

Dominion Resources Services, Inc.
Law Department
P.O. Box 26532, Richmond, VA 23261



Dominion®

May 28, 2010

JUN 1 2010

Matthew Hilton Comm. Atty
King George County

**APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY
TO REVISE ITS FUEL FACTOR PURSUANT TO
§ 56-249.6 OF THE CODE OF VIRGINIA
CASE NO. PUE-2010-00042**

To: Local Government Officials

Pursuant to the Virginia State Corporation Commission's May 11, 2010 *Order Establishing 2010-2011 Fuel Factor Proceeding*, Virginia Electric and Power Company (Dominion Virginia Power) is providing a copy of that Order to you. Please take notice of its contents.

A copy of Dominion Virginia Power's Application in Case No. PUE-2010-00042 may be obtained from Dominion Virginia Power at no cost by oral or written request to William H. Baxter II, Law Department, Dominion Resources Services, Inc., Post Office Box 26532, Richmond, Virginia 23261 or (804) 819-2458.

William H. Baxter II
Senior Counsel

Attachment

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, MAY 11, 2010

CLERK'S OFFICE
2010 MAY 11 P 3:30

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2010-00042

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

ORDER ESTABLISHING 2010-2011 FUEL FACTOR PROCEEDING

On April 30, 2010, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to decrease its fuel factor from 2.927 cents per kilowatt-hour to 2.803 cents per kilowatt-hour, effective for usage on and after July 1, 2010. According to the Company's application, the proposed fuel factor will decrease the Company's fuel expense recovery by approximately \$81.6 million below the 2009-2010 fuel recovery level.¹

The Company's proposed total fuel factor, Fuel Charge Rider A, consists of both a current and prior period factor. According to the application, Fuel Charge Rider A's proposed current period factor of \$0.02659/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately \$1.8 billion for the period July 1, 2010 through June 30, 2011. Fuel Charge Rider A's proposed prior period factor of \$0.00144/kWh is designed to recover approximately \$94.4 million, and this amount is the net of three projected June 30, 2010 balances. The first balance is the projected June 30, 2010 under-recovery balance of approximately \$61.7 million associated with recovery of the July 2009 through June 2010 current period expense. The second balance is the projected June 30, 2010 over-recovery balance of approximately \$0.8 million associated with recovery of the July 2009 through

¹ Company application at 2.

June 2010 prior period expense. The third balance is the projected June 30, 2010 under-recovery balance of approximately \$33.5 million associated with recovery of the remaining portion of the June 30, 2007 Deferral Portion balance pursuant to Va. Code § 56-249.6 C. In connection with its application, the Company is also proposing certain modifications to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company, one of which specifies the fuel factor treatment for revenues associated with certain transmission rights the Company receives via its membership and participation in the PJM Interconnection. Additionally, and concurrent with filing its application herein, the Company filed with the Clerk of the Commission a motion seeking the entry of a protective order in this docket.

NOW THE COMMISSION, having considered the application, is of the opinion and finds that this matter should be docketed; that public notice and an opportunity for participation in this proceeding should be given; and that a hearing should be scheduled on the application.

Accordingly, IT IS ORDERED THAT:

- (1) This matter is docketed and assigned Case No. PUE-2010-00042.
- (2) The Company's proposed fuel factor of 2.803 cents per kilowatt-hour shall be placed into effect on an interim basis for service rendered on and after July 1, 2010.
- (3) A public hearing shall be convened on September 8, 2010, at 10:00 a.m. in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive comments from the public and evidence related to the establishment of Dominion Virginia Power's fuel factor. Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff.

(4) The Company shall forthwith make copies of its application, prefiled testimony, and exhibits available for public inspection during regular business hours at all Company offices in the Commonwealth of Virginia. Interested persons may also review a copy of Dominion Virginia Power's application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m., Monday through Friday, excluding holidays. Interested persons may also request a copy of the same, at no charge, by written request to counsel for Dominion Virginia Power, Karen L. Bell, Esquire, or William H. Baxter, II, Esquire, Dominion Resources Services, 120 Tredegar Street, Richmond, Virginia 23219. Dominion Virginia Power shall make a copy available on an electronic basis upon request. In addition, unofficial copies of the Company's application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure ("Rules"), as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website at <http://www.scc.virginia.gov/case>.

