,985	326
Lease obligation for power generation facility <sup>(4)</sup>	917	917
Nuclear obligations <sup>(5)</sup>	383	302
Other	341	192
Total	\$ 4,674	\$1,785

*(1) Represents the estimated portion of the guarantee's stated limit that is utilized as of December 31, 2007 based upon prevailing economic conditions and fact patterns specific to each guarantee arrangement. For those guarantees related to obligations that are recorded as liabilities by our subsidiaries, the value includes the recorded amount.*

*(2) Guarantees of debt of a DEI subsidiary. In the event of default by the subsidiary, we would be obligated to repay such amounts.*

*(3) Guarantees related to energy trading and marketing activities and other commodity commitments of certain subsidiaries, including subsidiaries of Virginia Power and DEI. These guarantees were provided to counterparties in order to facilitate physical and financial transactions in gas, oil, electricity, pipeline capacity, transportation and related commodities and services. If any of these subsidiaries fail to perform or pay under the contracts and the counterparties seek performance or payment, we would be obligated to satisfy such obligation. We and our subsidiaries receive similar guarantees as collateral for credit extended to others. The value provided includes certain guarantees that do not have stated limits.*

*(4) Guarantee of a DEI subsidiary's leasing obligation for Fairless.*

*(5) Guarantees related to certain DEI subsidiaries' potential retrospective premiums that could be assessed if there is a nuclear incident under our nuclear insurance programs and guarantees for a DEI subsidiary's and Virginia Power's commitment to buy nuclear fuel. In addition to the guarantees listed above, we have also agreed to provide up to \$150 million and \$60 million to two DEI subsidiaries, to pay the operating expenses of Millstone and Kewaunee, respectively, in the event of a prolonged outage, as part of satisfying certain NRC requirements concerned with ensuring adequate funding for the operations of nuclear power stations.*

## **Table of Contents**

### **Notes to Consolidated Financial Statements, Continued**

---

Additionally, as of December 31, 2007, we had purchased \$56 million of surety bonds and authorized the issuance of standby letters of credit by financial institutions of \$230 million to facilitate commercial transactions by our subsidiaries with third parties.

#### **Indemnifications**

As part of commercial contract negotiations in the normal course of business, we may sometimes agree to make payments to compensate or indemnify other parties for possible future unfavorable financial consequences resulting from specified events. The specified events may involve an adverse judgment in a lawsuit or the imposition of additional taxes due to a change in tax law or interpretation of the tax law. We are unable to develop an estimate of the maximum potential amount of future payments under these contracts because events that would obligate us have not yet occurred or, if any such event has occurred, we have not been notified of its occurrence. However, at December 31, 2007, we believe future payments, if any, that could ultimately become payable under these contract provisions, would not have a material impact on our results of operations, cash flows or financial position.

We have entered into other types of contracts that require indemnifications, such as purchase and sale agreements and financing agreements. These agreements may include, but are not limited to, indemnifications around certain title, tax, contractual and environmental matters. With respect to sale agreements, our exposure generally does not exceed the sale price and is typically limited in duration depending on the nature of the indemnified matter. Since January 1, 2005, we have entered into sale agreements with maximum exposure related to the collective purchase prices of approximately \$15 billion. We believe that it is improbable that we would be required to perform under these indemnifications and have not recognized any significant liabilities related to these arrangements.

#### **Status of Electric Regulation in Virginia**

##### **2007 VIRGINIA RESTRUCTURING ACT AND FUEL FACTOR AMENDMENTS**

On July 1, 2007, legislation amending the Virginia Electric Utility Restructuring Act (the Restructuring Act) and the fuel factor became effective, which significantly changes electricity regulation in Virginia. Prior to the Restructuring Act, our base rates in Virginia were capped at 1999 levels until December 31, 2010. The Restructuring Act ends capped rates two years early, on December 31, 2008. After capped rates end, retail choice will be eliminated for all but individual retail customers with a demand of more than 5 Mw and non-residential retail customers who obtain Virginia Commission approval to aggregate their load to reach the 5 Mw threshold. Individual retail customers will be permitted to purchase renewable energy from competitive suppliers if the incumbent electric utility does not offer a renewable energy tariff. Also after the end of capped rates, the Virginia Commission will set our base rates under a modified cost-of-service model. Among other features, the new model provides for the Virginia Commission to:

- Initiate a base rate case during the first six months of 2009, reviewing the 2008 test year, as a result of which the Virginia Commission:
  - shall establish a return on equity (ROE) no lower than that reported by at least a majority of a group of utilities within the southeastern U.S., with certain limitations, as described in the legislation;
  - may increase or decrease the ROE by up to 100 basis points based on generating plant performance, customer service and operating efficiency, if appropriate;
  - shall increase base rates, if needed, to allow the Company the opportunity to recover its costs and earn a fair rate of return if we are found to have earnings more than 50 basis points below the established ROE; or
  - may reduce rates prospectively upon completion of the 2009 review or, alternatively, order a credit to customers if we are found to have test year earnings of more than 50 basis points above the established ROE.
- After the initial rate case, review base rates biennially, as a result of which the Virginia Commission:
  - shall establish an ROE no lower than that reported by at least a majority of a group of utilities within the southeastern U.S., with

certain limitations, as described in the legislation;

- may increase or decrease the ROE by up to 100 basis points based on generating plant performance, customer service and operating efficiency, if appropriate;
- after 2010, authorize an increased ROE on overall rate base upon achieving the goals established for the renewable energy portfolio standard programs. Such increased ROE would be in lieu of any increased or decreased ROE from the preceding paragraph, unless there has been an increase to the ROE awarded under the preceding paragraph that is higher than the renewable energy portfolio standard increase; and
- shall increase base rates, if needed, to allow the Company the opportunity to recover its costs and earn a fair rate of return if we are found to have earned, during the test period, more than 50 basis points below the then currently established ROE; or
- may order a credit to customers if we are found to have earned, during the test period, more than 50 basis points above the then currently established ROE, and reduce rates if we are found to have such excess earnings during two consecutive biennial review periods.
- Authorize stand-alone rate adjustments for recovery of certain costs, including new generation projects, major generating unit modifications, environmental compliance projects, FERC-approved costs for transmission service and energy efficiency, conservation, and renewable energy programs; and
- Authorize an enhanced ROE on new capital expenditures as a financial incentive for construction of certain major generation projects.

The legislation also continues statutory provisions directing us to file annual fuel cost recovery cases with the Virginia Commission beginning in 2007 and continuing thereafter, as discussed in *Virginia Fuel Expenses*.

As discussed previously, the legislation provides for the Virginia Commission to initiate a base rate case during the first six months of 2009, as a result of which the Virginia Commission may reduce rates or alternatively, order a credit to customers if we are found to have earnings more than 50 basis points above the established ROE. We are unable to predict the outcome of future

---

## **Table of Contents**

---

rate actions at this time, however an unfavorable outcome could adversely affect our results of operations.

### **VIRGINIA FUEL EXPENSES**

Under amendments to the Virginia fuel cost recovery statute passed in 2004, our fuel factor provisions were frozen until July 1, 2007. Fuel prices have increased considerably since 2004, which resulted in our fuel expenses being significantly in excess of our fuel cost recovery. Pursuant to the 2007 amendments to the fuel cost recovery statute, annual fuel rate adjustments, with deferred fuel accounting for over- or under-recoveries of fuel costs, were re-instituted on July 1, 2007. While the 2007 amendments did not allow us to collect any unrecovered fuel expenses that were incurred prior to July 1, 2007, once our fuel factor was adjusted, this mechanism ensures dollar-for-dollar recovery for prudently incurred fuel costs.

In April 2007, we filed a Virginia fuel factor application with the Virginia Commission. The application showed a need for an annual increase in fuel expense recovery for the period July 1, 2007 through June 30, 2008 of approximately \$662 million; however, the requested increase was limited to \$219 million under the 2007 amendments to the fuel cost recovery statute. Under these amendments, our fuel factor increase as of July 1, 2007 was limited to an amount that results in the residential customer class not receiving an increase of more than 4% of total rates in effect as of June 30, 2007. The Virginia Commission approved the fuel factor increase for Virginia jurisdictional customers of approximately \$219 million, effective July 1, 2007, with the balance of approximately \$443 million to be deferred and subsequently recovered subject to Virginia Commission approval, without interest, during the period commencing July 1, 2008 and ending June 30, 2011.

### **STRANDED COSTS**

Stranded costs are generation-related costs incurred or commitments made by utilities under cost-based regulation that may not be reasonably expected to be recovered in a competitive market. In the past, our exposure to potential stranded costs included long-term power purchase contracts that could ultimately be determined to be above market prices; generating plants that could possibly become uneconomical in a deregulated environment; and unfunded obligations for nuclear plant decommissioning and postretirement benefits. Capped electric retail rates provided an opportunity to recover our potential stranded costs, depending on market prices of electricity and other factors. Recovery of our potential stranded costs was subject to numerous risks even in the capped-rate environment. Those risks included, among others, exposure to long-term power purchase commitment losses, future environmental compliance requirements, changes in certain tax laws, nuclear decommissioning costs, increased fuel costs, inflation, increased capital costs and recovery of certain other items. However, with the return to a modified cost-of-service rate model under the 2007 Virginia Restructuring Act Amendments, our exposure to potential stranded costs and the risk of non-recovery will be eliminated.

### **North Carolina Regulation**

In 2004, the North Carolina Commission commenced an investigation into our North Carolina base rates and subsequently

ordered us to file a general rate case to show cause why our North Carolina jurisdictional base rates should not be reduced. The rate case was filed in September 2004, and in March 2005 the North Carolina Commission approved a settlement that included a prospective \$12 million annual reduction in current base rates and a five-year base rate moratorium, effective as of April 2005. Fuel rates are still subject to change under annual fuel cost adjustment proceedings.

### **Dominion Transmission Rates**

In May 2005, FERC approved a comprehensive rate settlement with our subsidiary, DTI, and its customers and interested state commissions. The settlement, which became effective July 1, 2005, revised our natural gas transmission rates and reduced fuel retention levels for storage service customers. As part of the settlement, DTI and all signatory parties agreed to a rate moratorium until 2010.

In December 2007, DTI and the Independent Oil and Gas Association of West Virginia, Inc. reached a settlement agreement on DTI's gathering and processing rates for the period January 1, 2009 through December 31, 2011. This settlement maintains the gas retainage fee structure that DTI has had since 2001. Under the settlement, the gathering retainage rate increases from 9.25% to 10.5% and the processing retainage rate—in recognition of the increased market value of natural gas liquids—decreases from 3.25% to 0.5%.

This reduction in the combined retainage, from 12.5% to 11%, should provide a lower overall cost for most producers. Due to the increase in natural gas prices from three years ago, the consolidated impact of these rate changes is expected to increase DTI's gathering and processing revenues. In addition, DTI will continue to retain all revenues from its liquids sales, thus maintaining its cash flow from this activity.

In connection with the settlement, DTI also agreed to invest at least \$20 million annually in Appalachian gathering-related assets. The new rates are subject to FERC approval.

#### **Dominion Cove Point Rates**

In June 2006, we filed a general rate proceeding for Dominion Cove Point LNG, LP (DCP). The rates established in this case took effect on January 1, 2007. This rate proceeding enabled DCP to update the cost of service underlying its rates, including recovery of costs associated with the 2002 to 2003 reactivation of the LNG import terminal. The FERC-approved settlement established a rate moratorium that ends in mid-2011.

#### **Litigation**

In 2006, Gary P. Jones and others filed suit against DTI, DEPI and Dominion Resources Services, Inc. (DRS). The plaintiffs are royalty owners, seeking to recover damages as a result of the Dominion defendants allegedly underpaying royalties by improperly deducting post-production costs and not paying fair market value for the gas produced from their leases. The plaintiffs seek class action status on behalf of all West Virginia residents and others who are parties to or beneficiaries of oil and gas leases with the Dominion defendants. DRS is erroneously named as a defendant as the parent company of DTI and DEPI. During 2007, we established a litigation reserve representing our best estimate of the probable loss related to this matter. We do not

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

believe that the final resolution of this matter will have a material adverse effect on our results of operations or financial condition.

#### NOTE 25. FAIR VALUE OF FINANCIAL INSTRUMENTS

Substantially all of our financial instruments are recorded at fair value, with the exception of the instruments described below that are reported at historical cost. Fair values have been determined using available market information and valuation methodologies considered appropriate by management. The financial instruments' carrying amounts and fair values are as follows:

At December 31,	2007		2006	
	Carrying Amount	Estimated Fair Value(1)	Carrying Amount	Estimated Fair Value(1)
(millions)				
Long-term debt(2)	\$13,236	\$ 13,377	\$15,320	\$ 15,576
Junior subordinated notes payable to:				
Affiliates	678	681	1,151	1,209
Other	798	804	798	828

(1) Fair value is estimated using market prices, where available, and interest rates currently available for issuance of debt with similar terms and remaining maturities. The carrying amount of debt issues with short-term maturities and variable rates refinanced at current market rates is a reasonable estimate of their fair value.

(2) Includes securities due within one year and amounts which represent the valuation of certain fair value hedges associated with our fixed-rate debt.

#### NOTE 26. CREDIT RISK

Credit risk is our risk of financial loss if counterparties fail to perform their contractual obligations. In order to minimize over-all credit risk, we maintain credit policies, including the evaluation of counterparty financial condition, collateral requirements and the use of standardized agreements that facilitate the netting of cash flows associated with a single counterparty. In addition, counterparties may make available collateral, including letters of credit or cash held as margin deposits, as a result of exceeding agreed-upon credit limits, or may be required to prepay the transaction.

We maintain a provision for credit losses based on factors surrounding the credit risk of our customers, historical trends and other information. We believe, based on our credit policies and our December 31, 2007 provision for credit losses, that it is unlikely that a material adverse effect on our financial position, results of operations or cash flows would occur as a result of counterparty nonperformance.

As a diversified energy company, we transact with major companies in the energy industry and with commercial and residential energy consumers. These transactions principally occur in the Northeast, mid-Atlantic and Midwest regions of the U.S. We do not believe that this geographic concentration contributes significantly to our overall exposure to credit risk. In addition, as a result of our large and diverse customer base, we are not exposed to a significant concentration of credit risk for receivables arising from electric and gas utility operations, including transmission services and retail energy sales.

Our exposure to credit risk is concentrated primarily within our energy marketing and price risk management activities, as we transact with a smaller, less diverse group of counterparties and transactions may involve large notional volumes and potentially volatile commodity prices. Energy marketing and price risk management activities include trading of energy-related commodities, marketing of merchant generation output, structured transactions and the use of financial contracts for enterprise-wide hedging purposes. Gross credit exposure for each counterparty is calculated as outstanding receivables plus any unrealized on or off-balance sheet exposure, taking into account contractual netting rights. Gross credit exposure is calculated prior to the application of collateral. At December 31, 2007, our gross credit exposure totaled \$808 million. After the application of collateral, our credit exposure is reduced to \$705 million. Of this amount, investment grade counterparties, including those internally rated, represented 94% and no single counterparty

exceeded 12%.

---

**NOTE 27. EQUITY AND COST-METHOD  
INVESTMENTS**

**Equity-Method Investments**

At December 31, 2007 and 2006, our equity method investments totaled \$331 million and \$289 million, respectively, and equity earnings on these investments totaled \$35 million in 2007, \$37 million in 2006 and \$43 million in 2005. We received dividend income from these investments of \$16 million, \$21 million and \$28 million in 2007, 2006 and 2005, respectively. During 2007, we recognized an impairment loss of \$11 million in connection with the expected sale of one of our equity method investments. During 2006, we sold two of our equity method investments, resulting in a net loss of \$3 million. Our equity method investments are reported in our Consolidated Balance Sheets in other investments. Equity earnings on these investments are reported in other income in our Consolidated Statements of Income.

**Cost-Method Investments**

At December 31, 2007 and 2006, the carrying value of our cost-method investments totaled \$34 million and \$37 million, respectively. Our cost method investments are reported in our Consolidated Balance Sheets in other investments. In 2007 and 2006, we reviewed all of our cost method investments for evidence of adverse changes in fair value; however, we did not estimate the fair value of our cost-method investments unless we identified events or changes in circumstances that had a significant adverse effect on the fair value of the investments.

## Table of Contents

### NOTE 28. DOMINION CAPITAL, INC.

Our Consolidated Balance Sheets reflect the following DCI assets:

At December 31,	2007	2006
(millions)		
Current assets <sup>(1)</sup>	\$266	\$229
Loans held for resale	323	—
Loans receivable, net	34	399
Available-for-sale securities	—	39
Other investments	72	81
Property, plant and equipment, net	—	10
Deferred charges and other assets	127	83
Total	\$822	\$841

*(1) Includes \$30 million of loans held for resale in 2007. Includes \$36 million of loans receivable, net in 2006.*

#### Securizations of Financial Assets

At December 31, 2006, DCI held \$39 million of retained interests from the securitization of financial assets, which were classified as available-for-sale securities. The retained interests resulted from prior year securitizations of CDO and collateralized mortgage obligation (CMO) transactions. During 2007, DCI recognized impairment losses of \$27 million (\$16 million after-tax) due to changes in market valuations. DCI also sold three of the residual trusts in the fourth quarter of 2007. DCI still owns six residual trusts with no book basis.

We executed certain agreements in 2003 that resulted in the sale of certain financial assets in exchange for an investment in the subordinated notes of a third-party CDO entity. This investment consisted of \$100 million of Class B-1 Notes, 7.5% current pay interest and \$148 million of Class B-2 Notes, 3% paid-in-kind (PIK) interest. The equity interest in the new CDO entity, a voting interest entity, were held by an entity that is not affiliated with us. The CDO entity's primary focus is the purchase and origination of middle market senior secured first and second lien commercial and industrial loans in both the primary and secondary loan markets.

Prior to June 2006, our intent was to rate and market the B-1 Notes and hold the B-2 Notes to maturity. DCI also had a commitment to fund up to \$15 million of liquidity to the CDO entity, but this commitment has expired.

In 2006, we decided to pursue the sale of the B-2 Notes and recorded an \$85 million charge in other operations and maintenance expense reflecting an other-than-temporary decline in the fair value of the B-2 Notes. An impairment was required because of a further increase in interest rates, an increase in our credit risk associated with the equity reduction discussed below and because we no longer expected the fair value of the B-2 Notes to recover prior to a sale. During 2007, we recorded a LOCOM adjustment on the B-1 and B-2 notes of \$54 million (\$35 million after-tax) due to a deterioration in value of the underlying collateral. DCI will continue its efforts to sell the B-1 and B-2 notes in 2008.

DCI's investments in the CDO entity were previously included in available-for-sale securities in our Consolidated Balance Sheet. In 2006, the equity investor reduced its equity at risk in the CDO entity, which required a redetermination of whether the CDO entity is a VIE under FIN 46R. We concluded that the CDO entity is a VIE and that DCI is the primary beneficiary of the CDO entity, which we consolidate in accordance with FIN 46R. Due to its consolidation, we reflect the assets and liabilities

of the CDO entity in our Consolidated Balance Sheet. At December 31, 2007 and 2006, the CDO entity had \$460 million and \$385 million, respectively, of notes payable that mature in January 2017 and are nonrecourse to us. The CDO entity held the following assets that served as collateral for its obligations:

As of December 31,	2007	2006
(millions)		
Other current assets <sup>(1)</sup>	\$257	\$183
Loans held for resale	323	—
Loans receivable, net	—	367
Other investments	32	36
Total assets	\$612	\$586

*(1) Includes \$30 million of loans held for resale in 2007. Includes \$36 million of loans receivable, net in 2006.*

There were no mortgage securitizations in 2006 or 2007. Activity for the subordinated notes related to the CDO entity, retained interests from securitizations of CMOs and CDO retained interests is summarized as follows:

	CMO	Retained Interests —CDO(1)
(millions)		
Balance at January 1, 2006	\$ 38	\$ 255
Interest income	—	12
Consolidation of CDO	—	(171)
Cash received	(1)	(11)
Fair value adjustment	2	(85)
Balance at December 31, 2006	\$ 39	\$ —
Cash received	(10)	—
Fair value adjustment	(29)(2)	—
Balance at December 31, 2007	\$ —	\$ —

(1) Includes interest receivable.

(2) Includes the reversal of an unrealized gain of \$2 million recorded in 2006, plus a \$27 million impairment loss due to the write-down of the CMOs.

#### Loans Related to the CDO Entity

Presented below are the significant accounting policies associated with loans held for resale reflected on our Consolidated Balance Sheet due to consolidation of the CDO entity.

#### LOANS HELD FOR RESALE

We report loans held for resale at LOCOM. We determine any LOCOM adjustment to the loans held for sale on a pool basis by aggregating those loans based on similar risks and characteristics. The fair value of the loans are calculated by discounting scheduled cash flows through the estimated maturity using estimated market discount rates that reflect the credit and interest rate risk inherent in the loan, current economic conditions, and lending conditions. The estimates of maturity are based on historical experience with repayments for each loan classification.

A loan is considered non-performing if it meets the definition of either a (i) Defaulted Security, or (ii) PIK Security, where interest has been deferred or paid-in-kind for three months (or 6 months in the case of a security that is only required to pay interest on a quarterly basis).

- In general, a Defaulted Security is: 1) a loan where a default as to the payment of principal and/or interest has occurred and is continuing, 2) a loan that has a Standard & Poor's rating of "D" or "SD" or has a Moody's rating of "Ca" or lower; or,

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

3) a loan that in the reasonable business judgment of the CDO entity's collateral manager, is a Defaulted Security.

- In general, a PIK Security is a loan with respect to which the obligor has the right to defer or capitalize all or a portion of the interest due on such loan as principal, unless such asset is required on each payment date to pay in cash a spread of at least the LIBOR plus 2.50%.

The CDO entity's loan balances are summarized as follows:

As of December 31,	2007			2006		
	Performing	Non- performing	Total	Performing	Non- performing	Total
(millions)						
Loans <sup>(1)</sup>	\$538	\$11	\$549	\$521	\$21	\$542
Unamortized premiums, discounts and other cost basis adjustments, net	(131)	(3)	(134)	(127)	(5)	(132)
LOCOM adjustments <sup>(2)</sup>	(54)	(8)	(62)	—	—	—
Allowance for loan losses	—	—	—	(2)	(5)	(7)
Loans, net	\$353	\$—	\$353	\$392	\$11	\$403

(1) Current portion: Performing—\$30 million and \$28 million in 2007 and 2006, respectively; Non-performing—\$8 million in 2006.