(5) On or before June 3, 2010, Dominion Virginia Power shall cause a copy of the following notice to be published as display advertising (not classified) on one occasion in newspapers of general circulation throughout its service territory in the Commonwealth of Virginia:

NOTICE TO THE PUBLIC OF VIRGINIA
ELECTRIC AND POWER COMPANY'S REQUEST
TO DECREASE ITS FUEL FACTOR
CASE NO. PUE-2010-00042

On April 30, 2010, Virginia Electric and Power Company ("Dominion Virginia Power" or "Company") filed with the State Corporation Commission ("Commission") its application, written testimony, and exhibits requesting to decrease its fuel factor from 2.927 cents per kilowatt-hour to 2.803 cents per kilowatt-hour,

effective for usage on and after July 1, 2010. According to the Company's application, the proposed fuel factor will decrease the Company's fuel expense recovery by approximately \$81.6 million below the 2009-2010 fuel recovery level.

The Company's proposed total fuel factor, Fuel Charge Rider A, consists of both a current and prior period factor. According to the application, Fuel Charge Rider A's proposed current period factor of \$0.02659/kWh is designed to recover the Company's estimated Virginia jurisdictional fuel expenses of approximately \$1.8 billion for the period July 1, 2010 through June 30, 2011. Fuel Charge Rider A's proposed prior period factor of \$0.00144/kWh is designed to recover approximately \$94.4 million, and this amount is the net of three projected June 30, 2010 balances. The first balance is the projected June 30, 2010 under-recovery balance of approximately \$61.7 million associated with recovery of the July 2009 through June 2010 current period expense. The second balance is the projected June 30, 2010 over-recovery balance of approximately \$0.8 million associated with recovery of the July 2009 through June 2010 prior period expense. The third balance is the projected June 30, 2010 under-recovery balance of approximately \$33.5 million associated with recovery of the remaining portion of the June 30, 2007 Deferral Portion balance pursuant to Va. Code § 56-249.6 C. In connection with this application, the Company is also proposing certain modifications to the Commission's Definitional Framework of Fuel Expenses for Virginia Electric and Power Company, one of which specifies the fuel factor treatment for revenues associated with certain transmission rights the Company receives via its membership and participation in the PJM Interconnection.

Pursuant to § 56-249.6 of the Code of Virginia, the Commission has scheduled a public hearing to commence at 10:00 a.m. on September 8, 2010, in the Commission's Second Floor Courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia, for the purpose of receiving comments from members of the public and evidence related to the establishment of Dominion Virginia Power's fuel factor.

The Company's application, prefiled testimony, and exhibits are available for public inspection during regular business hours at all of the Company's offices in the Commonwealth of Virginia. Interested persons may also review a copy of the application in the Commission's Document Control Center, located on the First Floor of the Tyler Building, 1300 East Main Street, Richmond, Virginia, between the hours of 8:15 a.m. and 5:00 p.m.,

Monday through Friday, excluding holidays. A copy of the Company's application may also be obtained by written request to counsel for Dominion Virginia Power, Karen L. Bell, Esquire, or William H. Baxter, II, Esquire, Dominion Resources Services, 120 Tredegar Street, Richmond, Virginia 23219. Dominion Virginia Power shall make a copy available on an electronic basis upon request. In addition, unofficial copies of the Company's application, Commission Orders entered in this docket, the Commission's Rules of Practice and Procedure, as well as other information concerning the Commission and the statutes it administers, may be viewed on the Commission's website: <http://www.scc.virginia.gov/case>.

Any person desiring to make a statement at the public hearing concerning the application need only appear in the Commission's Second Floor Courtroom at 9:45 a.m. on the day of the hearing and identify himself or herself to the Commission's Bailiff. Any person desiring to file written comments on the Company's application shall file, on or before September 2, 2010, such comments with the Clerk of the Commission at the address set forth below. Any person desiring to file comments electronically may do so, on or before September 2, 2010, by following the instructions found at the Commission's website: <http://www.scc.virginia.gov/case>.