(2) Includes \$1 million and \$7 million of allowances for loan losses recorded during 2007 prior to the reclassification of loans receivable to loans held for resale for performing and non-performing, respectively.

The notional value of the non-performing portfolio at December 31, 2007 and 2006, was \$149 million and \$148 million, respectively. During 2006, the CDO entity recorded provisions for loan losses of \$7 million and recorded direct write-offs, net of recoveries amounting to \$20 million. The interest income earned from cash collections on non-performing loans in 2007 and 2006, was \$5 million and \$1 million, respectively.

#### ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is a significant estimate that represents the CDO entity's estimate of probable losses inherent in the loan portfolio and equity investments as determined by the CDO entity's collateral manager.

In calculating the allowance for loan losses, the CDO entity's collateral manager applies a systematic and consistent approach that considers among other factors: historical payment experience, past-due status, current financial information, ability of the debtors to generate cash flows and realizable value of collateral on a loan by loan basis. Each material non-performing loan and material equity investment is reviewed on a quarterly basis. A range of probable losses is estimated for each loan after which a probable loss is determined.

A loan is written off when it is considered fully uncollectible and of such little value that its continuance as an asset is not warranted. A loan or equity investment is also written off if the borrower has ceased operations, the majority of the borrower's assets have been liquidated or sold, or the remaining collections of the loans are speculative and expected to be minimal or highly contingent.

#### LOAN ORIGINATION FEES AND COSTS

Loan origination fees and costs are deferred and recorded as part of loans held for resale and then amortized over the life of the loan as an adjustment to the yield in interest income.

#### DEFERRED FINANCING CLOSING

Costs incurred to refinance debt are deferred and amortized over the life of the notes. All costs associated with any notes that are paid in full are expensed at the date of the payoff.

#### Key Economic Assumptions and Sensitivity Analyses

The loans held for resale held by the CDO entity are subject to credit loss and interest rate risk. Adverse changes of up to 10% in credit losses and interest rates are estimated in each case to have less than a \$40 million pre-tax impact on future results of operations.

## Impairment Losses

The table below presents a summary of asset impairment losses associated with DCI operations.

Year Ended December 31,	2007	2006	2005
(millions)			
Retained interests from CMO securitizations <sup>(1)</sup>	\$ 27	\$ —	\$ 25
Loans held for resale <sup>(2)</sup>	54	—	—
Retained interests from CDO securitizations <sup>(1)</sup>	—	85	—
Venture capital and other equity investments <sup>(3)</sup>	17	6	10
Total	\$ 98	\$ 91	\$ 35

*(1) Reflects the result of economic conditions and historically low interest rates and the resulting impact on credit losses and prepayment speeds. We recorded impairments of our retained interests from CMO securitizations in 2007 and 2005 and retained interests from CDO securitizations in 2006. We updated our credit loss and prepayment assumptions to reflect our recent experience.*

*(2) During 2007, we recorded LOCOM adjustments of \$34 million on our loans held for resale.*

*(3) Impairments were recorded primarily due to our decision to dispose of the assets when it became probable we would not recover the assets recorded basis.*

---

## NOTE 29. OPERATING SEGMENTS

We are organized primarily on the basis of products and services sold in the U.S. During the fourth quarter of 2007, we realigned our business units to reflect our strategic refocusing and began managing our daily operations through four operating segments. All segment information for prior years has been recast to conform to the new segment structure. A description of our segments follows:

**DVP** includes our regulated electric distribution and electric transmission operations in Virginia and North Carolina, as well as nonregulated retail energy marketing and all customer service operations.

**Dominion Energy** includes our Ohio regulated natural gas distribution company, regulated gas transmission pipeline and storage operations, including gathering and extraction activities, regulated LNG operations and our Appalachian natural gas E&P business. Dominion Energy also includes producer services, which aggregates gas supply, provides market-based services related to gas transportation and storage and engages in associated gas trading and marketing.

## Table of Contents

---

Dominion Generation includes the generation operations of our electric utility and merchant fleet, as well as energy marketing and price risk management activities associated with our generation assets.

Corporate and Other includes our corporate, service company, corporate-wide enterprise commodity risk management services and other functions (including unallocated debt). In addition, this segment includes the remaining assets and operations of DCI, which are in the process of being divested, the net impact of discontinued operations, our non-Appalachian natural gas and oil E&P operations that were sold and our regulated gas distribution subsidiaries that are held for sale. In addition, the contribution to net income by our primary operating segments is determined based on a measure of profit that executive management believes represents the segments' core earnings. As a result, certain specific items attributable to those segments are not included in profit measures evaluated by executive management in assessing the segments' performance or allocating resources among the segments and are instead reported in the Corporate and Other segment. In 2007, we reported net expenses of \$618 million in the Corporate and Other segment attributable to our operating segments. The net expenses in 2007 primarily related to the impact of the following items attributable to Dominion Generation:

- A \$387 million (\$252 million after-tax) charge related to the impairment of Dresden;
- A \$259 million (\$158 million after-tax) extraordinary charge due to the reapplication of SFAS No. 71 to the Virginia jurisdiction of our utility generation operations; and
- A \$231 million (\$137 million after-tax) charge resulting from the termination of the long-term power sales agreement associated with State Line.

In 2006, we reported net expenses of \$10 million in the Corporate and Other segment attributable to our operating segments. The net expenses in 2006 primarily related to the impact of the following:

- A \$21 million tax benefit from the partial reduction of previously recorded valuation allowances on certain federal and state tax loss carryforwards (attributable to Dominion Generation), since these carryforwards were expected to be utilized to offset capital gain income that would have been generated from the planned sale of Peoples and Hope;
- A \$27 million (\$17 million after-tax) charge resulting from the cancellation of a pipeline project, attributable to Dominion Energy; and
- A \$26 million impairment (\$15 million after-tax) charge resulting from a change in our method of assessing other-than-temporary declines in the fair value of securities held as investments in our nuclear decommissioning trusts; attributable to Dominion Generation.

In 2005, we reported net expenses of \$133 million in the Corporate and Other segment attributable to our operating segments. The net expenses in 2005 primarily related to the impact of the following items attributable to Dominion Generation:

- A \$77 million charge (\$47 million after-tax) resulting from the termination of a long-term power purchase agreement; and
- A \$51 million charge related to credit exposure associated with the bankruptcy of Calpine Corporation. At December 31, 2005, we had not recognized any deferred tax benefits related to the charge, since realization of tax benefits was not anticipated based on our expected future tax profile at that time.

Intersegment sales and transfers are based on underlying contractual arrangements and agreements and may result in intersegment profit or loss.

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

The following table presents segment information pertaining to our operations:

Year Ended December 31, (millions)	DVP	Dominion Energy	Dominion Generation	Corporate and Other	Adjustments & Eliminations	Consolidated Total
<b>2007</b>						
Total revenue from external customers	\$2,757	\$ 1,970	\$ 7,606	\$ 2,089	\$ 1,252	\$ 15,674
Intersegment revenue	140	1,525	135	596	(2,396)	—
Total operating revenue	2,897	3,495	7,741	2,685	(1,144)	15,674
Depreciation, depletion and amortization	300	243	363	465	(3)	1,368
Equity in earnings of equity method investees	1	13	15	6	—	35
Interest income	14	32	67	172	(140)	145
Interest and related charges	147	109	264	795	(140)	1,175
Income tax expense	263	241	494	785	—	1,783
Extraordinary item, net of tax	—	—	—	(158)	—	(158)
Loss from discontinued operations, net of tax	—	—	—	(8)	—	(8)
Net income	415	387	756	981	—	2,539
Investment in equity method investees	6	97	181	47	—	331
Capital expenditures	564	937	1,026	1,445	—	3,972
Total assets (billions)	8.4	9.4	16.9	13.6	(9.2)	39.1
<b>2006</b>						
Total revenue from external customers	\$2,514	\$ 2,313	\$ 6,971	\$ 3,564	\$ 935	\$ 16,297
Intersegment revenue	76	1,218	137	621	(2,052)	—
Total operating revenue	2,590	3,531	7,108	4,185	(1,117)	16,297
Depreciation, depletion and amortization	294	197	311	758	(3)	1,557
Equity in earnings of equity method investees	1	12	18	6	—	37
Interest income	11	26	65	100	(87)	115
Interest and related charges	143	118	259	595	(87)	1,028
Income tax expense	263	232	351	81	—	927
Loss from discontinued operations, net of tax	—	—	—	(150)	—	(150)
Net income	411	347	537	85	—	1,380
Investment in equity method investees	6	98	119	66	—	289
Capital expenditures	523	493	1,018	2,018	—	4,052
Total assets (billions)	7.8	8.4	16.1	25.2	(8.2)	49.3
<b>2005</b>						
Total revenue from external customers	\$2,357	\$ 2,783	\$ 8,035	\$ 3,320	\$ 1,314	\$ 17,809
Intersegment revenue	56	1,365	203	502	(2,126)	—
Total operating revenue	2,413	4,148	8,238	3,822	(812)	17,809
Depreciation, depletion and amortization	282	180	351	548	(2)	1,359
Equity in earnings of equity method investees	1	13	21	8	—	43
Interest income	6	17	61	146	(138)	92
Interest and related charges	156	104	264	558	(138)	944
Income tax expense (benefit)	233	230	224	(114)	—	573
Income from discontinued operations, net of tax	—	—	—	6	—	6
Cumulative effect of change in accounting principle, net of tax	—	—	—	(6)	—	(6)
Net income (loss)	378	362	416	(123)	—	1,033

At December 31, 2007, none of our long-lived assets and no significant percentage of our operating revenues were associated with international operations. As of December 31, 2006, approximately 2% of our total long-lived assets were associated with international operations. For the years ended December 31, 2006 and 2005, approximately 1% of our operating revenues were associated with international operations.

## Table of Contents

### NOTE 30. GAS AND OIL PRODUCING ACTIVITIES (UNAUDITED)

#### Capitalized Costs

The aggregate amounts of costs capitalized for gas and oil producing activities, and related aggregate amounts of accumulated depletion follow:

At December 31,	2007	2006
(millions)		
Capitalized costs:		
Proved properties	\$1,789	\$11,747
Unproved properties	10	1,980
Total capitalized costs	1,799	13,727
Accumulated depletion:		
Proved properties	104	3,506
Unproved properties	—	144
Total accumulated depletion	104	3,650
Net capitalized costs	\$1,695	\$10,077

#### Total Costs Incurred

The following costs were incurred in gas and oil producing activities:

Year Ended December 31,	2007			2006			2005		
	Total	U.S.	Canada	Total	U.S.	Canada	Total	U.S.	Canada
(millions)									
Property acquisition costs:									
Proved properties	\$ 19	\$ 19	\$ —	\$ 87	\$ 87	\$ —	\$ 118	\$ 118	\$ —
Unproved properties	77	75	2	171	165	6	151	137	14
Total property acquisition costs	96	94	2	258	252	6	269	255	14
Exploration costs	132	126	6	399	383	16	235	230	5
Development costs <sup>(1)</sup>	1,114	1,086	28	1,451	1,365	86	1,207	1,128	79
Total	\$1,342	\$1,306	\$ 36	\$2,108	\$2,000	\$ 108	\$1,711	\$1,613	\$ 98

(1) Development costs incurred for proved undeveloped reserves were \$445 million, \$302 million and \$284 million for 2007, 2006 and 2005, respectively.

#### Results of Operations

We caution that the following standardized disclosures required by the FASB do not represent our results of operations based on our historical financial statements. In addition to requiring different determinations of revenue and costs, the disclosures exclude the impact of interest expense and corporate overhead.

Year Ended December 31,	2007			2006			2005		
	Total	U.S.	Canada	Total	U.S.	Canada	Total	U.S.	Canada
(millions)									
Revenue (net of royalties) from:									
Sales to nonaffiliated companies	\$1,367	\$1,291	\$ 76	\$1,883	\$1,749	\$ 134	\$1,499	\$1,369	\$ 130
Transfers to other operations	298	298	—	253	253	—	268	268	—
Total	1,665	1,589	76	2,136	2,002	134	1,767	1,637	130
Less:									
Production (lifting) costs	396	369	27	552	510	42	443	406	37
Depreciation, depletion and amortization	536	514	22	801	750	51	564	525	39
Income tax expense	271	262	9	285	271	14	283	264	19
Results of operations	\$ 462	\$ 444	\$ 18	\$ 498	\$ 471	\$ 27	\$ 477	\$ 442	\$ 35

# Table of Contents

## Notes to Consolidated Financial Statements, Continued

### Company-Owned Reserves

Estimated net quantities of proved gas and oil (including condensate) reserves in the U.S. and Canada at December 31, 2007, 2006 and 2005, and changes in the reserves during those years, are shown in the two schedules that follow:

	2007			2006			2005		
	Total	U.S.	Canada	Total	U.S.	Canada	Total	U.S.	Canada
<b>(billion cubic feet)</b>									
Proved developed and undeveloped reserves—Gas									
At January 1	5,136	4,961	175	4,962	4,856	106	4,910	4,814	96
Changes in reserves:									
Extensions, discoveries and other additions	139	130	9	431	393	38	299	276	23
Revisions of previous estimates	88	88	—	109	58	51	73	71	2
Production	(214)	(206)	(8)	(318)	(302)	(16)	(290)	(275)	(15)
Purchases of gas in place	44	44	—	48	48	—	55	55	—
Sales of gas in place	(4,174)	(3,998)	(176)	(96)	(92)	(4)	(85)	(85)	—
At December 31	1,019	1,019	—	5,136	4,961	175	4,962	4,856	106
Proved developed reserves—Gas									
At January 1	3,556	3,424	132	3,706	3,605	101	3,685	3,591	94
At December 31	636	636	—	3,556	3,424	132	3,706	3,605	101
<b>(thousands of barrels)</b>									
Proved developed and undeveloped reserves—Oil									
At January 1	232,259	216,849	15,410	217,698	198,602	19,096	164,062	144,007	20,055
Changes in reserves:									
Extensions, discoveries and other additions	3,094	2,853	241	11,373	10,678	695	6,681	5,399	1,282
Revisions of previous estimates <sup>(1)</sup>	932	932	—	38,010	40,629	(2,619)	63,884	65,264	(1,380)
Production	(12,185)	(11,626)	(559)	(24,947)	(23,923)	(1,024)	(15,575)	(14,714)	(861)
Purchases of oil in place	3	3	—	615	615	—	69	69	—
Sales of oil in place	(211,490)	(196,398)	(15,092)	(10,490)	(9,752)	(738)	(1,423)	(1,423)	—
At December 31 <sup>(2)</sup>	12,613	12,613	—	232,259	216,849	15,410	217,698	198,602	19,096
Proved developed reserves—Oil									
At January 1	180,779	173,718	7,061	152,889	145,735	7,154	113,992	102,152	11,840
At December 31	12,613	12,613	—	180,779	173,718	7,061	152,889	145,735	7,154

(1) The decrease in the U.S. revision in 2007 is primarily attributable to the sale of our non-Appalachian E&P operations. The 2006 U.S. revision is comprised of approximately 27.6 million barrels of natural gas liquids and 13 million barrels of oil/condensate. Natural gas liquids revisions were primarily the result of additional contractual changes with third-party gas processors in which we now take title to our processed natural gas liquids, and residue gas and liquids reserve amounts recognized under such contracts. Oil/condensate revisions were primarily the result of positive performance revisions at Gulf of Mexico deepwater locations. The 2005 U.S. revision is primarily due to an increase in plant liquids that resulted from a contractual change for a portion of our gas processed by third parties. We now take title to and market the natural gas liquids extracted from this gas.

(2) Ending reserves for 2007, 2006 and 2005 included 0.3 million, 114.6 million and 127.6 million barrels of oil/condensate, respectively, and 12.3, 117.7 and 90.1 million barrels of natural gas liquids, respectively.

## Table of Contents

### Standardized Measure of Discounted Future Net Cash Flows and Changes Therein

The following tabulation has been prepared in accordance with the FASB's rules for disclosure of a standardized measure of discounted future net cash flows relating to proved gas and oil reserve quantities that we own:

	2007			2006			2005		
	Total	U.S.	Canada	Total	U.S.	Canada	Total	U.S.	Canada
(millions)									
Future cash inflows <sup>(1)</sup>	\$8,128	\$8,128	\$ —	\$38,326	\$36,604	\$ 1,722	\$63,004	\$61,112	\$ 1,892
Less:									
Future development costs <sup>(2)</sup>	671	671	—	3,226	3,052	174	1,979	1,877	102
Future production costs	1,235	1,235	—	7,421	6,936	485	8,127	7,718	409
Future income tax expense	2,432	2,432	—	9,112	8,782	330	19,019	18,527	492
Future cash flows	3,790	3,790	—	18,567	17,834	733	33,879	32,990	889
Less annual discount (10% a year)	2,346	2,346	—	10,458	10,143	315	18,916	18,560	356
Standardized measure of discounted future net cash flows	\$1,444	\$1,444	\$ —	\$ 8,109	\$ 7,691	\$ 418	\$14,963	\$14,430	\$ 533

(1) Amounts exclude the effect of derivative instruments designated as hedges of future sales of production at year-end.

(2) Estimated future development costs, excluding abandonment, for proved undeveloped reserves are estimated to be \$80 million, \$79 million and \$87 million for 2008, 2009 and 2010, respectively.

In the foregoing determination of future cash inflows, sales prices for gas and oil were based on contractual arrangements or market prices at year-end. Future costs of developing and producing the proved gas and oil reserves reported at the end of each year shown were based on costs determined at each such year end, assuming the continuation of existing economic conditions. Future income taxes were computed by applying the appropriate year-end or future statutory tax rate to future pretax net cash flows, less the tax basis of the properties involved, and giving effect to tax deductions, permanent differences and tax credits.

It is not intended that the FASB's standardized measure of discounted future net cash flows represent the fair market value of our proved reserves. We caution that the disclosures shown are based on estimates of proved reserve quantities and future production schedules which are inherently imprecise and subject to revision, and the 10% discount rate is arbitrary. In addition, costs and prices as of the measurement date are used in the determinations, and no value may be assigned to probable or possible reserves.

The following tabulation is a summary of changes between the total standardized measure of discounted future net cash flows at the beginning and end of each year:

	2007	2006	2005
(millions)			
Standardized measure of discounted future net cash flows at January 1	\$ 8,109	\$ 14,963	\$ 9,026
Changes in the year resulting from:			
Sales and transfers of gas and oil produced during the year, less production costs	(1,270)	(2,791)	(2,502)
Prices and production and development costs related to future production	289	(11,788)	8,929
Extensions, discoveries and other additions, less production and development costs	419	758	1,396
Previously estimated development costs incurred during the year	467	302	284
Revisions of previous quantity estimates	286	409	27
Accretion of discount	181	2,327	1,367
Income taxes	3,173	4,352	(3,659)
Other purchases and sales of proved reserves in place	(10,197)	(346)	140
Other (principally timing of production)	(13)	(77)	(45)
Standardized measure of discounted future net cash flows at December 31	\$ 1,444	\$ 8,109	\$14,963

## Table of Contents

### Notes to Consolidated Financial Statements, Continued

#### NOTE 31. QUARTERLY FINANCIAL AND COMMON STOCK DATA (UNAUDITED)

A summary of our quarterly results of operations for the years ended December 31, 2007 and 2006 follows. Amounts reflect all adjustments necessary in the opinion of management for a fair statement of the results for the interim periods. Results for interim periods may fluctuate as a result of weather conditions, changes in rates and other factors. As described in Note 6, we reported the operations of our Canadian E&P business and certain DCI businesses as discontinued operations beginning in the second quarter of 2007. Prior quarters for 2007 and 2006 have been recast to conform to this presentation. All differences between amounts presented below and those previously reported in our Quarterly Reports on Forms 10-Q during 2007 and 2006 are a result of reporting the results of these businesses as discontinued operations and the November 2007 stock split.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
(millions, except per share amounts)					
<b>2007</b>					
Operating revenue	\$ 4,661	\$ 3,730	\$ 3,589	\$ 3,694	\$15,674
Income (loss) from operations	1,090	(380)	4,215	732	5,567
Income (loss) from continuing operations	475	(392)	2,320	302	2,705
Income (loss) from discontinued operations	(22)	20	(3)	(3)	(8)
Extraordinary item, net of tax	—	(158)	—	—	(158)
Net income (loss)	453	(530)	2,317	299	2,539
Basic EPS:					
Income (loss) from continuing operations	0.68	(0.56)	3.65	0.53	4.15
Income (loss) from discontinued operations	(0.03)	0.03	(0.01)	(0.01)	(0.01)
Extraordinary item, net of tax	—	(0.23)	—	—	(0.24)
Net income	0.65	(0.76)	3.64	0.52	3.90
Diluted EPS:					
Income (loss) from continuing operations	0.68	(0.56)	3.63	0.53	4.13
Income (loss) from discontinued operations	(0.03)	0.03	(0.01)	(0.01)	(0.01)
Extraordinary item, net of tax	—	(0.23)	—	—	(0.24)
Net income (loss)	0.65	(0.76)	3.62	0.52	3.88
Dividends paid per share	0.35	0.36	0.36	0.39	1.46
Common stock prices (high-low)	\$44.71- 39.84	\$46.82- 40.03	\$46.00- 40.76	\$49.38- 42.23	\$ 49.38- 39.84
<b>2006</b>					
Operating revenue	\$ 4,906	\$ 3,496	\$ 3,973	\$ 3,922	\$16,297
Income from operations	952	474	1,294	598	3,318
Income from continuing operations	534	146	655	195	1,530
Income (loss) from discontinued operations	—	15	(1)	(164)	(150)
Net income	534	161	654	31	1,380
Basic EPS:					
Income from continuing operations	0.77	0.21	0.93	0.28	2.19
Income (loss) from discontinued operations	—	0.02	—	(0.24)	(0.22)
Net income	0.77	0.23	0.93	0.04	1.97
Diluted EPS:					
Income from continuing operations	0.77	0.21	0.92	0.28	2.17
Income (loss) from discontinued operations	—	0.02	—	(0.24)	(0.21)
Net income	0.77	0.23	0.92	0.04	1.96
Dividends paid per share	0.34	0.35	0.34	0.35	1.38
Common stock prices (high-low)	\$40.21- 34.44	\$38.01- 34.36	\$40.71- 37.22	\$42.22- 38.02	\$ 42.22- 34.36

## Table of Contents

---

Our 2007 results include the impact of the following significant items:

- Second quarter results include a \$341 million after-tax charge due to the discontinuance of hedge accounting for certain gas and oil derivatives associated with the sale of our non-Appalachian E&P operations, a \$252 million after-tax impairment charge associated with the sale of Dresden, a \$158 million after-tax extraordinary charge due to the reapplication of SFAS No. 71 to the Virginia jurisdiction of our utility generation operations and a \$108 million after-tax charge for the recognition of certain forward gas contracts that no longer qualified for the normal purchase and sales exemption due to the sale of our U.S. non-Appalachian E&P operations.
- Third quarter results include a \$2.1 billion after-tax gain from the disposition of our U.S. non-Appalachian E&P operations. Results also include a \$140 million after-tax charge for the recognition of a long-term power sales agreement at State Line that no longer qualified for the normal purchase and sales exemption due to the termination of the agreement in the fourth quarter of 2007.

Our 2006 results include the impact of the following significant items:

- First quarter results include a \$94 million after-tax charge resulting from the write-off of certain regulatory assets related to the planned sale of Peoples and Hope, a \$222 million tax benefit from the partial reversal of previously recorded valuation allowances on certain federal and state tax loss carryforwards expected to be utilized to offset capital gain income that would have been generated from the planned sale and the establishment of \$141 million of deferred tax liabilities associated with the excess of our financial reporting basis over the tax basis in the stock of Peoples and Hope. Results also include a \$76 million after-tax benefit resulting from favorable changes in the fair value of certain gas and oil derivatives that were de-designated as hedges following the 2005 hurricanes.
- Second quarter results include an \$85 million charge resulting from the impairment of a DCI investment for which no tax benefit had been recognized at that time.
- Third quarter results include a \$171 million after-tax benefit from business interruption insurance revenue related to the 2005 hurricanes.
- Fourth quarter results include a \$164 million after-tax charge associated with the impairment of the Peaker facilities that were sold in March 2007.

## Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

## Item 9A. Controls and Procedures

Senior management, including our Chief Executive Officer (CEO) and Chief Financial Officer (CFO), evaluated the effectiveness of Dominion's disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation process, our CEO and CFO have concluded that Dominion's disclosure controls and procedures are effective. There were no changes in Dominion's internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, Dominion's internal control over financial reporting.

---

### MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Dominion Resources, Inc. (Dominion) understands and accepts responsibility for our financial statements and related disclosures and the effectiveness of internal control over financial reporting (internal control). We continuously strive to identify opportunities to enhance the effectiveness and efficiency of internal control, just as we do throughout all aspects of our business.

We maintain a system of internal control designed to provide reasonable assurance, at a reasonable cost, that our assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed and recorded in accordance with established procedures. This system includes written policies, an organizational structure designed to ensure appropriate segregation of responsibilities, careful selection and training of qualified personnel and internal audits.

The Audit Committee of the Board of Directors of Dominion, composed entirely of independent directors, meets periodically with the independent registered public accounting firm, the internal auditors and management to discuss auditing, internal control, and financial reporting matters of Dominion and to ensure that each is properly discharging its responsibilities. Both the independent registered public accounting firm and the internal auditors periodically meet alone with the Audit Committee and have free access to the Committee at any time.

SEC rules implementing Section 404 of the Sarbanes-Oxley Act of 2002 require our 2007 Annual Report to contain a management's report and a report of the independent registered public accounting firm regarding the effectiveness of internal control. As a basis for our report, we tested and evaluated the design and operating effectiveness of internal controls. Based on our assessment as of December 31, 2007, we make the following assertion:

Management is responsible for establishing and maintaining effective internal control over financial reporting of Dominion.

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

We evaluated Dominion's internal control over financial reporting as of December 31, 2007. This assessment was based on criteria for effective internal control over financial reporting described in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, we believe that Dominion maintained effective internal control over financial reporting as of December 31, 2007.

Our independent registered public accounting firm is engaged to express an opinion on our internal control over financial reporting, as stated in their report which is included herein.

February 26, 2008



## Table of Contents

---

### **REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Dominion Resources, Inc.  
Richmond, Virginia

We have audited the internal control over financial reporting of Dominion Resources, Inc. (the "Company") as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A

company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2007 of the Company and our report dated February 26, 2008, expresses an unqualified opinion on those financial statements and includes an explanatory paragraph relating to the adoption of new accounting standards.

/s/ Deloitte & Touche LLP  
Richmond, Virginia  
February 26, 2008



---

## Table of Contents

---

### Item 9B. Other Information

None.

## Part III

---

### Item 10. Directors and Executive Officers of the Registrant

The following information is incorporated by reference from the 2008 Proxy Statement, File No. 001-08489, which will be filed on or around April 3, 2008 (the 2008 Proxy Statement):

- Information regarding the directors required by this item is found under the heading *Election of Directors*.
- Information regarding compliance with Section 16 of the Exchange Act required by this item is found under the heading *Section 16(a) Beneficial Ownership Reporting Compliance*.
- Information regarding Dominion's Audit Committee Financial expert(s) is found under the heading *Director Independence and Committees and Meeting Attendance*.
- Information regarding Dominion's Audit Committee required by this item is found under the heading *The Audit Committee Report and Committees and Meeting Attendance*.
- Information regarding Dominion's Code of Ethics required by this item is found under the heading *Corporate Governance and Board Matters*.

The information concerning the executive officers of Dominion required by this item is included in Part I of this Form 10-K under the caption *Executive Officers of the Registrant*.

---

### Item 11. Executive Compensation

The following information is contained in the 2008 Proxy Statement and is incorporated by reference: the information regarding executive compensation contained under the headings *Compensation Discussion and Analysis* and *Executive Compensation*; the information regarding Compensation Committee interlocks contained under the heading *Compensation Committee Interlocks and Insider Participation*; the *Committee Report on Executive Compensation*; and the information regarding director compensation contained under the heading *Non-Employee Director Compensation*.

### Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information concerning stock ownership by directors, executive officers and five percent beneficial owners contained under the heading *Share Ownership* in the 2008 Proxy Statement is incorporated by reference.

The information regarding equity securities of Dominion that are authorized for issuance under its equity compensation plans contained under the heading *Executive Compensation—Equity Compensation Plans* in the 2008 Proxy Statement is incorporated by reference.

---

### Item 13. Certain Relationships and Related Transactions, and Director Independence

The information regarding related party transactions required by this item found under the heading *Related Party Transactions*, and information regarding director independence found under the heading *Director Independence*, in the 2008 Proxy Statement is incorporated by reference.

---

### Item 14. Principal Accountant Fees and Services

The information concerning principal accounting fees and services contained under the heading *Auditors* in the 2008 Proxy Statement is incorporated by reference.

## Table of Contents

### Part IV

### Item 15. Exhibits and Financial Statement Schedules

---

(a) Certain documents are filed as part of this Form 10-K and are incorporated by reference and found on the pages noted.

#### 1. Financial Statements

See Index on page 51.

All schedules are omitted because they are not applicable, or the required information is either not material or is shown in the financial statements or the related notes.

#### 2. Exhibits

- 3.1 Articles of Incorporation as in effect August 9, 1999, as amended effective March 12, 2001 (Exhibit 3.1, Form 10-K for the year ended December 31, 2002, File No. 1-8489, incorporated by reference), as amended November 9, 2007 (Exhibit 3, Form 8-K filed November 9, 2007, File No. 1-8489, incorporated by reference).
- 3.2 Amended and Restated Bylaws, effective June 20, 2007 (Exhibit 3.1, Form 8-K, dated June 22, 2007, File No. 1-8489, incorporated by reference).
- 4 Dominion Resources, Inc. agrees to furnish to the Securities and Exchange Commission upon request any other instrument with respect to long-term debt as to which the total amount of securities authorized does not exceed 10% of its total consolidated assets.
- 4.1 See Exhibit 3.1 above.
- 4.2 Indenture of Mortgage of Virginia Electric and Power Company, dated November 1, 1935, as supplemented and modified by fifty-eight Supplemental Indentures (Exhibit 4(ii), Form 10-K for the fiscal year ended December 31, 1985, File No. 1-2255, incorporated by reference); and Eighty-First Supplemental Indenture, (Exhibit 4(iii), Form 10-K for the fiscal year ended December 31, 1993, File No. 1-2255, incorporated by reference).
- 4.3 Subordinated Note Indenture, dated as of August 1, 1995 between Virginia Electric and Power Company and The Bank of New York (as successor trustee to JP Morgan Chase Bank (formerly The Chase Manhattan Bank and Chemical Bank)), as Trustee (Exhibit 4(a), Form S-3 Registration Statement File No. 333-20561 as filed on January 28, 1997, incorporated by reference), Form of Second Supplemental Indenture (Exhibit 4.6, Form 8-K filed August 20, 2002, No. 1-2255, incorporated by reference).
- 4.4 Form of Senior Indenture, dated as of June 1, 1998, between Virginia Electric and Power Company and The Bank of New York (as successor trustee to JP Morgan Chase Bank (formerly The Chase Manhattan Bank)) as supplemented by the First Supplemental Indenture (Exhibit 4.2, Form 8-K, dated June 12, 1998, File No. 1-2255, incorporated by reference); Second Supplemental Indenture (Exhibit 4.2, Form 8-K, dated June 3, 1999, File No. 1-2255, incorporated by reference); Third Supplemental Indenture (Exhibit 4.2, Form 8-K, dated October 27, 1999, File No. 1-2255, incorporated by reference); Form of Fourth Supplemental Indenture (Exhibit 4.2, Form 8-K, dated March 22, 2001, File No. 1-2255, incorporated by reference); and Form of Fifth Supplemental Indenture (Exhibit 4.3, Form 8-K, dated March 22, 2001, File No. 1-2255, incorporated by reference); Form of Sixth Supplemental Indenture (Exhibit 4.2, Form 8-K, dated January 24, 2002, incorporated by reference); Seventh Supplemental Indenture dated September 1, 2002 (Exhibit 4.4, Form 8-K filed September 11, 2002, File No. 1-2255, incorporated by reference); Form of Ninth Supplemental Indenture (Exhibit 4.2, Form 8-K filed December 4, 2003, File No. 1-2255, incorporated by reference); Form of Eighth Supplemental Indenture (Exhibit 4.2, Form 8-K filed February 27, 2003, File No. 1-2255, incorporated by reference); Form of Tenth Supplemental Indenture (Exhibit 4.3, Form 8-K filed December 4, 2003, File No. 1-2255, incorporated by reference); Form of Eleventh Supplemental Indenture (Exhibit 4.2, Form 8-K filed December 11, 2003, File No. 1-2255, incorporated by reference); Form of Twelfth Supplemental Indenture (Exhibit 4.2, Form 8-K filed January 12, 2006, File No. 1-2255, incorporated by reference); Form of Thirteenth Supplemental Indenture (Exhibit 4.3, Form 8-K filed January 12, 2006, File No. 1-2255, incorporated by reference); Form of Fourteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed May 16, 2007, File No. 1-2255, incorporated by reference); Form of Fifteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed September 10, 2007, File No. 1-2255, incorporated by reference); Form of Sixteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed November 30, 2007, File No. 1-2255, incorporated by reference); Form of Seventeenth Supplemental Indenture (Exhibit 4.3, Form 8-K filed November 30, 2007, File No. 1-2255, incorporated by reference).
- 4.5 Indenture, Junior Subordinated Debentures, dated December 1, 1997, between Dominion Resources, Inc. and The Bank of New York (as successor trustee to JP Morgan Chase Bank (formerly The Chase Manhattan Bank)) as supplemented by a First Supplemental Indenture, dated December 1, 1997 (Exhibit 4.1 and Exhibit 4.2 to Form S-4 Registration Statement, File No. 333-50653, as filed on April 21, 1998, incorporated by reference); Second and Third Supplemental Indentures, dated January 1, 2001 (Exhibits 4.6 and 4.13, Form 8-K, dated January 9, 2001, incorporated by reference).

## Table of Contents

- 4.6 Indenture, dated as of May 1, 1971, between Consolidated Natural Gas Company and The Bank of New York (as successor trustee to JP Morgan Chase Bank (formerly The Chase Manhattan Bank and Manufacturers Hanover Trust Company)) (Exhibit (5) to Certificate of Notification at Commission File No. 70-5012, incorporated by reference); Fifteenth Supplemental Indenture dated as of October 1, 1989 (Exhibit (5) to Certificate of Notification at Commission File No. 70-7651, incorporated by reference); Seventeenth Supplemental Indenture dated as of August 1, 1993 (Exhibit (4) to Certificate of Notification at Commission File No. 70-8167, incorporated by reference); Eighteenth Supplemental Indenture dated as of December 1, 1993 (Exhibit (4) to Certificate of Notification at Commission File No. 70-8167, incorporated by reference); Nineteenth Supplemental Indenture dated as of January 28, 2000 (Exhibit (4A)(iii), Form 10-K for the fiscal year ended December 31, 1999, File No. 1-3196, incorporated by reference); Twentieth Supplemental Indenture dated as of March 19, 2001 (Exhibit 4.1, Form 10-Q for the quarter ended September 30, 2003, File No. 1-3196, incorporated by reference); Twenty-First Supplemental Indenture dated as of June 27, 2007 (Exhibit 4.2, Form 8-K, filed July 3, 2007, File No. 1-8489, incorporated by reference).
- 4.7 Indenture, dated as of April 1, 1995, between Consolidated Natural Gas Company and The Bank of New York (as successor trustee to United States Trust Company of New York) (Exhibit (4) to Certificate of Notification at Commission File No. 70-8107); First Supplemental Indenture dated January 28, 2000 (Exhibit (4A)(ii), Form 10-K for the fiscal year ended December 31, 1999, File No. 1-3196, incorporated by reference); Securities Resolution No. 1 effective as of April 12, 1995 (Exhibit 2 to Form 8-A filed April 21, 1995 under File No. 1-3196 and relating to the 7 <sup>7</sup>/<sub>8</sub>% Debentures Due April 1, 2005); Securities Resolution No. 2 effective as of October 16, 1996 (Exhibit 2 to Form 8-A filed October 18, 1996 under file No. 1-3196 and relating to the 6 <sup>7</sup>/<sub>8</sub>% Debentures Due October 15, 2006); Securities Resolution No. 3 effective as of December 10, 1996 (Exhibit 2 to Form 8-A filed December 12, 1996 under file No. 1-3196 and relating to the 6 <sup>7</sup>/<sub>8</sub>% Debentures Due December 1, 2008); Securities Resolution No. 4 effective as of December 9, 1997 (Exhibit 2 to Form 8-A filed December 12, 1997 under file No. 1-3196 and relating to the 6.80% Debentures Due December 15, 2027); Securities Resolution No. 5 effective as of October 20, 1998 (Exhibit 2 to Form 8-A filed October 22, 1998 under file No. 1-3196 and relating to the 6% Debentures Due October 15, 2010); Securities Resolution No. 6 effective as of September 21, 1999 (Exhibit 4A(iv), Form 10-K for the fiscal year ended December 31, 1999, File No. 1-3196, and relating to the 7 <sup>1</sup>/<sub>4</sub>% Notes Due October 1, 2004, incorporated by reference); Second Supplemental Indenture dated as of June 27, 2007 (Exhibit 4.4, Form 8-K, filed July 3, 2007, File No. 1-8489, incorporated by reference).
- 4.8 Form of Senior Indenture, dated June 1, 2000, between Dominion Resources, Inc. and The Bank of New York (as successor trustee to JP Morgan Chase Bank (formerly The Chase Manhattan Bank)), as Trustee (Exhibit 4 (iii), Form S-3, Registration Statement, File No. 333-93187, incorporated by reference); First Supplemental Indenture, dated June 1, 2000 (Exhibit 4.2, Form 8-K, dated June 21, 2000, File No. 1-8489, incorporated by reference); Second Supplemental Indenture, dated July 1, 2000 (Exhibit 4.2, Form 8-K, dated July 11, 2000, File No. 1-8489, incorporated by reference); Third Supplemental Indenture, dated July 1, 2000 (Exhibit 4.3, Form 8-K dated July 11, 2000, incorporated by reference); Fourth Supplemental Indenture and Fifth Supplemental Indenture dated September 1, 2000 (Exhibit 4.2, Form 8-K, dated September 8, 2000, incorporated by reference); Sixth Supplemental Indenture, dated September 1, 2000 (Exhibit 4.3, Form 8-K, dated September 8, 2000, incorporated by reference); Seventh Supplemental Indenture, dated October 1, 2000 (Exhibit 4.2, Form 8-K, dated October 11, 2000, incorporated by reference); Eighth Supplemental Indenture, dated January 1, 2001 (Exhibit 4.2, Form 8-K, dated January 23, 2001, incorporated by reference); Ninth Supplemental Indenture, dated May 1, 2001 (Exhibit 4.4, Form 8-K, dated May 25, 2001, incorporated by reference); Form of Tenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed March 18, 2002, File No. 1-8489, incorporated by reference); Form of Eleventh Supplemental Indenture (Exhibit 4.2, Form 8-K filed June 25, 2002, File No. 1-8489, incorporated by reference); Form of Twelfth Supplemental Indenture (Exhibit 4.2, Form 8-K filed September 11, 2002, File No. 1-8489, incorporated by reference); Thirteenth Supplemental Indenture dated September 16, 2002 (Exhibit 4.1, Form 8-K filed September 17, 2002, File No. 1-8489, incorporated by reference); Fourteenth Supplemental Indenture, dated August 20, 2003 (Exhibit 4.4, Form 8-K filed August 20, 2003, File No. 1-8489, incorporated by reference); Forms of Fifteenth and Sixteenth Supplemental Indentures (Exhibits 4.2 and 4.3 to Form 8-K filed December 12, 2002, File No. 1-8489, incorporated by reference); Forms of Seventeenth and Eighteenth Supplemental Indentures (Exhibits 4.2 and 4.3 to Form 8-K filed February 11, 2003, File No. 1-8489, incorporated by reference); Forms of Twentieth and Twenty-First Supplemental Indentures (Exhibits 4.2 and 4.3 to Form 8-K filed March 4, 2003, File No. 1-8489, incorporated by reference); Form of Twenty-Second Supplemental Indenture (Exhibit 4.2 to Form 8-K filed July 22, 2003, File No. 1-8489 incorporated by reference); Form of Twenty-Third Supplemental Indenture (Exhibit 4.2, Form 8-K filed December 9, 2003, File No. 1-8489, incorporated by reference); Form of Twenty-Fifth Supplemental Indenture (Exhibit 4.2, Form 8-K filed January 14, 2004, File No. 1-8489, incorporated by reference); Form of Twenty-Sixth Supplemental Indenture (Exhibit 4.3, Form 8-K filed January 14, 2004, File No. 1-8489, incorporated by reference); Form of Twenty-Seventh Supplemental Indenture (Exhibit 4.2, Form S-4 Registration Statement, File No. 333-120339, incorporated by reference); Form of Twenty-Eighth and Twenty-Ninth Supplemental Indenture (Exhibits 4.2 and 4.3, Form 8-K filed June 17, 2005, File No. 1-8489, incorporated by reference); Form of Thirtieth Supplemental Indenture (Exhibit 4.2, Form 8-K, filed July 12, 2005, File No. 1-8489, incorporated by reference); Form of Thirty-First Supplemental Indenture (Exhibit 4.2, Form 8-K, filed September 26, 2005, File No. 1-8489, incorporated by reference); Form of Thirty-Second Supplemental Indenture (Exhibit 4.2, Form 8-K, filed November 13, 2007, File No. 1-8489, incorporated by reference); Form of Thirty-Third Supplemental Indenture (Exhibit 4.3, Form 8-K, filed November 13, 2007, File No. 1-8489, incorporated by reference); Form of Thirty-Fourth Supplemental Indenture (Exhibit 4.2, Form 8-K, filed November 29, 2007, File No. 1-8489, incorporated by reference).