On or before July 15, 2010, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, and shall simultaneously serve a copy of the notice of participation on counsel to the Company. Interested persons should obtain a copy of the Commission's Order for further details on participation as a respondent.

On or before July 15, 2010, each respondent may file with the Clerk at the address set forth above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall serve copies of the testimony and exhibits on counsel to Dominion Virginia Power and on all other respondents.

All filings with the Clerk of the Commission shall refer to Case No. PUE-2010-00042 and shall simultaneously be served on counsel for the Company at the address set forth above.

VIRGINIA ELECTRIC AND POWER COMPANY

(6) On or before June 3, 2010, the Company shall serve a copy of this Order on the chairman of the board of supervisors and county attorney of each county and upon the mayor or manager of every city and town (or upon equivalent officials in counties, towns, and cities having alternate forms of government) in which the Company provides service in the Commonwealth of Virginia. Service shall be made by first class mail to the customary place of business or residence of the person served.

(7) At the commencement of the hearing scheduled herein, the Company shall provide proof of service and notice as required in this Order.

(8) Any person desiring to file written comments on the Company's application shall file, on or before September 2, 2010, such comments with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Any person desiring to file comments electronically may do so, on or before September 2, 2010, by following the instructions found at the Commission's website:
<http://www.scc.virginia.gov/case>.

(9) On or before July 15, 2010, any interested person may participate as a respondent in this proceeding by filing an original and fifteen (15) copies of a notice of participation with the Clerk of the Commission at the address set out in Ordering Paragraph (8) above and shall simultaneously serve a copy of the notice of participation on counsel to the Company at the address set forth in Ordering Paragraph (4) above. Pursuant to Rule 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure, any notice of participation shall set forth: (i) a

precise statement of the interest of the respondent; (ii) a statement of the specific action sought to the extent then known; and (iii) the factual and legal basis for the action. Interested persons shall refer in all of their filed papers to Case No. PUE-2010-00042.

(10) Within three (3) business days of receipt of a notice of participation as a respondent, the Company shall serve upon each respondent a copy of this Order, a copy of the application, and all materials filed with the Commission, unless these materials have already been provided to the respondent.

(11) On or before July 15, 2010, each respondent may file with the Clerk of the Commission at the address set forth in Ordering Paragraph (8) above, an original and fifteen (15) copies of any testimony and exhibits by which it expects to establish its case and shall simultaneously serve copies of the testimony and exhibits on counsel to the Company and all other respondents.

(12) The Commission Staff shall investigate the reasonableness of the Company's estimated fuel expenses and proposed fuel factor. On or before August 5, 2010, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of the Staff's testimony and exhibits regarding the captioned application and shall promptly serve a copy on counsel to the Company and all respondents.

(13) On or before August 19, 2010, the Company shall file with the Clerk of the Commission an original and fifteen (15) copies of any testimony that the Company expects to offer in rebuttal to the testimony and exhibits of the respondents and the Commission Staff and shall on the same day serve one (1) copy on Staff and all respondents.

(14) The Company and all respondents shall respond to written interrogatories within five (5) business days after receipt of the same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(15) Pursuant to § 12.1-31 of the Code of Virginia and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, 5 VAC 5-20-10 *et seq.*, the Commission assigns a Hearing Examiner to rule on any discovery matter that may arise in this proceeding, including the Company's motion seeking the entry of a protective order in this docket filed with the Clerk of the Commission on April 30, 2010.

(16) This proceeding shall be continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Karen L. Bell, Esquire, and William H. Baxter, II, Esquire, Dominion Resources Services, 120 Tredegar Street, P.O. Box 26532, Richmond, Virginia 23261; Joseph K Reid, III, Esquire, and Elaine S. Ryan, Esquire, McGuireWoods LLP, One James Center, 901 East Cary Street, Richmond, Virginia 23219; Thomas C. Walker, Jr., Esquire, Troutman Sanders LLP, 1001 Haxall Point, Richmond, Virginia 23219; C. Meade Browder, Jr., Senior Assistant Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and a copy shall be delivered to the Commission's Office of General Counsel and Divisions of Energy Regulation, Economics and Finance, and Public Utility Accounting.

A True Copy
Teste:


Clerk of the
State Corporation Commission