- 4.9 Indenture, dated April 1, 2001, between Consolidated Natural Gas Company and The Bank of New York (as successor trustee to Bank One Trust Company, National Association) (Exhibit 4.1, Form S-3 File No. 333-52602, as filed on December 22, 2000, incorporated by reference); as supplemented by the Form of First Supplemental Indenture, dated April 1, 2001 (Exhibit 4.2, Form 8-K, File dated April 12, 2001, File No. 1-3196 incorporated by reference); Second Supplemental Indenture, dated October 25, 2001 (Exhibit 4.1, Form 8-K, dated October 23, 2001, File No. 1-3196, incorporated by reference); Third Supplemental Indenture, dated October 25, 2001 (Exhibit 4.3, Form 8-K, dated October 23, 2001, File No. 1-3196, incorporated by reference); Fourth Supplemental Indenture, dated May 1, 2002 (Exhibit 4.4, Form 8-K, dated May 22, 2002, Form 1-3196, incorporated by reference); Form of Fifth Supplemental Indenture (Exhibit 4.2, Form 8-K filed November 25, 2003, File No. 1-3196, incorporated by reference); Form of Sixth Supplemental Indenture (Exhibit 4.2, Form 8-K filed November 16, 2004, File No. 1-3196, incorporated by reference); Seventh Supplemental Indenture dated as of June 27, 2007 (Exhibit 4.6, Form 8-K, filed July 3, 2007, File No. 1-8489, incorporated by reference).
- 4.10 Form of Indenture for Junior Subordinated Debentures, dated October 1, 2001, between Consolidated Natural Gas Company and The Bank of New York (as successor trustee to Bank One Trust Company, National Association) (Exhibit 4.2, Form S-3 Registration No. 333-52602, as filed on December 22, 2000, incorporated by reference); as supplemented by the First Supplemental Indenture, dated October 23, 2001 (Exhibit 4.7, Form 8-K, dated October 16, 2001, File No. 1-3196, incorporated by reference); Second Supplemental Indenture dated as of June 27, 2007 (Exhibit 4.8, Form 8-K, filed July 3, 2007, File No. 1-8489, incorporated by reference).
- 4.11 Indenture, dated as of December 11, 1997, between Louis Dreyfus Natural Gas Corp., Dominion Oklahoma Texas Exploration & Production, Inc., and La Salle Bank National Association (formerly LaSalle National Bank) (Exhibit 4.14, Form 10-K for the fiscal year ended December 31, 2001, File No. 1-8489, incorporated by reference); as supplemented by the First Supplemental Indenture, dated as of November 1, 2001 (Exhibit 4.9, Form 10-Q for the quarter ended September 30, 2001, incorporated by reference).
- 4.12 Junior Subordinated Indenture II, dated June 1, 2006, between Dominion Resources, Inc. and the Bank of New York (successor to JPMorgan Chase Bank, N.A.), as Trustee (Exhibit 4.1, Form 10-Q for the quarter ended June 30, 2006, File No. 1-8489, incorporated by reference), as supplemented by the First Supplemental Indenture dated as of June 1, 2006 (Exhibit 4.2, Form 10-Q for the quarter ended June 30, 2006, File No. 1-8489, incorporated by reference); the Second Supplemental Indenture, dated as of September 1, 2006, (Exhibit 4.2, Form 10-Q for the quarter ended September 30, 2006, File No. 1-8489, incorporated by reference).
- 4.13 Replacement Capital Covenant entered into by Dominion Resources, Inc. dated June 23, 2006 (Exhibit 4.3, Form 10-Q for the quarter ended June 30, 2006, File No. 1-8489, incorporated by reference).
- 4.14 Replacement Capital Covenant entered into by Dominion Resources, Inc. dated September 29, 2006 (Exhibit 4.3, Form 10-Q for the quarter ended September 30, 2006, File No. 1-8489, incorporated by reference).
- 10.1 DRI Services Agreement, dated January 28, 2000, by and between Dominion Resources, Inc., Dominion Resources Services, Inc. and Consolidated Natural Gas Service Company, Inc. (Exhibit 10(viii), Form 10-K for the fiscal year ended December 31, 1999, File No. 1-8489, incorporated by reference).
- 10.2 Services Agreement between Dominion Resources Services, Inc. and Virginia Electric and Power Company dated January 1, 2000 (Exhibit 10.19, Form 10-K for the fiscal year ended December 31, 1999, File No. 1-2255, incorporated by reference).
- 10.3 Agreement between PJM Interconnection, L.L.C. and Virginia Electric and Power Company (Exhibit 10.1, Form 8-K filed April 26, 2005, File No. 1-8489, incorporated by reference).
- 10.4 \$3.0 billion Five-Year Credit Agreement dated February 28, 2006 among Dominion Resources, Inc., Virginia Electric and Power Company, Consolidated Natural Gas Company, JP Morgan Chase Bank, N.A., as Administrative Agent, Citibank, N.A. as Syndication Agent and Barclay's Bank PLC, The Bank of Nova Scotia and Wachovia Bank, National Association, as Co-Documentation Agents and other lenders named therein. (Exhibit 10.1, Form 8-K filed March 3, 2006, File No. 1-8489, incorporated by reference).
- 10.5 \$1.70 billion Amended and Restated Five-Year Credit Agreement dated February 28, 2006 among Consolidated Natural Gas Company, Barclay's Bank PLC, as Administrative Agent, Barclays Bank PLC and KeyBank National Association, as Syndication Agents, and SunTrust Bank, The Bank of Nova Scotia and ABN AMRO Bank, N.V., as Co-Documentation Agents and other lenders as named therein. (Exhibit 10.2, Form 8-K filed March 3, 2006, File No. 1-8489, incorporated by reference).
- 10.6 \$1.05 billion 364-Day Credit Agreement dated February 28, 2006 among Consolidated Natural Gas Company, Barclays Bank PLC, as Administrative Agent, Barclays Bank PLC and KeyBank National Association, as Syndication Agents, The Bank of Nova Scotia, The Bank of Tokyo-Mitsubishi UFJ, Ltd., New York Branch and Mizuho Corporate Bank, Ltd., as Co-Documentation Agents and other lenders as named therein. (Exhibit 10.3, Form 8-K filed March 3, 2006, File No. 1-8489, incorporated by reference).

## Table of Contents

---

- 10.7 Form of Settlement Agreement in the form of a proposed Consent Decree among the United States of America, on behalf of the United States Environmental Protection Agency, the State of New York, the State of New Jersey, the State of Connecticut, the Commonwealth of Virginia and the State of West Virginia and Dominion (Exhibit 10, Form 10-Q for the quarter ended March 31, 2003, File No. 1-8489, incorporated by reference).
- 10.8\* Dominion Resources, Inc. Executive Supplemental Retirement Plan, as amended and restated effective December 17, 2004 (Exhibit 10.5, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference).
- 10.9\* Dominion Resources, Inc. Incentive Compensation Plan, effective April 22, 1997, as amended and restated effective July 20, 2001 (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 2001, File No. 1-8489, incorporated by reference), as amended June 20, 2007 (filed herewith).
- 10.10\* Dominion Resources, Inc. 2005 Incentive Compensation Plan (Exhibit 10, Form 8-K filed March 3, 2005, File No. 1-8489, incorporated by reference), as amended April 27, 2007 (filed herewith).
- 10.11\* Dominion Resources, Inc. Executive Stock Purchase and Loan Plan II, dated February 15, 2000 (Exhibit 10.10, Form 10-K for the fiscal year ended December 31, 2002, File No. 1-8489, incorporated by reference).
- 10.12\* Form of Employment Continuity Agreement for certain officers of Dominion, amended and restated July 15, 2003 (Exhibit 10.1, Form 10-Q for the quarter ended June 30, 2003, File No. 1-8489, incorporated by reference), as amended March 31, 2006 (Form 8-K filed April 4, 2006, File No. 1-8489, incorporated by reference).
- 10.13\* Dominion Resources, Inc. Retirement Benefit Funding Plan, effective June 29, 1990 as amended and restated September 1, 1996 (Exhibit 10(iii), Form 10-Q for the quarter ended June 30, 1997, File No. 1-8489, incorporated by reference).
- 10.14\* Dominion Resources, Inc. Retirement Benefit Restoration Plan, as amended and restated effective December 17, 2004 (Exhibit 10.6, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference).
- 10.15\* Dominion Resources, Inc. Executives' Deferred Compensation Plan, amended and restated effective December 17, 2004 (Exhibit 10.7, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference).
- 10.16\* Dominion Resources, Inc. New Executive Supplemental Retirement Plan, effective January 1, 2005 (Exhibit 10.8, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference), amended January 19, 2006 (Exhibit 10.17, Form 10-K for the fiscal year ended December 31, 2005, File No. 1-8489, incorporated by reference), as amended December 1, 2006 and further amended January 1, 2007 (Exhibit 10.17, Form 10-K for the fiscal year ended December 31, 2006, File No. 1-8489, incorporated by reference).
- 10.17\* Dominion Resources, Inc. New Retirement Benefit Restoration Plan, effective January 1, 2005 (Exhibit 10.9, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference), as amended January 1, 2007 (Exhibit 10.18, Form 10-K for the fiscal year ended December 31, 2006, File No. 1-8489, incorporated by reference).
- 10.18\* Dominion Resources, Inc. Stock Accumulation Plan for Outside Directors, amended as of February 27, 2004 (Exhibit 10.15, Form 10-K for the fiscal year ended December 31, 2003, incorporated by reference); amended effective December 31, 2004 (Exhibit 10.1, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference).
- 10.19\* Dominion Resources, Inc. Directors Stock Compensation Plan, as amended February 27, 2004 (Exhibit 10.16, Form 10-K for the fiscal year ended December 31, 2003, incorporated by reference); amended effective December 31, 2004 (Exhibit 10.2, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference).
- 10.20\* Dominion Resources, Inc. Directors' Deferred Cash Compensation Plan, as amended and in effect September 20, 2002 (Exhibit 10.4, Form 10-Q for the quarter ended September 30, 2002, incorporated by reference); amended effective December 31, 2004 (Exhibit 10.3, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference).
- 10.21\* Dominion Resources, Inc. Non-Employee Directors' Compensation Plan, effective January 1, 2005, as amended and restated effective as of January 1, 2008 (filed herewith).
- 10.22\* Dominion Resources, Inc. Leadership Stock Option Plan, effective July 1, 2000, as amended and restated effective July 20, 2001 (Exhibit 10.2, Form 10-Q for the quarter ended June 30, 2001, File No. 1-8489, incorporated by reference).
- 10.23\* Dominion Resources, Inc. Executive Stock Purchase Tool Kit, effective September 1, 2001, amended and restated December 16, 2005 (Exhibit 10.2, Form 8-K filed December 12, 2005, File No. 1-8489, incorporated by reference).
- 10.24\* Dominion Resources, Inc. Security Option Plan, effective January 1, 2003, amended December 31, 2004 and restated effective January 1, 2005 (Exhibit 10.13, Form 8-K filed December 23, 2004, File No. 1-8489, incorporated by reference).
- 10.25\* Arrangement with Thos. E. Capps regarding additional credited years of service for retirement and retirement life insurance purposes (Exhibit 10.21, Form 10-K for the fiscal year ended December 31, 2002, File No. 1-8489, incorporated by reference).

## Table of Contents

- 10.26\* Employment agreement dated September 30, 2002 between Dominion and Thos. E. Capps (Exhibit 10.1, Form 10-Q for the quarter ended September 30, 2002, File No. 1-8489, incorporated by reference) including supplemental letter, dated February 27, 2003 (Exhibit 10.22, Form 10-K for the fiscal year ended December 31, 2002, File No. 1-8489, incorporated by reference); Amendment to Employment Agreement dated May 26, 2005 between Dominion Resources, Inc. and Thos. E. Capps (Exhibit 10.1, Form 8-K, filed May 31, 2005, File No. 1-8489, incorporated by reference).
- 10.27\* Restricted stock award agreement dated May 26, 2005 between Dominion Resources, Inc. and Thos. E. Capps (Exhibit 10.2, Form 8-K filed May 31, 2005, File No. 1-8489, incorporated by reference).
- 10.28\* Letter agreement between Dominion and Thomas F. Farrell, II, dated February 27, 2003 (Exhibit 10.24, Form 10-K for the fiscal year ended December 31, 2002, File No. 1-8489, incorporated by reference), as amended December 16, 2005 (Exhibit 10.1, Form 8-K filed December 16, 2005, File No. 1-8489, incorporated by reference).
- 10.29\* Letter agreement between Dominion and Thomas N. Chewning, dated February 28, 2003 (Exhibit 10.25, Form 10-K for the fiscal year ended December 31, 2002, File No. 1-8489, incorporated by reference).
- 10.30\* Offer of employment dated March 16, 2001 between Dominion and Duane C. Radtke (Exhibit 10.26, Form 10-K for the fiscal year ended December 31, 2002, File No. 1-8489, incorporated by reference).
- 10.31\* Supplemental retirement agreement, dated October 15, 2004 between Dominion and Duane C. Radtke (Exhibit 10, Form 8-K filed October 19, 2004, File No. 1-8489, incorporated by reference).
- 10.32\* Supplemental letter agreement, dated January 26, 2007 between Dominion and Duane C. Radtke (Exhibit 10.1, Form 8-K filed January 31, 2007, File No. 1-8489, incorporated by reference).
- 10.33\* Employment agreement dated February 13, 2007 between Dominion Resources Services, Inc. and Mark F. McGettrick (Exhibit 10.34, Form 10-K for the fiscal year ended December 31, 2006, File No. 1-8489, incorporated by reference).
- 10.34\* Supplemental retirement agreement dated April 22, 2005 between Dominion and Mark F. McGettrick (Exhibit 10.36, Form 10-K for the fiscal year ended December 31, 2005, File No. 1-8489, incorporated by reference).
- 10.35\* Offer of employment dated August 21, 2000 between Dominion Energy, Inc. and Jay L. Johnson (Exhibit 10.36, Form 10-K for the fiscal year ended December 31, 2006, File No. 1-8489, incorporated by reference).
- 10.36\* Supplemental letter agreement dated April 22, 2005 between Dominion Resources, Inc. and Jay L. Johnson (Exhibit 10.37, Form 10-K for the fiscal year ended December 31, 2006, File No. 1-8489, incorporated by reference).
- 10.37\* Letter Agreement between Consolidated Natural Gas Company and George A. Davidson, Jr. dated December 22, 1998, related letter dated January 8, 1999 and Amendment to Letter Agreement dated February 26, 2008 are filed herewith.
- 10.38\* Form of Restricted Stock Grant under 2006 Long-Term Compensation Program approved March 31, 2006 (Exhibit 10.1, Form 8-K filed April 4, 2006, File No. 1-8489, incorporated by reference).
- 10.39\* Form of Performance Grant under 2006 Long-Term Compensation Program approved March 31, 2006, as amended and restated January 24, 2008 (Exhibit 10.1, Form 8-K filed January 30, 2008, File No. 1-8489, incorporated by reference).
- 10.40\* Form of Restricted Stock Grant under 2007 Long-Term Compensation Program approved March 30, 2007 (Exhibit 10.1, Form 8-K filed April 5, 2007, File No. 1-8489, incorporated by reference).
- 10.41\* Form of Performance Grant under 2007 Long-Term Compensation Program approved March 30, 2007 (Exhibit 10.2, Form 8-K filed April 5, 2007, File No. 1-8489, incorporated by reference).
- 10.42\* 2007 Long-Term Compensation Program –(E&P) Form of Restricted Stock Grant Agreement approved March 30, 2007. (Exhibit 10.3, Form 8-K filed April 5, 2007, File No. 1-8489, incorporated by reference).
- 10.43 Offshore Package Purchase Agreement between Dominion Exploration & Production, Inc. and Eni Petroleum dated April 27, 2007. (Exhibit 10.5 to Form 10-Q for the period ending March 31, 2007, filed May 3, 2007, File No. 1-8489, incorporated by reference).
- 10.44 Alabama/Permian Package Purchase Agreement dated as of June 1, 2007 between Dominion Resources, Inc., through certain of its wholly owned subsidiaries, and L O & G Acquisition Corp. (Exhibit 10.1, Form 8-K filed June 7, 2007, File No. 1-8489, incorporated by reference).
- 10.45 Gulf Coast/Rockies/San Juan Package Purchase Agreement dated as of June 1, 2007 between Dominion Resources, Inc. through certain of its wholly owned subsidiaries, and XTO Energy, Inc. (Exhibit 10.2, Form 8-K filed June 7, 2007, File No. 1-8489, incorporated by reference).
- 10.46\* Base salaries for named executive officers (filed herewith).

## Table of Contents

---

10.47*	Non-employee directors' annual compensation (filed herewith).
12	Ratio of earnings to fixed charges (filed herewith).
21	Subsidiaries of the Registrant (filed herewith).
23.1	Consent of Deloitte & Touche LLP (filed herewith).
23.2	Consent of Ryder Scott Company, L.P. (filed herewith).
31.1	Certification by Registrant's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification by Registrant's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32	Certification to the Securities and Exchange Commission by Registrant's Chief Executive Officer and Chief Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

\* Indicates management contract or compensatory plan or arrangement.

## Table of Contents

### Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

#### **DOMINION RESOURCES, INC.**

By: /s/ THOMAS F. FARRELL, II  
(Thomas F. Farrell, II, Chairman, President and  
Chief Executive Officer)

Date: February 28, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on the 28th day of February, 2008.

<u>Signature</u>	<u>Title</u>
<u>/s/ THOMAS F. FARRELL, II</u> Thomas F. Farrell, II	Chairman of the Board of Directors, President and Chief Executive Officer
<u>/s/ PETER W. BROWN</u> Peter W. Brown	Director
<u>/s/ GEORGE A. DAVIDSON, JR.</u> George A. Davidson, Jr.	Director
<u>/s/ JOHN W. HARRIS</u> John W. Harris	Director
<u>/s/ ROBERT S. JEPSON, JR.</u> Robert S. Jepson, Jr.	Director
<u>/s/ MARK J. KINGTON</u> Mark J. Kington	Director
<u>/s/ BENJAMIN J. LAMBERT, III</u> Benjamin J. Lambert, III	Director
<u>/s/ MARGARET A. MCKENNA</u> Margaret A. McKenna	Director
<u>/s/ FRANK S. ROYAL</u> Frank S. Royal	Director
<u>/s/ DAVID A. WOLLARD</u> David A. Wollard	Director
<u>/s/ THOMAS N. CHEWNING</u> Thomas N. Chewning	Executive Vice President and Chief Financial Officer
<u>/s/ THOMAS P. WOHLFARTH</u> Thomas P. Wohlfarth	Senior Vice President and Chief Accounting Officer

**AMENDMENT  
TO THE DOMINION RESOURCES, INC.  
INCENTIVE COMPENSATION PLAN  
EFFECTIVE JUNE 20, 2007**

RESOLVED, that the definition of Fair Market Value in the Incentive Compensation Plan is hereby amended by replacing Section 2(m) in its entirety with the following:

(m) "Fair Market Value" means the closing price of a share of Company Stock, as reported in the Wall Street Journal or other financial reporting service selected by the Company, as of the last day on which Company Stock is traded preceding the Date of Grant or preceding any other date for which the value of Company Stock must be determined under the Plan.

RESOLVED, that the officers of the Company are authorized and directed to take any and all actions necessary to implement the foregoing resolution.

**AMENDMENT  
TO THE DOMINION RESOURCES, INC.  
2005 INCENTIVE COMPENSATION PLAN  
EFFECTIVE APRIL 27, 2007**

RESOLVED, that the definition of Fair Market Value in the 2005 Incentive Compensation Plan is hereby amended by replacing Section 2(m) in its entirety with the following:

(m) "Fair Market Value" means the closing price of a share of Company Stock, as reported in the Wall Street Journal or other financial reporting service selected by the Company, as of the last day on which Company Stock is traded preceding the Date of Grant or preceding any other date for which the value of Company Stock must be determined under the Plan.

RESOLVED, that the officers of the Company are authorized and directed to take any and all actions necessary to implement the foregoing resolution.

**DOMINION RESOURCES, INC.  
NON-EMPLOYEE DIRECTORS COMPENSATION PLAN**

Originally Effective January 1, 2005  
Amended and Restated Effective as of January 1, 2008

## TABLE OF CONTENTS

	<u>Page</u>
1. PURPOSE	1
2. DEFINITIONS	1
3. PARTICIPATION IN THE PLAN	3
4. STOCK RESERVED FOR THE PLAN	3
5. DEFERRAL OF ANNUAL RETAINER AND MEETING FEES	3
6. DEFERRED ACCUMULATION BENEFIT	5
7. STOCK UNIT ACCOUNT	5
8. DISTRIBUTIONS	6
9. TRUST	6
10. NO ACCELERATION OF BENEFITS	7
11. RESTRICTED STOCK AND STOCK OPTIONS	7
12. EFFECT OF STOCK DIVIDENDS AND OTHER CHANGES TO COMPANY STOCK	8
13. INTERPRETATION AND ADMINISTRATION OF THE PLAN	8
14. TERM OF THE PLAN	8
15. AMENDMENT OF THE PLAN	8
16. RIGHTS UNDER THE PLAN	8
17. BENEFICIARY	9
18. NOTICE	9
19. CONSTRUCTION	9

**DOMINION RESOURCES, INC.**  
**NON-EMPLOYEE DIRECTORS COMPENSATION PLAN**

**1. Purpose**

The Dominion Resources, Inc. Non-Employee Directors Compensation Plan (the "Plan") provides a mechanism for the Board of Directors of Dominion Resources, Inc. to pay compensation to its non-employee directors in cash or Dominion common stock. The Plan also allows such directors to defer receipt of such compensation until a future date, if desired. The Plan is intended to constitute a deferred compensation plan for non-employee Directors that meets the requirements of Section 409A of the Internal Revenue Code (the "Code").

**2. Definitions**

As used in the Plan, the following terms have the meanings indicated:

- (a) "Annual Meeting" means the annual meeting of shareholders at which members of the Board are routinely elected.
- (b) "Annual Cash Retainer" means that portion of a Director's Annual Retainer payable in cash.
- (c) "Annual Retainer" means the annual base retainer paid to a Director for service on the Board and/or a Board committee, consisting of the Annual Cash Retainer and the Annual Stock Retainer.
- (d) "Annual Stock Retainer" means that portion of a Director's Annual Retainer payable in Company Stock.
- (e) "Board" means the Board of Directors of the Company.
- (f) "Code" means the Internal Revenue Code of 1986, as amended.
- (g) "Company" means Dominion Resources, Inc., or any successor business by merger, purchase or otherwise that maintains the Plan.
- (h) "Company Stock" means the common stock of Dominion Resources, Inc. In the event of a change in the capital structure of the Company, the shares resulting from such a change shall be deemed to be the Company Stock (as provided in Section 12) within the meaning of the Plan.
- (i) "Deferral Election" has the meaning provided in Section 5(a).
- (j) "Deferred Accumulation Benefit" has the meaning provided in Section 6(a).

(k) "Deferred Cash" means the amount credited to a Director's Deferred Compensation Account pursuant to an election to defer an Annual Cash Retainer or cash Meeting Fees.

(l) "Deferred Cash Account" means the bookkeeping account for Deferred Cash established for a Director pursuant to Section 5.

(m) "Director" means a member of the Company's Board who is not (i) a current employee of the Company, or (ii) a former employee of the Company entitled to compensation for current or prior services. For purposes of this Section 2(m) the term "compensation" shall exclude payments to which the Director is entitled pursuant to the terms of any tax-qualified or non-qualified retirement plan or program sponsored by the Company.

(n) "Effective Date" means January 1, 2005. The effective date of this amended and restated plan is January 1, 2008.

(o) "Eligible Director" means a Director first elected to the Company's (or wholly-owned subsidiary's) Board between January 1, 1995 and January 1, 2004 who had not reached age 62 at the date of election.

(p) "Fair Market Value" means the closing price of a share of Company Stock, as reported in the *Wall Street Journal*, on a specified date.

(q) "Meeting Fees" means the fees paid to a Director for attending Board and Committee meetings, as determined by the Board according to the Company's established rules for compensating Directors, excluding any expense reimbursements or similar items.

(r) "Plan Year" means a calendar year.

(s) "Restricted Stock" means Company Stock awarded upon the terms and subject to the restrictions set forth in Section 11.

(t) "Separation from Service" is intended to have the same meaning as this term is defined under Treasury Regulation section 1.409A-1(h).

(u) "Stock Accumulation Plan" means the Dominion Resources, Inc. Stock Accumulation Plan for Outside Directors.

(v) "Stock Option" means a right to purchase Company Stock granted under the Plan, at a price determined in accordance with Section 11.

(w) "Stock Unit" means a hypothetical share of Company Stock. Each Stock Unit held in a Stock Unit Account shall be deemed to have the same value, from time to time, as a share of Company Stock, provided that Stock Units shall not confer upon any Director any of the rights associated with Company Stock, including, without limitation, the right to vote or to receive distributions.

(x) "Stock Unit Account" means the bookkeeping account for all of a Director's Stock Units.

(y) "Trust" has the meaning provided in Section 9.

### 3. **Participation in the Plan**

(a) Annual Retainer. For service during a Plan Year, a Director may receive an Annual Retainer, consisting of the Annual Cash Retainer and the Annual Stock Retainer. The Board shall determine the amount of each portion of the Annual Retainer, if any. A Director also may elect to defer receipt of all or a portion of the Annual Retainer as provided in Section 5.

(b) Meeting Fees. In addition to any Annual Retainer, a Director may also receive Meeting Fees based on his or her attendance at Company Board and Committee meetings during a Plan Year. The Board shall determine the amount of Meeting Fees, if any, for each meeting. A Director also may elect to defer receipt of all or a portion of his or her Meeting Fees as provided in Section 5. A Director may elect to receive all or a portion of his or her Meeting Fees in the form of cash or stock, as elected by a Director. If a Director does not make an election, Meeting Fees shall be paid in cash.

(c) Deferred Accumulation Benefit. On January 1, 2005, a Deferred Accumulation Benefit was provided to each Eligible Director who, prior to January 1, 2005, was a participant in the Stock Accumulation Plan and who was not vested, in whole or in part, in either of his or her accounts under the Stock Accumulation Plan as of December 31, 2004, as provided in Section 6.

(d) Other Compensation. The Board may provide other compensation to a Director as it determines appropriate, to the extent consistent with any legal or regulatory requirements, including Restricted Stock and Stock Options as provided in Section 11.

### 4. **Stock Reserved for the Plan**

The aggregate number of shares of Company Stock authorized for distribution to Directors and Eligible Directors under Section 3 is 1,000,000, subject to adjustment pursuant to Section 12.

### 5. **Deferral of Annual Retainer and Meeting Fees**

(a) Deferral Election Procedure. A Director may elect to defer the receipt of all or a portion of his or her Annual Retainer and/or Meeting Fees by completing a deferral election form provided by the Company for this purpose ("Deferral Election"). A Deferral Election must be in writing and delivered to the Corporate Secretary of the Company by December 31 of the year prior to the start of the Plan Year to which the Deferral Election pertains. A Director who first becomes eligible to participate in the Plan during a

Plan Year may submit a Deferral Election within 30 days of the date on which he or she becomes eligible to participate. A Deferral Election once made for a Plan Year shall be irrevocable. A Deferral Election may be made for a single Plan Year or may be made applicable to all future Plan Years until revoked. Any revocation shall be effective as of the first day of the next Plan Year after the revocation is made.

**(b) Deferral of Annual Retainer.**

(i) A Director may elect to defer all or a portion of his or her Annual Stock Retainer in increments of 10%. A deferred Annual Stock Retainer shall be credited in the form of Stock Units to the Director's Stock Unit Account as of the day of the Company's Annual Meeting. The number of Stock Units credited to the Stock Unit Account shall be equal to the number of shares of Company Stock elected to be deferred by the Director.

(ii) A Director may elect to defer all or a portion of his or her Annual Cash Retainer in increments of 10%. A Director may elect to have the deferred Annual Cash Retainer credited to his or her Deferred Cash Account or Stock Unit Account, or a combination of the two accounts. The Director's Deferral Election shall specify the portion to be deferred to each account in increments of 10% and the election shall be irrevocable; a Director may not elect to convert Stock Units to Deferred Cash or vice versa.

(iii) The number of Stock Units credited to the Director's Stock Unit Account attributable to a deferred Annual Cash Retainer shall be determined by dividing the amount of the deferred Annual Cash Retainer by the Fair Market Value of a share of Company Stock on the last trading day before the Company's Annual Meeting and the amount of the deferred Annual Cash Retainer shall be rounded to the nearest whole share.

(iv) Deferrals of the Annual Cash Retainer in the form of Deferred Cash shall be credited to the Director's Deferred Cash Account as of the day the Annual Cash Retainer would have been paid to the Director but for the deferral.

**(c) Deferral of Meeting Fees.**

(i) A Director may elect to defer all or a portion of his or her Meeting Fees in increments of 10%.

(ii) If a Director has elected to receive Meeting Fees in the form of stock, deferred stock Meeting Fees shall be credited to his or her Stock Unit Account as of the last day of the month in which the meeting occurs. The number of Stock Units credited to the Stock Unit Account shall be equal to the number of shares of Company Stock elected to be deferred by the Director.

(iii) If a Director has elected to receive Meeting Fees in the form of cash, the Director may elect to have deferred cash Meeting Fees credited to his or her Deferred Cash Account or Stock Unit Account, or a combination of the two accounts. The Director's Deferral Election shall specify the portion to be deferred to each account in increments of 10% and the election shall be irrevocable; a Director may not elect to convert Stock Units to Deferred Cash or vice versa.

(iv) The number of Stock Units attributable to cash Meeting Fees shall be determined by dividing the amount of the deferred Meeting Fee by the Fair Market Value of a share of Company Stock on the last day of the month in which the meeting occurs and the Stock Units shall be credited to the Director's Stock Unit Account as of that date and the amount of deferred cash Meeting Fees shall be rounded to the nearest whole share.

(v) Deferrals of cash Meeting Fees in the form of Deferred Cash shall be credited to the Director's Deferred Cash Account as of the day the Meeting Fees would have been paid to the Director but for the deferral.

(d) Interest Credits to Deferred Cash Accounts. Interest is credited to a Deferred Cash Account on the last day of each calendar quarter of the Plan Year based on the balance in the Deferred Cash Account at the end of the preceding day. Interest will be credited at the annual rate established for the fixed rate fund used for various Dominion Resources, Inc. deferred compensation plans. Interest credits are accrued on a monthly basis through the end of the month preceding the month of distribution of a Deferred Cash Account.

#### **6. Deferred Accumulation Benefit**

(a) Any Eligible Director who was a participant in the Stock Accumulation Plan, who was not vested in whole or part in the Stock Accumulation Plan as of December 31, 2004, who ceased to participate in the Stock Accumulation Plan and who was a Director on January 1, 2005 received a Deferred Accumulation Benefit. The amount of the Deferred Accumulation Benefit was the number of Stock Units equal to (i) the number of Stock Units held in the Eligible Director's accounts under the Stock Accumulation Plan as of December 31, 2004, divided by (ii) 17 and (iii) multiplied by the number of years the Director had been a member of the Company's Board as of December 31, 2004.

(b) The Company credited the appropriate number of Stock Units as a result of the Deferred Accumulation Benefit to the Eligible Director's Stock Unit Account as of January 1, 2005.

#### **7. Stock Unit Account**

(a) All Stock Units credited to a Director's Stock Unit Account shall be credited with hypothetical cash dividends equal to the cash dividends that are declared and paid on Company Stock. On each record date, the Company shall determine the amount of cash dividends to be paid per share of Company Stock. On the payment date of such dividend, the Company shall credit an equal amount of hypothetical cash dividends to each Stock Unit. The hypothetical cash dividends shall be converted into Stock Units by dividing the hypothetical cash dividends by the Fair Market Value of Company Stock for the last trading day preceding the day on which the Company pays dividends on its Common Stock. With respect to the March 20, 2005 dividend only, the number of Stock

Units credited to a Director's Stock Unit Account shall be rounded to the nearest whole share. Hypothetical cash dividends shall continue to be credited to Stock Units and shall be converted into additional Stock Units as described in this subsection until all of the Stock Units in a Director's Stock Unit Account have been distributed. The provisions of this subsection shall also apply to any distribution of Company Stock other than cash dividends or stock dividends, the market value of any such distributions to be determined by the Board.

(b) Stock Units and the Stock Unit Account may not be sold, assigned, transferred, disposed of, pledged, hypothecated or otherwise encumbered.

#### 8. Distributions

(a) Distribution Election. A Director may elect to receive his or her Deferred Cash Account and Stock Unit Account in a single lump sum payment or in ten (10) substantially equal annual installments. Except as permitted under any transition rule of Code section 409A for periods prior to January 1, 2009, a distribution election shall be made at the time the Director makes his or her initial Deferral Election and shall be irrevocable.

(b) Time of Distribution. Distribution of the Deferred Cash Account and Stock Unit Account shall be made (or in the case of installment payments, shall begin) as soon as administratively practicable after, but no later than 90 days after, the Director's Separation from Service.

(c) Distribution upon Death of Director. In the event of a Director's Separation from Service on account of death, payment shall be made to the Director's Beneficiary in a single lump sum payment as soon as administratively practicable after, but no later than 90 days after, the death. If a Director dies after installment payments have commenced, the balance of the unpaid installment payments shall be paid in a single lump sum payment as soon as administratively practicable after, but no later than 90 days after, the Director's death.

(d) Form of Payment. Payment of the Deferred Cash Account shall be made in cash. Payment of the Stock Unit Account shall be made in whole shares of Company Stock equal to the number of whole Stock Units in the Stock Unit Account. Payment for fractional shares shall be made in cash.

#### 9. Trust

(a) With respect to the (i) deferred portion of the Annual Stock Retainer; (ii) the Annual Cash Retainer and Meeting Fees deferred into Stock Units; and (iii) Deferred Accumulation Benefits, the Company shall issue shares of Company Stock to a Trust equal to the number of Stock Units.

(b) The Corporate Secretary of the Company shall be the trustee of the Trust unless the Board designates another person or entity as trustee. The Trust shall secure the Company's obligation to pay shares of Company Stock to the Director. The Trust and its

assets shall remain subject to the claims of the Company's creditors. Any interest that the Director may be deemed to have in the Trust may not be sold, hypothecated or transferred (including, without limitation, transfer by gift), except by will or the laws of descent and distribution. Shares issued to the Trust shall be issued in the name of the trustee and the trustee shall maintain a separate account for each Director. The trustee shall invest all cash dividends on Company Stock in additional shares of Company Stock to be held in the separate account of the Director. The Director shall have the right to direct the trustee as to the voting of the number of shares of Company Stock equal to the number of Stock Units in the Director's Stock Unit Account.

#### **10. No Acceleration of Benefits**

Notwithstanding any other provision in this Plan to the contrary, the time or schedule for any payment of the Deferred Cash Account or the Stock Unit Account under this Plan shall not be accelerated under any circumstances

#### **11. Restricted Stock and Stock Options**

The Plan also permits the award of Restricted Stock and Stock Options to Directors. The Board has the power and complete discretion to select Directors to receive such awards, and, under provisions consistent with this Section 11, to determine the terms and conditions, the nature of the award and the number of shares to be allocated as part of each award for each Director.

(a) The Board shall establish as to each award of Restricted Stock, the terms and conditions upon which the restrictions shall lapse. Shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of until the restrictions on such shares as set forth in the restricted stock agreement have lapsed. Whenever the Board deems it appropriate to grant Restricted Stock to a Director, notice shall be given to the Director stating the number of shares of Restricted Stock granted and the terms and conditions to which the Restricted Stock is subject. This notice shall become a grant agreement between the Company and the Director. Upon the award of Restricted Stock, the Director shall have all the rights of a shareholder with respect to such shares of Restricted Stock, including, but not limited to, the right to vote such shares of Restricted Stock and the right to receive all dividends and other distributions paid thereon. Certificates representing Restricted Stock shall be held by the Company until the restrictions lapse and the Director shall provide the Company with appropriate stock powers endorsed in blank.

(b) Whenever the Board deems it appropriate to grant Options, notice shall be given to the Director stating the number of shares for which Options are granted, Option price per share, and the conditions to which the grant and exercise of the Options are subject. This notice shall become a stock option agreement. The exercise price of shares of Company Stock covered by a Stock Option shall be not less than 100% of the Fair Market Value of Company Stock on the day prior to the grant of the Stock Option. Stock Options may be exercised in whole or in part at such time as may be specified in the stock option agreement; provided that no Stock Option may be exercised after the expiration of eight (8) years from the date of the grant of the Stock Option.

**12. Effect of Stock Dividends and Other Changes to Company Stock**

In the event of a stock dividend, stock split or combination of shares, recapitalization or merger in which the Company is the surviving corporation or other change in the Company's capital stock, the number and kind of shares of Company Stock to be subject to the Plan and the maximum number of shares which are authorized for distribution under the Plan shall be appropriately adjusted by the Board or a Committee of the Board, whose determination shall be binding on all persons.

**13. Interpretation and Administration of the Plan**

The Board shall administer, construe and interpret the Plan. Any decision of the Board with respect to the Plan shall be final, conclusive and binding upon all Directors. The Board may act by a majority of its members. The Board may authorize any member of the Board or any officer of the Company to execute and deliver documents on behalf of the Board. The Board may consult with counsel, who may be counsel to the Company, and shall not incur any liability for action taken in good faith in reliance upon the advice of counsel. The Corporate Secretary of the Company shall be authorized to take or cause to be taken such actions of a ministerial nature as necessary to effectuate the intent and purposes of the Plan, including issuing Company Stock for the Plan, maintaining records of the Directors accounts, and arranging for distributions of such accounts in accordance with this Plan document. The Board shall interpret this Plan for all purposes in accordance with Code section 409A and the regulations thereunder.

**14. Term of the Plan**

The Plan shall continue until terminated at any time by action of the Board or until there are no remaining shares available for the Plan under Section 4. Any termination of the Plan by the Board shall not alter or impair any of the rights or obligations for any benefit previously deferred under the Plan.

**15. Amendment of the Plan**

The Board may suspend or terminate the Plan or revise or amend the Plan in any respect; provided, any amendment or termination of the Plan shall not adversely affect a Director with respect to any benefit previously deferred under the Plan.

**16. Rights Under the Plan**

The Plan shall not constitute or be evidence of any agreement or understanding, express or implied, that the Company will retain any person as a director for any period of time.

#### **17. Beneficiary**

A Director may designate in writing delivered to the Company's Corporate Secretary, one or more beneficiaries (which may include a trust) to receive any distributions under the Plan after the death of the Director. If a Director fails to designate a beneficiary, or no designated beneficiary survives the Director, any payments to be made with respect to the Director after death shall be made to the personal representative of the Director's estate.

#### **18. Notice**

All notices and other communications required or permitted to be given under this Plan shall be in writing and shall be deemed to have been duly given if delivered personally or mailed first class, postage prepaid, as follows: (a) if to the Company - at its principal business address to the attention of the Corporate Secretary; (b) if to any Director - at the last address of the Director known to the sender at the time the notice or other communication is sent.

#### **19. Construction**

The Plan shall be construed and enforced according to the laws of the Commonwealth of Virginia. Headings and captions are for convenience only and have no substantive meaning. Reference to one gender includes the other, and references to the singular and plural include each other.

December 22, 1998

Mr. Steven A. Minter  
Executive Director and President  
The Cleveland Foundation  
1422 Euclid Avenue  
Suite 1400  
Cleveland, OH 44115

Dear Steve:

As you know, I have informed you and the other members of the Board of Directors of Consolidated Natural Gas Company ("CNG" or the "Company") of my intention to retire from CNG on August 1, 2000 ("Retirement Date"). Consequently, the Board has initiated a search for a new CEO for CNG.

Of course, the Board and I share a desire to make the leadership transition process as smooth and successful as possible. To that end, you (as chair of the Board's Human Resources Committee) and I have discussed a number of matters regarding my responsibilities at CNG during this period, and my compensation and benefits during the period of transition and thereafter. As I have advised you, the terms of my continued employment by CNG through my Retirement Date are important to me and my family for many reasons, including the vesting of my pension and stock options. Likewise, it is important to CNG for me to remain employed with CNG through my Retirement Date, and CNG wants to provide inducements to me for my continued employment.

The purpose of this letter is to set forth our mutual understanding as to our agreement on all these matters.

(1) I will retain my title and position of Chairman of the Board and CEO of the Company until (a) my Retirement Date, (b) the Board selects my successor, or (c) the Board eliminates my position, whichever first occurs. As Chairman of the Board and CEO, I will continue to have responsibilities equivalent to those of chairmen of boards and CEOs of other Fortune 500 companies, including oversight of the Company's business, participation in top level strategy decisions and chairing meetings of the Company's Board. I will continue to serve my current term as a member of the Board, and I will resign from the Board as of my Retirement Date. If the Board selects my successor, relieves me of my duties as Chairman, or eliminates my position prior to my Retirement Date, until my Retirement Date, I will continue to be treated as a senior executive officer,

occupy the same or equivalent office space and be provided with the current level of secretarial and administrative assistance, including but not limited to support and assistance in my position as Chairman of the Convergence Study of the Consumer Energy Council of America.

(2) Until my Retirement Date, I will continue to be compensated at a base compensation of no less than Seven Hundred Thousand Dollars (\$700,000) per year, and commencing in 1999, I will receive a minimum annual increase of five (5%) per cent of my base compensation or the same average percentage increase in base compensation as received by the other senior executive officers, whichever is greater. Also, I will continue to be provided with the company car, reimbursement for dues and membership fees at Allegheny Country Club and the Duquesne Club, and I will receive all the benefits and incentive programs provided and/or offered to the other senior executive officers by the Company including, vacation, group health and disability insurance programs, reimbursement for financial counseling services, executive physical examinations, any early retirement incentive programs, etc. In addition, I will continue to receive incentive compensation under CNG's short-term incentive plan at a minimum of "target" (sixty 60%) per cent of base compensation). My vested options under the current long term incentive plan will be exercisable for ten years from the date of the grant. The holding period requirement for restricted stock under the current long term incentive plan will be removed for my stock on my Retirement Date. Until my Retirement Date, I will participate in any new incentive plans on a pro rata basis based upon the number of quarters between the effective date of the plan and my Retirement Date and the total number of quarters during the term of the plan(s). I will receive vesting of performance shares and stock options provided under any new incentive plans on a pro rata basis based upon the number of quarters between the effective date of the plan and my Retirement Date and the total number of quarters during the term of the plans. For purposes of calculating the number of quarters, any portion of a quarter included within such period will be deemed to be a full quarter.

(3) In the event of my death prior to my Retirement Date, the Company shall be obligated to pay my estate or designated beneficiary the compensation and benefits to which I am entitled until my Retirement Date, including, but not limited to, the compensation and benefits provided in this agreement, and to provide any applicable family health insurance and all other benefits normally provided to survivors of senior executives of the Company until my Retirement Date, and to provide all other applicable benefits under any life insurance policies provided by the Company and all benefits payable pursuant to any retirement plans.

(4) In the event that I become permanently disabled, mentally or physically, as determined by a physician selected by the Company, my employment with the Company will continue until my Retirement Date, and the Company shall be obligated to provide the compensation and benefits to which I

am entitled, to provide any applicable family health insurance and all other benefits normally provided to families of senior executives until my Retirement Date, including, but not limited to, the compensation and benefits provided in this agreement.

(5) After my Retirement Date or upon my resignation pursuant to paragraph (8) of this agreement, CNG will provide me an executive office in its headquarters office building, or comparable office space at or near 625 Liberty Avenue, Pittsburgh, Pennsylvania, together with routine clerical assistance, telephone and fax service, and financial counseling equivalent to the current financial counseling provided, free of cost for my lifetime. CNG will also provide me a parking space at CNG Tower or a similar location near CNG Tower, free of cost for my lifetime. CNG will also reimburse me for all reasonable and necessary expenses incurred on behalf of CNG, and all reasonable and necessary expenses incurred in furtherance of my duties and participation with the Consumer Energy Council of America and the American Gas Association.

(6) After my Retirement Date or upon my resignation pursuant to paragraph (8) of this agreement, at my option, CNG will sell to me the Buick Park Avenue which the Company has leased for me. In the event that I elect to purchase this car, the purchase price will be the fair market value of the car at the time of the transfer as determined by the wholesale value of the car as listed in the Blue Book.

(7) Except as permitted by the Board or as required by law, after retirement I will not disclose any confidential knowledge or information of the Company or any of its subsidiaries, unless such knowledge or information becomes generally known in the industry through no fault of my own.

(8) If prior to my Retirement Date, I am relieved of my duties as Chairman or if my position as Chairman is eliminated or if my responsibilities and/or treatment as a senior executive officer as described in paragraph (1) of this agreement are reduced for any reason other than my death or disability, I may elect to resign prior to August 1, 2000, and after my resignation the Company will pay me all of the compensation and benefits to which I am entitled as if my employment had continued until August 1, 2000, including, but not limited to, the compensation and benefits provided in this agreement, including all post-retirement benefits, and commencing on the first day of the month following the date of such termination, the Company will pay to me the difference between what my monthly benefit would have been under the System Pension Plan of Consolidated Natural Gas Company and Its Participating Subsidiaries For Employees Who Are Not Represented By A Recognized Union ("System Pension Plan") and the Unfunded Supplemental Benefit Plan For Employees of Consolidated Natural Gas Company and Its Participating Subsidiaries For Employees Who Are Not Represented By A Recognized Union (collectively the "Plans") had my employment continued through July 31, 2000 and my actual

benefit under said Plans at the time of the termination of my employment with the Company (the "Early Termination Differential"). For purpose of calculating the Early Termination Differential, in determining my benefit under said Plans as if my employment had continued through July 31, 2000, my base annual salary will be the greater amount between my actual base annual salary on the day of the termination of my employment or my current base annual salary plus five (5%) per cent increases on March 1, 1999 and March 1, 2000 (\$771,750). The form of Early Termination Differential payable by the Company to me will be identical to the form of benefit elected by me under the System Pension Plan as of my actual termination date. The Early Termination Differential will be paid to me during my lifetime and, if I elected a joint and survivor annuity under the System Pension Plan, the Early Termination Differential, appropriately reduced if necessary under the System Pension Plan based upon said election, will continue to be paid to my surviving spouse for her lifetime.

(9) This agreement is intended to expand upon my compensation and benefits, and nothing in this agreement is intended to, or shall be interpreted to, reduce any compensation or benefit to which I or my family members, legal representatives or heirs are or will become entitled, or affect the terms and conditions of any benefit, pension or incentive plan, including, but not limited to, the Agreement dated December 12, 1995 between me and CNG, which will remain in full force and effect until it expires by its own terms, or unless with my consent said agreement is amended or superseded by another agreement. Moreover, if, prior to my Retirement Date, the Company offers or provides enhancements to such agreements and/or plans, and/or additional agreements or benefits plans, then I will be entitled to and/or may elect to include such enhancements in those agreements and/or plans and/or elect to participate in and receive the benefits of any new agreements or benefit plans.

(10) CNG agrees to reimburse all legal fees, accounting fees and tax advisor fees and expenses which I incur in connection with the negotiation and preparation of this agreement, up to a maximum of \$10,000. Also, the Company will reimburse me for any excise taxes on severance benefits that are considered excess parachute payments under the Internal Revenue Code of 1986, as amended.

(11) This agreement shall be binding on CNG and its successors and assigns and shall inure to the benefit of me, my heirs, personal representatives, successors and assigns.

(12) This agreement is made and entered into in the Commonwealth of Pennsylvania, and shall in all respects be interpreted, enforced and governed under the laws of said Commonwealth.

If the foregoing correctly states our understanding and agreement, please so indicate by signing both copies of this letter in the space indicated, thereby

evidencing CNG's intent to be legally bound by this agreement, and return one copy to me.

Very truly yours,

/s/ George A. Davidson, Jr.

George A. Davidson, Jr.

Accepted and agreed to,  
this 23rd day of December, 1998.

Consolidated Natural Gas Company

By: /s/ Steven A. Minter

Steven A. Minter

January 8, 1999

Mr. Steven A. Minter  
Executive Director and President  
The Cleveland Foundation  
1422 Euclid Avenue  
Suite 1400  
Cleveland, OH 44115

Dear Steve:

Re: Letter Agreement dated December 22, 1998

You have requested that I confirm our understanding with respect to three aspects of the December 22, 1998, letter agreement between us.

First, the third sentence of numbered paragraph (2) of that agreement provides that until my Retirement Date, I will continue to receive short-term incentive compensation at a minimum of the target rate of sixty percent of base compensation. This will confirm our intention that such incentive compensation would be payable only if the payment of short-term incentive compensation to CNG executives generally is triggered under, and pursuant to, the company's short-term incentive plan.

Secondly, we agree that the office space, parking space, clerical support and financial counseling referred to in numbered paragraph (5) of that agreement is to be provided to me at my request only. Likewise, it is our intention that to the extent that I request any of these benefits, they will be provided at no cost to me, including any income taxes which may be payable by me as a result of my receipt of the benefits. Accordingly, CNG will reimburse me for all income taxes, if any, which I may be required to pay as a result of receiving these benefits, including the reimbursement for payment of any income taxes on the benefits pursuant to this provision.

Thirdly, with respect to the provisions of numbered paragraph (10) of that agreement, it is our intent that I will cooperate with CNG to avoid causing benefits under that agreement to become excess parachute payments under the Internal Revenue Code of 1986, as amended.

These interpretations of provisions of our December 22, 1998, agreement confirm our intention with regard thereto in all respects, the December 22, 1998 agreement remains in full force and effect. Please indicate your concurrence by signing both copies of this letter in the space provided.

Very truly yours,

/s/ George A. Davidson, Jr.

George A. Davidson, Jr.

Accepted and agreed to  
this 12th day of January, 1999

By: /s/ Steven A. Minter

Steven A. Minter

## DEFERRED COMPENSATION AGREEMENT

This Deferred Compensation Agreement ("Agreement") between George A. Davidson, Jr. ("Mr. Davidson"), and Dominion Resources, Inc., a Virginia corporation ("Dominion") is entered into as of February 26, 2008 (the "Effective Date"). This Agreement is intended to replace paragraph (5) of the letter agreement between Mr. Davidson and Consolidated Natural Gas Company dated December 22, 1998 (the "1998 Agreement") as subsequently amended by a letter agreement between Mr. Davidson and Consolidated Natural Gas Company dated January 8, 1999 (the "1999 Agreement") (the 1998 Agreement and the 1999 Agreement are referred to collectively as the "Prior Agreements"). Consolidated Natural Gas Company was a wholly-owned subsidiary of Dominion prior to its merger into Dominion effective June 30, 2007.

### RECITALS

A. Mr. Davidson was the chief executive officer of Consolidated Natural Gas Company when the Prior Agreements were entered into.

B. The payments under paragraph (5) of the 1998 Agreement and the third paragraph of the 1999 Agreement were deferred compensation payable with respect to past services provided by Mr. Davidson to Consolidated Natural Gas Company as an executive and were part of an overall agreement relating to his retirement from such position.

C. Because of changed circumstances with Dominion in its Pittsburgh office and for other reasons, this Executive Deferred Compensation Agreement with Mr. Davidson is intended to change the form of payment of Dominion's obligation under paragraph (5) of the 1998 Agreement and the third paragraph of the 1999 Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

1. Effective as of February 26, 2008, paragraph (5) of the 1998 Agreement shall be amended to read as follows:

"(5) Dominion will pay me an amount annually for my lifetime payable January 1 of each year. The initial annual amount shall be \$40,000, beginning as of January 1, 2008. The initial annual amount shall be adjusted each year beginning in 2009 for the increase in the average consumer price index (used for purposes of adjusting benefits payable under the Federal Social Security Act) for the prior calendar year."

2. Effective as of February 26, 2008, the third paragraph of the 1999 Agreement relating to certain tax reimbursements is deleted and is of no further effect.

3. The terms of this Agreement are intended to comply with the applicable provisions of Sections 409A(a)(2) through (4) of the Internal Revenue Code, and shall be interpreted to the extent context reasonably permits in accordance with this intent.

4. Except as expressly provided in this Agreement, all other provisions of the Prior Agreements remain in full force and effect.

TO EVIDENCE THEIR AGREEMENT to the foregoing, the parties have executed this amended and restated Agreement the day and year first above written.

DOMINION RESOURCES, INC.

/s/ George A. Davidson, Jr.  
George A. Davidson, Jr.

By /s/ Thomas F. Farrell, II  
Name Thomas F. Farrell, II  
Its Chairman, President and Chief  
Executive Officer

**Dominion Resources, Inc.  
2008 Base Salaries for Named Executive Officers**

The 2008 base salaries for Dominion's named executive officers are as follows: Thomas F. Farrell, II, Chairman, President and Chief Executive Officer—\$1,200,000; Thomas N. Chewning, Executive Vice President and Chief Financial Officer—\$680,500; Mark F. McGarrick, Executive Vice President and Chief Executive Officer—\$485,800.

**Dominion Resources, Inc.  
Non-Employee Directors' Annual Compensation  
As of December 31, 2007**

	<u>Amount</u>
<b><u>Annual Retainer</u></b>	
Service as Director	\$ 150,000 (\$60,000 cash; \$90,000 stock)
Service as Audit Committee or Compensation, Governance and Nominating Committee Chair	\$ 15,000
Service as Finance and Risk Oversight Committee Chair	\$ 5,000
<b><u>Meeting Fees</u></b>	
Board meetings	\$ 2,000 per meeting
Committee meetings	\$ 2,000 per meeting

**Dominion Resources Inc. and Subsidiaries**  
**Computation of Ratio of Earnings to Fixed Charges**  
(millions of dollars)

	Years Ended December 31,				
	2007 (a)	2006 (b)	2005 (c)	2004 (d)	2003 (e)
<b>Earnings, as defined:</b>					
Earnings from continuing operations before income taxes and minority interests in consolidated subsidiaries	\$4,494	\$2,463	\$1,606	\$1,951	\$1,494
Distributed income from unconsolidated investees, less equity in earnings	(20)	(16)	(15)	3	(5)
Fixed charges included in the determination of net income	<u>1,254</u>	<u>1,095</u>	<u>999</u>	<u>951</u>	<u>991</u>
<b>Total earnings, as defined</b>	<b>\$5,728</b>	<b>\$3,542</b>	<b>\$2,590</b>	<b>\$2,905</b>	<b>\$2,480</b>
<b>Fixed charges, as defined:</b>					
Interest charges	\$1,275	\$1,164	\$1,052	\$ 986	\$1,067
Rental interest factor	<u>62</u>	<u>58</u>	<u>53</u>	<u>40</u>	<u>27</u>
<b>Total fixed charges, as defined</b>	<b>\$1,337</b>	<b>\$1,222</b>	<b>\$1,105</b>	<b>\$1,026</b>	<b>\$1,094</b>
<b>Ratio of Earnings to Fixed Charges</b>	<b>4.28</b>	<b>2.90</b>	<b>2.34</b>	<b>2.83</b>	<b>2.27</b>

(a) Earnings for the twelve months ended December 31, 2007 include a \$3.6 billion gain from the disposition of our U.S. non-Appalachian exploration and production (E&P) business, partially offset by \$1 billion of charges related to the disposition which are comprised of \$541 million related to the discontinuance of hedge accounting for certain gas and oil derivatives and subsequent changes in the fair value of these derivatives, \$171 million primarily related to the settlement of volumetric production payment agreements, \$242 million of charges related to the early retirement of debt, and \$91 million of employee-related expenses. Earnings for the period also include a \$387 million charge related to the impairment of the partially-completed Dresden generation facility; a \$231 million charge due to the termination of a power sales agreement at our State Line generating facility; \$88 million of impairment charges related to Dominion Capital, Inc. (DCI) assets; \$48 million of charges related to litigation reserves, and \$70 million of charges related to other items. Fixed charges for the twelve months ended December 31, 2007 include \$234 million of costs related to the early retirement of debt associated with our debt tender offer completed in July 2007. Excluding these items from the calculation would result in a lower ratio of earnings to fixed charges for the twelve months ended December 31, 2007.

(b) Earnings for the twelve months ended December 31, 2006 include \$189 million of charges related to the planned sale of two natural gas distribution utilities, The Peoples Natural Gas Company and Hope Gas, Inc., including \$166 million resulting from the write-off of certain regulatory assets, \$90 million of impairment charges related to DCI assets, a \$60 million charge due to an adjustment eliminating the application of hedge accounting related to certain interest rate swaps associated with our junior subordinated notes payable to affiliated trusts, a \$27 million charge resulting from the termination of a pipeline project in West Virginia, a \$26 million impairment charge resulting from a change in method of assessing other-than-temporary decline in the fair value of certain securities, \$17 million of incremental charges related to hurricanes Katrina and Rita, and \$9 million of net charges related to other items. Excluding these items from the calculation would result in a higher ratio of earnings to fixed charges for the twelve months ended December 31, 2006.

(c) Earnings for the twelve months ended December 31, 2005 include a \$423 million charge reflecting the de-designation of hedge contracts resulting from the delay of natural gas and oil production following Hurricanes Katrina and Rita, \$73 million in charges resulting from the termination of certain long-term power purchase contracts, \$21 million in net charges related to trading activities discontinued in 2004, including the Batesville long-term power-tolling contract divested in the second quarter of 2005 and other activities, \$35 million of impairment charges related to DCI assets, a \$76 million charge related to miscellaneous asset impairments, a \$28 million charge related to expenses following Hurricanes Katrina and Rita and \$5 million of charges related to other items. Excluding these items from the calculation would result in a higher ratio of earnings to fixed charges for the twelve months ended December 31, 2005.

(d) Earnings for the twelve months ended December 31, 2004 include \$76 million of impairment charges related to Dominion's investment in and planned divestiture of DCI, a \$23 million benefit associated with the disposition of certain assets held for sale, an \$18 million benefit from the reduction of accrued expenses associated with Hurricane Isabel restoration activities, \$96 million of losses related to the discontinuance of hedge accounting for certain oil hedges and subsequent changes in the fair value of those hedges during the third quarter following Hurricane Ivan, \$71 million in charges resulting from the termination of certain long-term power purchase contracts, a \$184 million charge related to the Batesville long-term power-tolling contract divested in the second quarter of 2005, and \$22 million of charges related to net legal settlements and other items. Excluding these items from the calculation would result in a higher ratio of earnings to fixed charges for the twelve months ended December 31, 2004.

(e) Earnings for the twelve months ended December 31, 2003 include a \$134 million impairment of DCI assets, \$28 million for severance costs related to workforce reductions, an \$84 million impairment of certain assets held for sale, \$197 million for restoration expenses related to Hurricane Isabel, a \$105 million charge related to the termination of a power purchase contract, \$64 million in charges for the restructuring and termination of certain electric sales contracts and a \$144 million charge related to our investment in Dominion Telecom including impairments, the cost of refinancings, and reallocation of equity losses. Excluding these items from the calculation would result in a higher ratio of earnings to fixed charges for the twelve months ended December 31, 2003.

**DOMINION RESOURCES, INC.**  
**SUBSIDIARIES OF THE REGISTRANT**  
**AS OF DECEMBER 31, 2007**

Name	Jurisdiction of Incorporation	Name Under Which Business is Conducted
Dominion Resources, Inc.	Virginia	Dominion Resources, Inc.
CNG Coal Company	Delaware	CNG Coal Company
CNG International Corporation	Delaware	CNG International Corporation
CNG Main Pass Gas Gathering Corporation	Delaware	CNG Main Pass Gas Gathering Corporation
CNG Oil Gathering Corporation	Delaware	CNG Oil Gathering Corporation
Dominion Alliance Holding, Inc.	Delaware	Dominion Alliance Holding, Inc.
Dominion Capital, Inc.	Virginia	Dominion Capital, Inc.
Dominion Cove Point, Inc.	Virginia	Dominion Cove Point, Inc.
Dominion Cove Point LNG Company, LLC	Delaware	Dominion Cove Point LNG Company, LLC
Dominion Gas Projects Company, LLC	Delaware	Dominion Gas Projects Company, LLC
Dominion Cove Point LNG, LP	Delaware	Dominion Cove Point LNG, LP
Dominion LNG Barge Company	Delaware	Dominion LNG Barge Company
Land Acquisition – Fairless, LLC	Delaware	Land Acquisition – Fairless, LLC
Dominion CNG Capital Trust I	Delaware	Dominion CNG Capital Trust I
Dominion Energy, Inc.	Virginia	Dominion Energy, Inc.
CNG Power Services Corporation	Delaware	CNG Power Services Corporation
Dominion Armstrong, LLC	Delaware	Dominion Armstrong, Inc.
Dominion Cogen WV, Inc.	Virginia	Dominion Cogen WV, Inc.
Dominion Dresden, Inc.	Delaware	Dominion Dresden, Inc.
Dresden Energy, LLC	Delaware	Dresden Energy, LLC
Dominion Dresden Services Company, Inc.	Delaware	Dominion Dresden Services Company, Inc.
Dominion Elwood, Inc.	Delaware	Dominion Elwood, Inc.
Dominion Elwood Expansion, Inc.	Delaware	Dominion Elwood Expansion, Inc.
Dominion Elwood Services Company, Inc.	Virginia	Dominion Elwood Services Company, Inc.
Dominion Energy Construction Company	Virginia	Dominion Energy Construction Company
Dominion Energy Marketing, Inc.	Delaware	Dominion Energy Marketing, Inc.
Dominion Nuclear Connecticut, Inc.	Delaware	Dominion Nuclear Connecticut, Inc.
Dominion Energy New England, Inc.	Massachusetts	Dominion Energy New England, Inc.
Dominion Energy Brayton Point, LLC	Virginia	Dominion Energy Brayton Point, LLC
Dominion Energy Salem Harbor, LLC	Virginia	Dominion Energy Salem Harbor, LLC
Dominion Energy Manchester Street, Inc.	Virginia	Dominion Energy Manchester Street, Inc.
Dominion Energy Services Company, Inc.	Virginia	Dominion Energy Services Company, Inc.
Dominion Energy Terminal Company, Inc.	Virginia	Dominion Energy Terminal Company, Inc.
Dominion Equipment, Inc.	Virginia	Dominion Equipment, Inc.
Dominion Equipment II, Inc.	Virginia	Dominion Equipment II, Inc.
Dominion Equipment III, Inc.	Delaware	Dominion Equipment III, Inc.
Dominion Fairless Hills, Inc.	Delaware	Dominion Fairless Hills, Inc.
Fairless Energy, LLC	Delaware	Fairless Energy, LLC
Dominion Kincaid, Inc.	Virginia	Dominion Kincaid, Inc.
Kincaid Generation, L.L.C.	Virginia	Kincaid Generation, L.L.C.
Dominion Mt. Storm Wind, LLC	Virginia	Dominion Mt. Storm Wind, LLC
Dominion North Star Generation, Inc.	Delaware	Dominion North Star Generation, Inc.
North Star Generation, LLC	Delaware	North Star Generation, LLC
Dominion Nuclear Projects, Inc.	Virginia	Dominion Nuclear Projects, Inc.



Dominion VPP Holdings, LLC  
Hope Gas, Inc.  
The East Ohio Gas Company  
The Peoples Natural Gas Company  
Virginia Electric and Power Company

Virginia Power Capital Trust II  
Virginia Power Fuel Corporation  
Virginia Power Services, LLC  
Dominion Generation Corporation  
Virginia Power Services Energy Corp., Inc.  
Virginia Power Nuclear Services Company  
VP Property, Inc.  
Virginia Power Energy Marketing, Inc.

Delaware  
West Virginia  
Ohio  
Pennsylvania  
Virginia

Delaware  
Virginia  
Virginia  
Virginia  
Virginia  
Virginia  
Virginia  
Virginia

Dominion VPP Holdings, LLC  
Dominion Hope  
Dominion East Ohio  
Dominion Peoples  
Dominion Virginia Power (in Virginia)  
Dominion North Carolina Power (in North Carolina)  
Virginia Power Capital Trust II  
Virginia Power Fuel Corporation  
Virginia Power Services, LLC  
Dominion Generation Corporation  
Virginia Power Services Energy Corp., Inc.  
Virginia Power Nuclear Services Company  
VP Property, Inc.  
Virginia Power Energy Marketing, Inc.

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-106790, 333-106793, 333-126053, 333-131810, 333-135112 and 333-137026 on Forms S-3 and Registration Statement Nos. 333-02733, 333-18391, 333-25587, 333-49725, 333-69305, 333-78173, 333-38396, 333-38398, 333-85094, 333-124256, 333-124257, 333-130566, 333-130570 and 333-143916 on Forms S-8 of our reports dated February 26, 2008, relating to the consolidated financial statements of Dominion Resources, Inc. (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of new accounting standards), and the effectiveness of Dominion Resources, Inc.'s internal control over financial reporting, appearing in this Annual Report on Form 10-K of Dominion Resources, Inc. for the year ended December 31, 2007.

/s/ Deloitte & Touche LLP

Richmond, Virginia  
February 26, 2008

### CONSENT OF INDEPENDENT ENGINEERS

We hereby consent to the references to our firm and to its having reviewed the report of Dominion Resources, Inc.'s staff engineers with regard to Dominion Resources, Inc.'s estimated proved reserves of gas and oil at December 31, 2007 appearing in Dominion Resources, Inc.'s Form 10-K for the year ended December 31, 2007 and in all current and future registration statements of Dominion Resources, Inc. that incorporate by reference such Form 10-K.

We further wish to advise that we are not employed on a contingent basis and that at the time of the preparation of our report, as well as at present, neither Ryder Scott Company, nor any of its employees had, or now has, a substantial interest in Dominion Resources, Inc., or any of its subsidiaries, as a holder of its securities, promoter, underwriter, voting trustee, director, officer, or employee.

/s/ Ryder Scott Company, L.P.

RYDER SCOTT COMPANY, L.P.  
Houston, Texas  
February 28, 2008

I, Thomas F. Farrell, II, certify that:

1. I have reviewed this report on Form 10-K of Dominion Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2008

\_\_\_\_\_  
 /s/ Thomas F. Farrell, II  
 Thomas F. Farrell, II  
 President and Chief Executive Officer

I, Thomas N. Chewning, certify that:

1. I have reviewed this report on Form 10-K of Dominion Resources, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2008

\_\_\_\_\_  
 /s/ Thomas N. Chewning  
 Thomas N. Chewning  
 Executive Vice President and Chief Financial Officer

CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Dominion Resources, Inc. (the Company), certify that:

1. the Annual Report on Form 10-K for the year ended December 31, 2007 (the "Report") of the Company to which this certification is an exhibit fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)).
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of December 31, 2007 and for the period then ended.

/s/ Thomas F. Farrell, II

Thomas F. Farrell, II

President and Chief Executive Officer February 28, 2008

/s/ Thomas N. Chewning

Thomas N. Chewning

Executive Vice President and

Chief Financial Officer

February 28, 2008

Created by 10KWizard [www.10KWizard.com](http://www.10KWizard.com)



# Form 8-K

DOMINION RESOURCES INC /VA/ - D

Filed: July 31, 2008 (period: July 31, 2008)

Report of unscheduled material events or corporate changes.

# Table of Contents

8-K - SECOND QUARTER 2008 EARNINGS

Item 2.02 Results of Operations and Financial Condition

Item 9.01 Financial Statements and Exhibits.

SIGNATURE

EX-99 (PRESS RELEASE)

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) **July 31, 2008**

**Dominion Resources, Inc.**  
(Exact Name of Registrant as Specified in Its Charter)

**Virginia**  
(State or other jurisdiction  
of incorporation)

**001-08489**  
(Commission  
File Number)

**54-1229715**  
(IRS Employer  
Identification No.)

**120 Tredegar Street  
Richmond, Virginia**  
(Address of Principal Executive Offices)

**23219**  
(Zip Code)

Registrant's Telephone Number, Including Area Code **(804) 819-2000**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( *see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 2.02 Results of Operations and Financial Condition**

On July 31, 2008, Dominion Resources, Inc. issued a press release announcing unaudited earnings for the three months ended June 30, 2008. The press release and related unaudited earnings tables are furnished with this Form 8-K as Exhibit 99.

**Item 9.01 Financial Statements and Exhibits.**

Exhibit

99

Dominion Resources, Inc. press release dated July 31, 2008

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DOMINION RESOURCES, INC.**

**Registrant**

/s/ Carter M. Reid

Carter M. Reid

Vice President – Governance and Corporate Secretary

Date: July 31, 2008

**FOR IMMEDIATE RELEASE**

**July 31, 2008**

**Company:** Dominion

**Contacts:**

Media: Mark Lazenby (804) 819-2042, Mark.Lazenby@dom.com  
Ryan Frazier (804) 819-2521, C.Ryan.Frazier@dom.com  
Analysts: Greg Snyder (804) 819-2383, James.Gregory.Snyder@dom.com  
Laura Kottkamp (804) 819-2254, Laura.E.Kottkamp@dom.com

**DOMINION ANNOUNCES SECOND-QUARTER 2008 EARNINGS**

- *Second-quarter GAAP earnings of 51 cents per share, operating earnings of 50 cents per share*
- *Company raises 2009 operating earnings outlook to \$3.30 to \$3.45 per share*
- *Company tightens 2008 operating earnings guidance to \$3.10 to \$3.15 per share*
- *Conference call scheduled for 10 a.m. EDT today*

RICHMOND, Va. – Dominion (NYSE: D) today announced unaudited net income determined in accordance with Generally Accepted Accounting Principles (GAAP) for the three months ended June 30, 2008, of \$298 million (51 cents per share) compared to a loss of \$530 million (76 cents per share) for the same period in 2007.

Operating earnings for the three months ended June 30, 2008, amounted to \$289 million (50 cents per share) compared to operating earnings of \$310 million (44 cents per share) for the same period in 2007. Operating earnings are defined as GAAP earnings adjusted for certain items.

Dominion uses operating earnings as the primary performance measurement of its earnings outlook and results for public communications with analysts and investors. Dominion also uses operating earnings internally for budgeting, for reporting to the board of directors, for the company's incentive compensation plans and for its targeted dividend payouts. Dominion management believes operating earnings provide a more meaningful representation of the company's fundamental earnings power.

Business segment results and detailed descriptions of items included in 2008 and 2007 GAAP earnings but excluded from operating earnings can be found on Schedules 1, 2 and 3 of this release.

Thomas F. Farrell II, chairman, president and chief executive officer, said:

"This quarter was notable not only for our excellent operational results but also for our continued success in implementing our major strategic initiatives. We obtained approval to begin construction of our coal and biomass plant in Southwest Virginia; we reached an agreement to sell drilling rights for a portion of our Marcellus acreage in Appalachia; and we also announced our intent to construct a pipeline from the Appalachian basin to markets on the East Coast. These actions position us to achieve our expected future earnings growth and remain a leader in energy infrastructure.

"In consideration of our year-to-date operating earnings and our limited sensitivity to commodity price changes, we are comfortable in tightening our 2008 operating earnings guidance range per share from \$3.05 to \$3.15 to \$3.10 to \$3.15.

"We are also raising our 2009 operating earnings outlook per share from \$3.25 to \$3.40 to \$3.30 to \$3.45. This change reflects expected positive impacts of sale of Marcellus shale drilling rights and higher margins from our generation business. We reiterate our expected annual operating earnings per share growth rate of at least 6 percent."

***Second-quarter 2008 operating earnings compared to guidance***

Second-quarter 2008 operating earnings of 50 cents per share compare to guidance of 47 cents to 52 cents per share. Drivers that

compared favorably to guidance include contributions from the generation and gas transmission businesses, warmer-than-normal weather in the company's electric utility service area and contributions from Dominion Retail. Factors that compared negatively to guidance include storm restoration-related expenses in the company's electric utility service area; lower contributions from the producer services business; and certain state tax impacts.

---

## ***Second-quarter 2008 operating earnings compared to 2007***

The increase in second-quarter 2008 operating earnings per share as compared to 2007 is primarily attributable to the absence of unrecovered Virginia fuel expenses due to the deferral of fuel expenses in excess of current period recovery; higher margins from the merchant generation business; higher volumes and realized prices from the company's remaining E&P operations, including volumes associated with reacquired overriding royalty interests arising from the volumetric production payment agreements terminated in 2007; lower interest expense; and accretion due to share repurchases in 2007. These positives were partially offset by the absence of earnings resulting from the divestiture of the majority of the company's U.S. E&P operations and an increase in outage costs within the generation business.

Complete details of second-quarter 2008 operating earnings compared to 2007 can be found on Schedule 4 of this release.

## ***Third-quarter 2008 operating earnings guidance***

Dominion expects third-quarter 2008 operating earnings in the range of 87 cents to 92 cents per share. This compares to operating earnings of 86 cents per share in the third quarter of 2007. Drivers expected to compare favorably to 2007 include higher contributions from its merchant generation business; growth in electric utility sales; higher volumes and realized prices for the company's remaining E&P operations, including volumes associated with reacquired overriding royalty interests arising from the volumetric production payment agreements terminated in 2007; and accretion due to share repurchases in 2007.

Expected offsets include a return to normal weather in its electric utility service area; higher maintenance and depreciation expenses in the company's electric and gas utility businesses; and the impact of certain state income tax legislation enacted in July 2008. Complete details of the company's third-quarter 2008 guidance can be found in Dominion's second-quarter 2008 Earnings Release Kit published this morning on Dominion's Web page under Financial Modeling, Earnings Release Kits at [http:// www.dom.com/investors/](http://www.dom.com/investors/) .

In providing its third-quarter, full year 2008 and full year 2009 operating earnings outlook, the company notes that there will be differences between expected GAAP and operating earnings for matters such as, but not limited to, divestitures or changes in accounting principles. At this time, Dominion management is not able to estimate the impact, if any, of these items on GAAP earnings. Accordingly, Dominion is not able to provide a corresponding GAAP equivalent for its operating earnings guidance and outlook.

## ***Conference call today***

Dominion will host its second-quarter earnings conference call at 10 a.m. EDT on Thursday, July 31. Dominion management will discuss second-quarter 2008 financial results, third-quarter 2008 guidance and other matters of interest to the financial community.

Domestic callers should dial (866) 710-0179. The passcode for the conference call is "Dominion." International callers should dial (334) 323-9871 . Participants should dial in 10 minutes to 15 minutes prior to the scheduled start time. Members of the media also are invited to listen.

A live Webcast of the conference call will be available on the company's investor information page at <http://www.dom.com/investors/>.

A replay of the conference call will be available beginning about 1 p.m. EDT July 31 and lasting until 11 p.m. EDT August 7. Domestic callers may access the recording by dialing (877) 919-4059 . International callers should dial (334) 323-7226 . The PIN for the replay is 12697117 . Additionally, a replay of the Webcast will be available on the company's investor information page by the end of the day July 31.

Dominion is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 27,000 megawatts of generation, 1.1 trillion cubic feet equivalent of proved natural gas and oil reserves, 14,000 miles of natural gas transmission, gathering and storage pipeline and 6,000 miles of electric transmission lines. Dominion operates the nation's largest natural gas storage facility with 975 billion cubic feet of storage capacity and serves retail energy customers in 11 states. For more information about Dominion, visit the company's Web site at <http://www.dom.com>.

*This release contains certain forward-looking statements, including our forecasted operating earnings for 2008 and 2009 as well as projected future long-term operating earnings growth rates, that are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations may include factors that are beyond the company's ability to control or estimate precisely, such as fluctuations in energy-related commodity prices, the timing of the closing dates of acquisitions or divestitures, estimates of future market conditions, estimates of proved and unproved reserves, the company's ability to meet its natural gas and oil production forecasts, the timing and receipt of regulatory approvals necessary for planned projects, acquisitions and divestitures, and the ability to complete planned construction or expansion projects as scheduled. Other factors include, but are not limited to, weather conditions, including the effects of hurricanes on operations, the behavior of other market participants, state and federal legislative and regulatory developments and changes to environmental and other laws and regulations, including those related to climate change, greenhouse gases and other emissions to which we are subject, economic conditions in the company's service area, risks of operating businesses in regulated industries that are subject to changing*

*regulatory structures, changes to regulated gas and electric rates collected by Dominion, changes to rating agency requirements and ratings, changing financial accounting standards, trading counter-party credit risks, risks related to energy trading and marketing, adverse outcomes in litigation matters, and other uncertainties. Other risk factors are detailed from time to time in Dominion's most recent quarterly report on Form 10-Q or annual report on Form 10-K filed with the Securities & Exchange Commission.*

###

---

# Schedule 1 - Segment Operating Earnings

## Preliminary, Unaudited

(millions, except earnings per share)

### Operating Revenue (GAAP Based)

#### Earnings:

1

Dominion Virginia Power

Dominion Energy

Dominion Generation

Corporate and Other:

Other

Divested U.S. E&P Operations 2

Peoples & Hope 3

#### OPERATING EARNINGS

Items excluded from operating earnings 2, 4

#### GAAP EARNINGS

### Common Shares Outstanding (average, diluted) 5

#### Earnings Per Share (EPS): 1

Dominion Virginia Power

Dominion Energy

Dominion Generation

Corporate and Other:

Other

Divested U.S. E&P Operations 2

Peoples & Hope 3

#### OPERATING EARNINGS

Items excluded from operating earnings 2, 4

#### GAAP EARNINGS

### Operating Revenue (GAAP Based)

#### Earnings:

1

Dominion Virginia Power

Dominion Energy

Dominion Generation

Corporate and Other:

Other

Divested U.S. E&P Operations 2

Peoples & Hope 3

#### OPERATING EARNINGS

Items excluded from operating earnings 2, 4

#### GAAP EARNINGS

### Common Shares Outstanding (average, diluted)

#### Earnings Per Share (EPS): 1

Dominion Virginia Power

Dominion Energy

Three months ended June 30,		
2008	2007	Change
\$ 3,452	\$ 3,730	\$ (278)

\$ 76	\$ 98	\$ (22)
70	66	4
206	81	125
(63)	(69)	6
-	130	(130)
-	4	(4)
\$ 289	\$ 310	\$ (21)
9	(840)	849
\$ 298	\$ (530)	\$ 828

580.7	698.2
-------	-------

\$ 0.13	\$ 0.14	\$ (0.01)
0.12	0.09	0.03
0.36	0.12	0.24
(0.11)	(0.10)	(0.01)
-	0.19	(0.19)
-	-	-
\$ 0.50	\$ 0.44	\$ 0.06
0.01	(1.20)	1.21
\$ 0.51	\$ (0.76)	\$ 1.27

Six months ended June 30,		
2008	2007	Change
\$ 7,841	\$ 8,391	\$ (550)

\$ 194	\$ 230	\$ (36)
252	208	44
542	220	322
(121)	(121)	-
-	253	(253)
-	38	(38)
\$ 867	\$ 828	\$ 39
111	(905)	1,016
\$ 978	\$ (77)	\$ 1,055

579.5	702.3
-------	-------

\$ 0.34	\$ 0.33	\$ 0.01
0.43	0.30	0.13

Dominion Generation	0.94	0.31	0.63
Corporate and Other:			
Other	(0.21)	(0.17)	(0.04)
Divested U.S. E&P Operations <sup>2</sup>	-	0.36	(0.36)
Peoples & Hope <sup>3</sup>	-	0.05	(0.05)
<b>OPERATING EARNINGS</b>	<b>\$ 1.50</b>	<b>\$ 1.18</b>	<b>\$ 0.32</b>
Items excluded from operating earnings <sup>2, 4</sup>	0.19	(1.29)	1.48
<b>GAAP EARNINGS</b>	<b>\$ 1.69</b>	<b>\$ (0.11)</b>	<b>\$ 1.80</b>

1) 2007 segment earnings and per share values have been recast to reflect the impact of segment realignment and the November 2007 2-for-1 common stock split.

2) Dominion sold the majority of its E&P operations in 2007.

3) Earnings for The Peoples Natural Gas Company (Peoples) and Hope Gas, Inc. (Hope) are excluded from our 2008 operating earnings.

4) Refer to schedules 2 and 3 for details related to items excluded from operating earnings, or find "GAAP Reconciliation" on Dominion's Web site at [www.dom.com/investors/](http://www.dom.com/investors/)

5) As a result of the net loss from continuing operations for the three months ended June 30, 2007, the issuance of common stock under potentially-dilutive securities was considered antidilutive and therefore not included in the calculation of the diluted loss per share for that period.

## Schedule 2 – Reconciliation of 2008 Operating Earnings to GAAP

### 2008 Earnings (Six months ended June 30, 2008)

The net effects of the following items, all shown on an after-tax basis, are included in 2008 reported earnings, but are excluded from operating earnings:

- €\$157 million net benefit related to the planned sale of Peoples and Hope natural gas distribution companies, mainly reflecting the reversal of deferred tax liabilities established in 2006, due to a change in the expected tax treatment of the sale.
- €\$40 million of earnings from Peoples and Hope.
- €\$38 million impairment charge related to a Dominion Capital investment.
- €\$31 million of impairment charges reflecting other-than-temporary declines in the fair value of securities held in merchant nuclear decommissioning trust funds.
- €\$17 million in other charges, including an increase to tax valuation allowances, primarily related to the effect of lower projected capital gain income on the realizability of existing state loss carryforwards.

<i>(millions, except per share amounts)</i>	1Q08	2Q08	3Q08	4Q08	YTD 2008*
<b>Operating earnings</b>	\$578	\$289			\$867
<b>Items excluded from operating earnings (after-tax):</b>					
Net benefit related to the planned sale of Peoples & Hope	133	24			157
Peoples and Hope operations	34	6			40
Dominion Capital asset impairment	(38)				(38)
Impairment losses in nuclear decommissioning trust funds	(16)	(15)			(31)
Other charges	(11)	(6)			(17)
<b>Total items excluded from operating earnings</b>	<b>102</b>	<b>9</b>			<b>111</b>
<b>Reported net income</b>	<b>\$680</b>	<b>\$298</b>			<b>\$978</b>
<b>Common shares outstanding (average, diluted)</b>	<b>578.4</b>	<b>580.7</b>			<b>579.5</b>
<b>Operating earnings per share</b>	<b>\$1.00</b>	<b>\$0.50</b>			<b>\$1.50</b>
<b>Items excluded from operating earnings (after-tax)</b>	<b>0.18</b>	<b>0.01</b>			<b>0.19</b>
<b>Reported earnings per share</b>	<b>\$1.18</b>	<b>\$0.51</b>			<b>\$1.69</b>

\* YTD 2008 EPS may not equal sum of quarters due to share count differences.

### Schedule 3 – Reconciliation of 2007 Operating Earnings to GAAP

#### 2007 Earnings (Twelve months ended December 31, 2007)

The net effects of the following items, all shown on an after-tax basis, are included in 2007 reported earnings, but are excluded from operating earnings:

- \$1.5 billion net benefit resulting from the sale of the majority of our E&P operations including:
  - \$2.1 billion net gain from the sales; partially offset by
  - \$506 million in other charges including the effect of discontinuing hedge accounting for certain gas and oil hedges and subsequent changes in the fair value of these hedges (\$342 million), settlement of volumetric production payment (VPP) agreements (\$108 million), and employee-related expenses; and
  - \$148 million in net charges related to the early retirement of debt associated with the completion of our debt tender offer in July 2007;
- \$119 million net benefit related to the release of tax valuation allowances;
- \$270 million of impairment charges related to our merchant generation assets including \$252 million related to the sale of a partially completed generation facility (Dresden);
- \$137 million charge related to the termination of a power sales agreement at our State Line generating facility;
- \$158 million extraordinary item related to the reapplication of SFAS No. 71, *Accounting for the Effects of Certain Types of Regulation*, to the Virginia jurisdiction of our electric utility generation operations;
- \$56 million in charges related to the impairment of certain Dominion Capital investments;
- \$29 million in charges related to litigation reserves;
- \$93 million in other charges, including losses from certain discontinued operations.

<i>(millions, except per share amounts)</i>	1Q07	2Q07	3Q07	4Q07	YTD 2007*
<b>Operating earnings</b>	\$518	\$310	\$551	\$299	\$1,678
<b>Items excluded from operating earnings (after-tax):</b>					
Items related to the sale of the majority of our E&P operations:					
Net gain on sale	(2)	5	2,124	12	2,139
Other related charges	(6)	(482)	(15)	(3)	(506)
Net charges related to debt tender offer		15	(163)		(148)
Release of tax valuation allowances, net	(6)	70	55		119
Impairment of merchant generation assets		(252)	(18)		(270)
Termination of the State Line power sales agreement			(140)	3	(137)
Extraordinary item related to the reapplication of SFAS 71		(158)			(158)
Dominion Capital impairment of assets			(55)	(1)	(56)
Litigation reserves	(16)		(16)	3	(29)
Other charges	(35)	(38)	(6)	(14)	(93)
<b>Total items excluded from operating earnings</b>	<b>(65)</b>	<b>(840)</b>	<b>1,766</b>	<b>0</b>	<b>861</b>
<b>Reported net income (loss)</b>	<b>\$453</b>	<b>(\$530)</b>	<b>\$2,317</b>	<b>\$299</b>	<b>\$2,539</b>
<b>Common shares outstanding (average, diluted) **</b>	<b>701.7</b>	<b>698.2</b>	<b>639.6</b>	<b>578.1</b>	<b>655.2</b>
<b>Operating earnings per share</b>	<b>\$0.74</b>	<b>\$0.44</b>	<b>\$0.86</b>	<b>\$0.52</b>	<b>\$2.56</b>
<b>Items excluded from operating earnings (after-tax)</b>	<b>(0.09)</b>	<b>(1.20)</b>	<b>2.76</b>	<b>0.00</b>	<b>1.32</b>
<b>Reported earnings per share</b>	<b>\$0.65</b>	<b>(\$0.76)</b>	<b>\$3.62</b>	<b>\$0.52</b>	<b>\$3.88</b>

\* YTD 2007 EPS may not equal sum of quarters due to share count differences.

\*\* As a result of the net loss from continuing operations for the three months ended June 30, 2007, the issuance of common

stock under potentially-dilutive

securities was considered antidilutive and therefore not included in the calculation of the diluted loss per share for that period.

---

## Schedule 4 - Reconciliation of 2008 Earnings to 2007

Preliminary, unaudited  
(millions, except EPS)

Reconciling Items	Three Months Ended June 30, 2008 vs. 2007 Increase / (Decrease)	
	Amount	EPS
<b><i>Dominion Virginia Power</i></b>		
Regulated electric sales:		
Weather	\$1	\$0.00
Customer growth	2	0.00
Other	(3)	0.00
Interest Expense	(3)	0.00
Storm damage and service restoration - distribution operations	(7)	(0.01)
Retail energy marketing operations	5	0.00
Operation & maintenance expense	(8)	(0.01)
Other	(9)	(0.01)
Share Accretion	---	0.02
Change in contribution to operating earnings	(\$22)	(\$0.01)
<b><i>Dominion Energy</i></b>		
Producer services	(\$14)	(\$0.02)
Gas and Oil - production 1	14	0.02
Gas and Oil - prices	17	0.02
Gas and Oil - DDA expense	(7)	(0.01)
Other	(6)	0.00
Share Accretion	---	0.02
Change in contribution to operating earnings	\$4	\$0.03
<b><i>Dominion Generation</i></b>		
Regulated electric sales:		
Weather	\$3	\$0.00
Customer growth	4	0.00
Other	9	0.01
Virginia fuel underrecovery	118	0.18
Merchant generation margin	26	0.04
Sales of emissions allowances	9	0.01
Outage costs	(45)	(0.06)
Depreciation and amortization	(8)	(0.01)
Other	9	0.01
Share Accretion	---	0.06
Change in contribution to operating earnings	\$125	\$0.24
<b><i>Corporate and Other</i></b>		
Change in contribution to operating earnings 2	(\$128)	(\$0.20)
<b><i>Change in consolidated operating earnings</i></b>	<b>(\$21)</b>	<b>\$0.06</b>
<b><i>Change in items excluded from operating earnings 2, 3</i></b>	<b>\$849</b>	<b>\$1.21</b>
<b><i>Change in net income (GAAP earnings)</i></b>	<b>\$828</b>	<b>\$1.27</b>

1) Increase is primarily due to volumes associated with reacquired overriding royalty interest arising from the VPPs terminated in 2007.

2) Earnings for The Peoples Natural Gas Company (Peoples) and Hope Gas, Inc. (Hope) are excluded from our 2008 operating earnings.

3) Refer to schedules 2 and 3 for details of items excluded from operating earnings, or find "GAAP Reconciliation" on Dominion's Web site at [www.dom.com/investors/](http://www.dom.com/investors/).



**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit C-4 "Financial Arrangements"**

Attached is a copy of a signed document from G. Scott Hetzer, Senior Vice President and Treasurer, Dominion Resources, Inc. ("Dominion"), declaring that Dominion will guarantee the obligations of Dominion Retail in connection with Dominion Retail's retail electricity supplier activities in Ohio.



G. Scott Hetzer  
Senior Vice President and Treasurer  
120 Tredegar Street, Richmond, VA 23219  
Mailing Address: P.O. Box 26532  
Richmond, VA 23261

September 15, 2008

Public Utilities Commission of Ohio  
Docketing Division, 13<sup>th</sup> Floor  
180 E. Broad Street  
Columbus, Ohio 43215-3793

**Re: Renewal Application of Dominion Retail, Inc. for Certification as a Retail  
Generation Provider, Power Marketer, Power Broker and Aggregator:  
Docket No. 00-1781-EL-CRS, Certificate No. 00-008(4)**

To Whom It May Concern:

Dominion Retail, Inc. is a wholly-owned subsidiary of Dominion Resources, Inc. In connection with the renewal application of Dominion Retail, Inc. referenced above, please be advised that Dominion Resources, Inc. stands behind and will guarantee the obligations of Dominion Retail, Inc. related to its activities as a retail generation provider, power marketer, power broker and aggregator in Ohio.

Sincerely,

G. Scott Hetzer  
Senior Vice President and Treasurer

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit C-6 "Credit Rating"**

Dominion Retail is a wholly-owned subsidiary of Dominion Resources, Inc. Therefore, Dominion Retail does not have its own credit report.

Information relating to the credit rating of Dominion Resources, Inc. is attached hereto.

**STANDARD  
& POOR'S**

**RATINGSDIRECT®**

December 27, 2007

**Research Update:**

**Dominion Resources' Corporate  
Credit Rating Boosted Two Notches  
To 'A-'; Outlook Stable**

**Primary Credit Analyst:**

Todd A Shipman, CFA, New York (1) 212-438-7676; todd\_shipman@standardandpoors.com

**Table Of Contents**

---

Rationale

Outlook

Ratings List

## Research Update:

# Dominion Resources' Corporate Credit Rating Boosted Two Notches To 'A-'; Outlook Stable

## Rationale

On Dec. 27, 2007, Standard & Poor's Ratings Services raised its corporate credit rating on Dominion Resources Inc. and Virginia Electric & Power Co. (VEPCO) to 'A-' from 'BBB' to reflect the enterprise's lower risk profile. We also affirmed the 'A-2' commercial paper rating for both companies. The outlook on Dominion and VEPCO is stable.

Dominion's business risk profile is in the low end of the "Excellent" range of Standard & Poor's corporate ratings matrix, and we consider the financial profile to be "Aggressive." (Corporate risk profiles are assigned one of five designations ranging from "Excellent" to "Vulnerable" for business risk and from "Minimal" to "Highly Leveraged" for financial risk.)

Richmond, Va.-based Dominion and VEPCO have about \$13 billion of debt outstanding.

Dominion's sale earlier this year of a sizable portion of its oil and gas exploration and production assets, the re-regulation of VEPCO's Virginia-domiciled business, and the company's plans to invest predominantly in its regulated segments in the future all point to an improved and improving business-risk position. The company used large asset sale proceeds received in 2007 to balance the enterprise's financial strength, and incremental gains in credit metrics will help the company maintain a credit profile that supports the new ratings.

The ratings on Dominion Resources reflect the cash flow stability and supportive regulatory environment for its utilities, combined with much smaller oil and gas exploration and production operations and a portfolio of unregulated power generation and natural gas-related assets. Dominion faces some commodity price risk in its unregulated operations that requires the careful attention of management. The company's business risk profile is excellent, albeit in the low end of the range, and it carries an intermediate level of financial risk.

Utility subsidiary VEPCO and other regulated activities constitute more than one-half of the consolidated business profile, and with the move to re-regulate in Virginia, the utility operations have an attractive risk profile relative to integrated electric utility peers.

Dominion is a utility holding company with three primary subsidiaries: VEPCO, Dominion Energy Inc. (DEI), and Dominion Transmission Inc. VEPCO is an integrated, regulated electric utility serving 2.4 million customers in Virginia and northeastern North Carolina. The former Consolidated Natural Gas Co. subsidiary, now subsumed into Dominion, is a local natural gas distributor serving 1.7 million customers in Pennsylvania, Ohio, and West Virginia. DEI is an independent power producer with 8,700 MW of merchant generation and a natural gas exploration and production operation in Appalachia with more than 1 trillion cubic feet equivalent of proved reserves. Competitive retail

operations include 1.6 million electric and gas customers in 11 states. In addition, Dominion operates a substantial interstate natural gas pipeline system, large natural gas market-area storage facilities, and the largest liquefied natural gas (LNG) import and storage facility on the U.S. east coast.

We expect adjusted credit metrics to reside solidly in the "Aggressive" range for the utility indicative ratios published by Standard & Poor's. Leverage measures will continue to skirt the edge of that range, but overall financial strength at the reconstituted Dominion, including ample liquidity to support normal cash needs and the large capital spending program, is considered to be sufficient to support the new ratings. Management's commitment to maintaining financial health at levels appropriate for the rating, as well its stated plans to focus mainly on regulated activities, is an important consideration when we assess Dominion's credit quality.

### Short-term credit factors

The short-term rating on Dominion is 'A-2'. Dominion has had negative free cash flow for several years and will continue to experience a shortfall in this era of aggressive capital expenditures. Liquidity demands, once high, have diminished in the wake of the exploration and production divestitures, and Standard & Poor's considers access to liquidity to be strong. Liquidity is maintained through a total of \$5 billion of credit facilities. There are no rating triggers and the company is in compliance on its defined debt to capital covenant of 65%. At Sept. 30, 2007, Dominion had about \$470 million of cash and almost \$4.5 billion in unused committed bank facilities.

## Outlook

Ratings stability rests on Dominion's new, utility-centric business strategy that we expect to combine favorable business-risk characteristics with greater ability to produce more stable earnings and cash flow than in the past. The regulatory regime in Virginia enacted in 2007 is very credit supportive. The remaining unregulated business ventures are relatively low risk, and many, such as the Cove Point LNG facility, actually enhance Dominion's credit quality. Higher ratings could proceed from a gradual improvement in financial performance if it is accompanied by little change in business risk. Lower ratings would be caused by any renewed emphasis on capital spending in high-risk ventures, or if future regulatory behavior in Virginia does not mirror the credit-friendly features of the re-regulation legislation.

## Ratings List

Ratings Affirmed

Dominion Resources Inc.  
Commercial Paper

*Research Update: Dominion Resources' Corporate Credit Rating Boosted Two Notches To 'A-'; Outlook Stable*

Local Currency	A-2	
Virginia Electric & Power Co.		
Senior Secured		
Local Currency	1+	
Commercial Paper		
Local Currency	A-2	
Upgraded		
	To	From
Dominion Resources Inc.		
Senior Unsecured		
Local Currency	A-	BBB
Subordinated		
Local Currency	BBB+	BBB-
Junior Subordinated		
Local Currency	BBB	BB+
Preferred Stock		
Local Currency	BBB	BB+
Virginia Electric & Power Co.		
Senior Secured		
Local Currency	A	A-
Recovery Rating	1+	1+
Senior Unsecured		
Local Currency	A-	BBB
Preferred Stock		
Local Currency	BBB	BB+
Upgraded; CreditWatch/Outlook Action; Ratings Affirmed		
	To	From
Dominion Resources Inc.		
Virginia Electric & Power Co.		
Corporate Credit Rating	A-/Stable/A-2	BBB/Positive/A-2

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); select your preferred country or region, then Ratings in the left navigation bar, followed by Credit Ratings Search.



Moody's Investors Service

Global Credit Research  
Credit Opinion  
6 JUN 2008

Credit Opinion: Dominion Resources Inc.

Dominion Resources Inc.

Richmond, Virginia, United States

## Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa2
Jr Subordinate	Baa3
Preferred Shelf	(P)Baa1
Commercial Paper	P-2
<b>Virginia Electric and Power Company</b>	
Outlook	Stable
Issuer Rating	Baa1
First Mortgage Bonds	A3
Senior Secured Shelf	(P)A3
Senior Unsecured	Baa1
Jr Subordinate Shelf	(P)Baa2
Preferred Stock	Baa3
Commercial Paper	P-2
<b>Consolidated Natural Gas Company</b>	
Outlook	No Outlook
Bkd Sr Unsec Bank Credit Facility	Baa2
Bkd Senior Unsecured	Baa2
Bkd Jr Subordinate	Baa3

## Contacts

Analyst	Phone
James Hempstead/New York	212.553.4318
William L. Hess/New York	212.553.3837

## Key Indicators

[1]

Dominion Resources Inc.

	LTM 1Q 08	2007	2006	2005
(CFO Pre-W/C + Interest) / Interest Expense	0.5	0.6	4.3	3.7
(CFO Pre-W/C) / Debt	-4%	-3%	19%	15%
(CFO Pre-W/C - Dividends) / Debt	-9%	-8%	15%	10%
(CFO Pre-W/C - Dividends) / Capex	-44%	-37%	75%	61%
Debt / Book Capitalization	55%	55%	52%	56%
EBITA Margin %	36%	36%	22%	14%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

## Opinion

## Company Profile

Dominion Resources, Inc. (Dominion, Baa2 senior unsecured) is a large, diversified energy holding company

headquartered in Richmond, Virginia. Dominion owns a large, vertically integrated electric utility serving portions of Virginia and North Carolina; several local gas distribution utilities serving portions of Ohio, Pennsylvania and West Virginia; a large, interstate natural gas pipeline network located in the greater Mid-Atlantic region (including a large natural gas storage capability); a sizeable merchant wholesale electric generation business with assets located in the Mid-Atlantic and Northeastern regions; and a modest oil and gas exploration and production business with reserves primarily located in the Appalachian region. For the latest twelve months (LTM) ended March 2008, Dominion reported approximately \$15 billion in revenues and over \$40 billion in assets.

### Rating Rationale

Dominion's Baa2 senior unsecured rating reflects the company's attractive mix of rate regulated operations which are expected to produce relatively stable and predictable earnings and cash flows over the next several years. In addition, the ratings are supported by the overall business activity diversity, the relatively strong financial position of the company on a consolidated basis and adequate liquidity profile. A more detailed description behind our rating rationale can be found in our Rating Methodology for Global Regulated Electric Utilities (Rating Methodology, published March 2005).

The key rating drivers for Dominion include:

#### - Attractive asset diversity

Dominion's mix of business activities creates an attractive diversity of revenue streams (electric utility, gas distribution utilities, pipelines, merchant generation, etc.) and regulatory oversight (Virginia, North Carolina, Ohio, West Virginia, Pennsylvania, and FERC). From a credit perspective, this diversity among business activities is a significant credit positive.

#### - VEPCO is crown jewel

In our opinion, Dominion's primary wholly owned subsidiary, Virginia Electric and Power Company (VEPCO), represents a material positive rating driver for Dominion's consolidated credit profile. As a vertically integrated electric utility, VEPCO's revenue, earnings and cash flow are relatively stable and predictable and, more importantly, regulated by the Virginia State Corporation Commission (VA SCC), the North Carolina Public Utilities Commission (NC PUC) and the FERC. In general, Moody's views the regulatory and political environments in both Virginia and North Carolina as a credit positive, given the region's overall supportiveness to long-term credit quality and the established legislative framework to maintain a financially strong and healthy utility sector. The regulatory and political supportiveness represents a significant positive ratings driver for both VEPCO and Dominion.

#### - Merchant fleet performance

Dominion owns and operates approximately 8,750 MWs of merchant wholesale generation in the greater Mid-Atlantic and New England regions, including roughly 2,500 MW's of nuclear generation and 3,100 MW's of coal-fired generation. In our opinion, this fleet of merchant generation assets should contribute an increasingly large amount of earnings and cash flow to Dominion's consolidated financials, a modest credit positive which is somewhat mitigated by the volatility associated with the merchant wholesale market. Nevertheless, we view Dominion's capital investments into its merchant fleet favorably, especially the environmental improvements for the New England fleet.

#### - Significant capital expenditure plan

Dominion's capital expenditure plans, at approximately \$4 billion per year over the next several years, is significant. Approximately 80% of these expenditures are expected to be incurred at the rate regulated businesses, with roughly 60% at VEPCO. The remaining investments are targeting Dominion's non-regulated businesses, primarily the merchant wholesale generation operations. From a credit perspective, we view investment additions into regulated rate base positively. Nevertheless, Dominion's capital expenditure estimates, like many in the industry, have been revised upwards several times over the recent past, and could put pressure on the company's consolidated financial metrics unless they are financed with a balance of both debt and equity.

#### - Financial metric expectations

The 2007 year end financial position is difficult to assess due to the numerous restructuring, recapitalization and divestiture adjustments which cloud the financial statements. As a result, we incorporate a view that these adjustments will "wash out" over the course of 2008, and Dominion's financial profile will emerge where the company maintains key financial credit metrics comfortably within the Baa2-rating category and in relation to its comparable peer group. These financial metrics include a ratio of cash flow from operations before working capital adjustments (CFO pre-w/c) to debt in the mid to high teen's range; CFO pre-w/c less dividends to debt in the low teen's range and CFO pre-w/c interest coverage of approximately 3.5x.

#### - Comparable company analysis

Moody's often conducts comparable company analysis to assist with our credit assessment. With respect to Dominion, we examine roughly 12 diversified energy holding companies, including: A2 rated (senior unsecured or Long Term issuer rating equivalent) FPL Group; A3 rated Southern Company; Baa1 rated Exelon Corporation, MidAmerican Energy Holdings, SCANA Corporation and Sempra Energy; Baa2 rated American Electric Power Company, Duke Energy, Edison International and Progress Energy; Baa3 rated Entergy Corporation; and, Ba2 rated NiSource.

Over the past few years, these diversified energy holding company key financial credit metrics have been relatively stable. The ratio of CFO pre-w/c to debt was 22% for the year ended 2007 versus 21% for the prior three year average (2005 - 2007) and 20% for the prior five year average (2003 - 2007). CFO pre-w/c less dividends to debt was 17% for 2007 versus 16% for the prior three year and five year average. CFO pre-w/c interest was 4.7x for 2007 versus 4.5x for the prior three years and 4.4x for the prior five years, while debt to capitalization improved to 49% for 2007 versus 50% for the prior three years and 52% for the prior five years. All of these companies are spending heavily with their respective capital expenditure plans, as evidenced by the ratio of CFO pre-w/c less dividends to capital expenditures, which was 88% for 2007 versus 93% for the prior three years and 108% for the prior five years.

#### • Liquidity appears adequate

Dominion has \$4.9 billion of credit facility capacity, including a \$3.0 billion joint revolving credit facility expiring in February 2011, a \$1.7 billion credit facility expiring in August 2010 and a \$200 million bi-lateral facility expiring in December 2010. As of March 31, 2008, Dominion had approximately \$1.4 billion of commercial paper outstanding under these facilities, \$1.0 billion drawn against the facilities and \$362 million of letters of credit outstanding, leaving roughly \$2.2 billion of available liquidity. These facilities contain a maximum 65% debt to capitalization covenant, and Dominion has reported that it remains in compliance with its covenant restriction.

Dominion's scheduled debt maturities over the next 12 to 18 months appear relatively modest and include: a \$400 million senior unsecured note due November 2008, a \$51 million senior unsecured note due December 2008 and a \$300 million senior unsecured note due December 2009.

#### Rating Outlook

Dominion's stable rating outlook reflects our expectation that the company will continue to harvest the organic value associated with its current mix of business activities; that the material negative free cash flow related to its investment plans will be financed with a balanced combination of both debt and incremental equity and that the financial metrics, currently clouded by the substantial restructurings and divestitures in 2007, will stabilize in a range that positions the company well within its Baa2 ratings category.

#### What Could Change the Rating - Up

Rating upgrades do not appear likely over the near term, as Dominion is viewed as being well positioned within its Baa2 ratings category. Nevertheless, ratings could be upgraded if Dominion were to improve its overall financial profile to where it produces CFO pre-w/c to debt in the high teen's range and CFO pre-w/c interest coverage approximately 4x on a sustainable basis.

#### What Could Change the Rating - Down

Rating downgrades do not appear likely over the near term, either, given Dominion's diversity of business activities and our expectation that the company's financial metrics will stabilize in a range consistent with its Baa2 ratings category. Nevertheless, if the financial metrics decline to where the ratio of CFO pre-w/c to debt falls to the low teen's range, where CFO pre-w/c less dividends to debt fell to below 10% or CFO pre-w/c interest coverage falls to the roughly 3x range, on a sustainable basis, ratings could be downgraded. In addition, Dominion's ratings could be pressured by the financing plans associated with its large negative FCF balances, especially if the credit profile of its primary subsidiary, VEPCO, were to come under significant pressure.

#### Rating Factors

##### Dominion Resources Inc.

##### Select Key Ratios for Global Regulated Electric Utilities

Rating	Aa	Aa	A	A	Baa	Baa	Ba	Ba
Level of Business Risk	Medium	Low	Medium	Low	Medium	Low	Medium	Low
CFO pre-W/C to Interest (x) [1]	>6	>5	3.5-6.0	3.0-5.7	2.7-5.0	2-4.0	<2.5	<2
CFO pre-W/C to Debt (%) [1]	>30	>22	22-30	12-22	13-25	5-13	<13	<5

CFO pre-W/C - Dividends to Debt (%) [1]	>25	>20	13-25	9-20	8-20	3-10	<10	<3
Total Debt to Book Capitalization (%)	<40	<50	40-60	50-75	50-70	60-75	>60	>70

[1] CFO pre-W/C, which is also referred to as FFO in the Global Regulated Electric Utilities Rating Methodology, is equal to net cash flow from operations less net changes in working capital items

© Copyright 2008, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, such information is provided "as is" without warranty of any kind and MOODY'S, in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such information. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The credit ratings and financial reporting analysis observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information contained herein, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, holding or selling.

MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at [www.moody's.com](http://www.moody's.com) under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit C-7 "Credit Report"**

Please refer to Exhibit C-6 for information regarding the credit of Dominion Resources, Inc.

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit C-8 "Bankruptcy Information"**

No such filings have been made by Dominion Retail, its corporate parent or affiliates since applicant last filed for certification.

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit C-9 "Merger Information"**

Not applicable.

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION  
RETAIL") FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION  
OF OHIO AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit D-1 "Operations"**

Dominion Retail possesses extensive operational experience and expertise in delivering electricity to residential and small commercial customers under utility retail choice programs. Dominion Retail has been engaged in the direct access sale of electricity since 1997.

As it has done in Ohio since commencing electric operations in that state in 2001, Dominion Retail will continue to acquire electricity for resale to retail customers in Ohio from various wholesale sources, including the utilities themselves where applicable. Dominion Retail will continue to arrange for transmission and delivery, as well as applicable ancillary services, in connection with its procurement of electricity for its Ohio customers.

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION  
RETAIL") FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION  
OF OHIO AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit D-2 "Operations Expertise"**

Dominion Retail's operations staff has years of experience in delivering electricity to retail choice customers in Ohio, Pennsylvania, Maryland, Virginia, Maine, Massachusetts and Connecticut.

In addition to holding licenses to sell electricity from the states of Ohio, Pennsylvania, New Jersey, Maryland, Virginia, Rhode Island, Massachusetts, Connecticut, Maine, The District of Columbia, New York and Illinois, Dominion Retail is also a licensed natural gas supplier in Ohio, Pennsylvania, Illinois, Virginia, Maryland, New Jersey, Connecticut, The District of Columbia and New York.

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit D-3 "Key Technical Personnel"**

Applicant has operated as a competitive electricity supplier since 1998. In that ten year period, Applicant has gained considerable experience and expertise in the competitive retail electricity supply business. Each of Applicant's personnel – including managerial staff – who will be engaged in providing service to Ohio customers have extensive experience in the energy utility business, including enterprise financial and administrative responsibilities. Information on selected management personnel follows:

**Richard Zelenko, Vice President, Dominion Retail, Inc.**  
**Richard\_Zelenko@Dom.com; 804-787-6201**

Mr. Zelenko has 30 years of total experience in the energy business, including the following positions:

- Vice President, Dominion Retail: 4½ years
- General Manager, Dominion Retail: 2 years
- General Manager, LDC Gas Supply: 4½ years
- Director, Gas Supply Acquisition, Dominion East Ohio: 3 years
- Director, Telecommunications, Dominion East Ohio: 1 year
- Manager, Marketing & Gas Supply, Dominion West Ohio: 4 years
- Manager, Operations, Dominion West Ohio: 5 years
- Various management, operations & engineering positions, Dominion East Ohio: 6 years

Mr. Zelenko has extensive experience in the marketing, operational and electricity and gas sales areas, and enterprise financial and administrative responsibilities for over two decades.

**Thomas J. Butler, Director, Business Development, Dominion Retail, Inc.**  
**Thomas\_J. Butler@Dom.com; 412-237-4765**

Mr. Butler has over 20 years of total experience in the energy business, including the following positions:

- Director, Business Development, Dominion Retail: 6 years
- Director, Marketing, Dominion Retail: 2 years
- Manager, Customer Acquisition, Dominion Retail: 3 years
- Manager, Marketing, Dominion Retail: 2 years

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit D-3 Continued**

Director, Industrial Sales, Dominion Peoples: 3 years  
Manager, Residential Marketing, Dominion Peoples: 2 years  
Manager, Electric Utility Sales, Dominion Peoples: 2 years  
Assistant to Vice President, Marketing, Dominion Peoples: 1 year

Prior to joining Dominion in 1988, Mr. Butler worked as an engineer and turn supervisor for LTV Steel Corporation. Mr. Butler possesses broad and extensive experience in the marketing, operations and electricity and gas sales areas, by virtue of his 20 years of service in both the regulated and unregulated sides of the business. He also has had direct accountability for enterprise financial and administrative performance for more than ten years.

**Jeffrey L. Jones, Director, Retail Electric Commodity Operations  
Jeff L. Jones@Dom.com; 804-787-6204**

2001 – Present – Director, Retail Electric Commodity Operations

1992 – 2001 – Manager – Capacity Contracts; Director – Capacity Acquisition – (Capacity Acquisition – Virginia Power)

1981 – 1992 – Contract Administrator; Supervisor – Contract Administration; Director – Gas and Oil Supply – (Fuel Procurement – Virginia Power)

1974 – 1980 – Biological Technician (Environmental Services – Virginia Power)

**R. Michael Rose, Director Finance and Marketing  
Mike\_Rose@Dom.com; 804-787-6205**

01/02 – present: Director, Finance and Marketing, Dominion Retail. Responsible for Finance, Accounting and Marketing Operations.

01/00 – 12/01: Director, Finance and Business Services, Dominion Energy. Responsible for budgeting, planning and financial analysis.

01/99 – 12/99: Director, Finance and Business Services, Nuclear. Responsible for budgeting, planning, financial reporting and financial analysis.

**Exhibit D-3 Continued**

01/96 – 12/98: Director, Finance and Business Services, Virginia Power Corporate. Responsible for budgeting, planning and financial analysis.

Mr. Rose has in excess of twelve years of extensive experience in the enterprise financial, marketing and administrative functions of the energy business.

**RENEWAL APPLICATION OF DOMINION RETAIL, INC. ("DOMINION RETAIL")  
FOR CERTIFICATION BY THE PUBLIC UTILITIES COMMISSION OF OHIO  
AS A RETAIL GENERATION PROVIDER, POWER MARKETER,  
POWER BROKER AND AGGREGATOR**

**Exhibit D-4 "FERC Power Marketer License Number"**

Dominion Retail obtained Market-Based Rate Authorization from FERC, permitting it to make sales of energy, capacity and ancillary services at market-based rates, on January 22, 2004 at Docket No. ER04-249-000.