

VIRGINIA ELECTRIC & POWER CO  
Form 10-Q  
April 29, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark one)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File

Exact name of registrants as specified in their charters, address of

I.R.S. Employer  
Identification Number

Number

principal executive offices and registrants telephone number

001-08489

**DOMINION RESOURCES, INC.**

54-1229715

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001-02255

VIRGINIA ELECTRIC AND POWER COMPANY

54-0418825

120 Tredegar Street

Richmond, Virginia 23219

(804) 819-2000

State or other jurisdiction of incorporation or organization of the Companies: Virginia

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Dominion Resources, Inc. Yes  No

Virginia Electric and Power Company Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Dominion Resources, Inc. Yes  No

Virginia Electric and Power Company Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Dominion Resources, Inc.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Virginia Electric and Power Company

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Dominion Resources, Inc. Yes  No

Virginia Electric and Power Company Yes  No

At March 31, 2010, the latest practicable date for determination, Dominion had 596,053,590 shares of common stock outstanding and Virginia Power had 256,310 shares of common stock outstanding. Dominion is the sole holder of Virginia Electric and Power Company's common stock.

This combined Form 10-Q represents separate filings by Dominion Resources, Inc. and Virginia Electric and Power Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Virginia Power makes no representations as to the information relating to Dominion's other operations.

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The following abbreviations or acronyms used in this Form 10-Q are defined below:

<b>Abbreviation or Acronym</b>	<b>Definition</b>
AOCI	Accumulated other comprehensive income (loss)
bcf	Billion cubic feet
bcfe	Billion cubic feet equivalent
Bear Garden	A 580 MW combined cycle, natural gas-fired power station under construction in Buckingham County, Virginia
BP	BP Alternative Energy, Inc.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COL	Combined Construction Permit and Operating License
DD&A	Depreciation, depletion and amortization expense
DEI	Dominion Energy, Inc.
Dominion	The legal entity, Dominion Resources, Inc., one or more of Dominion Resources, Inc.'s consolidated subsidiaries (other than Virginia Power) or operating segments or the entirety of Dominion Resources, Inc. and its consolidated subsidiaries
Dominion Direct®	A dividend reinvestment and open enrollment direct stock purchase plan
Dominion East Ohio	The East Ohio Gas Company
DRS	Dominion Resources Services, Inc.
DSM	Demand-side management
DTI	Dominion Transmission, Inc.
DVP	Dominion Virginia PWP operating segment
E&P	Exploration & production
EPA	Environmental Protection Agency
EPS	Earnings per share
Fowler Ridge	A wind-turbine facility joint venture between Dominion and BP in Benton County, Indiana
FTRs	Financial transmission rights
GAAP	U.S. generally accepted accounting principles
GHG	Greenhouse gas
Hope	Hope Gas, Inc.
LNG	Liquefied natural gas
Local 69	Utility Workers Union of America, AFL-CIO, Local 69
mcf	Thousand cubic feet
mcfe	Thousand cubic feet equivalent
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MISO	The Midwest Independent System Operator, Inc.
Moody's	Moody's Investors Service
MW	Megawatt
MWh	Megawatt hour
NGLs	Natural gas liquids
NCEMC	North Carolina Electric Membership Cooperative
NedPower	A wind-turbine facility joint venture between Dominion and Shell WindEnergy Inc. in Grant County, West Virginia
NRC	Nuclear Regulatory Commission
ODEC	Old Dominion Electric Cooperative
Peoples	The Peoples Natural Gas Company
PIPP	Percentage of income payment plan
PJM	PJM Interconnection, LLC
PNG Companies LLC	An indirect subsidiary of SteelRiver Infrastructure Fund North America
Regulation Act	The Virginia Electric Utility Regulation Act
Riders C1 and C2	Rate adjustment clauses associated with the recovery of costs related to certain DSM programs proposed by Virginia Power
Rider R	A rate adjustment clause associated with recovery of construction-related financing costs for Bear Garden



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<b>Abbreviation or Acronym</b>	<b>Definition</b>
Rider S	A rate adjustment clause associated with the recovery of construction-related financing costs for the Virginia City Hybrid Energy Center
Rider T	A rate adjustment clause associated with the recovery of certain Virginia jurisdictional transmission-related expenditures
ROE	Return on equity
RTO	Regional transmission organization
SEC	Securities and Exchange Commission
Standard & Poor's the Companies	Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. Dominion and Virginia Power, collectively
U.S.	United States of America
VIE	Variable interest entity
Virginia Commission	Virginia State Corporation Commission
Virginia City Hybrid Energy Center	A 585 MW (nominal) carbon-capture compatible, clean coal powered electric generation facility under construction in Wise County, Virginia
Virginia Power	The legal entity, Virginia Electric and Power Company, one or more of its consolidated subsidiaries or operating segments or the entirety of Virginia Power and its consolidated subsidiaries
VPP	Volumetric production payment

**Table of Contents****PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****DOMINION RESOURCES, INC.****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

(millions, except per share amounts)	Three Months Ended March 31,	
	2010	2009
<b>Operating Revenue</b>	<b>\$ 4,168</b>	<b>\$ 4,586</b>
<b>Operating Expenses</b>		
Electric fuel and other energy-related purchases	1,028	1,141
Purchased electric capacity	108	108
Purchased gas	792	1,007
Other operations and maintenance	1,068	1,234
Depreciation, depletion and amortization	269	279
Other taxes	169	153
<b>Total operating expenses</b>	<b>3,434</b>	<b>3,922</b>
Income from operations	734	664
Other income (loss)	71	(61)
Interest and related charges	183	219
Income from continuing operations including noncontrolling interests before income tax expense	622	384
Income tax expense	295	141
Income from continuing operations including noncontrolling interests	327	243
Income (loss) from discontinued operations <sup>(1)</sup>	(149)	9
<b>Net Income Including Noncontrolling Interests</b>	<b>178</b>	<b>252</b>
<b>Noncontrolling Interests</b>	<b>4</b>	<b>4</b>
<b>Net Income Attributable to Dominion</b>	<b>\$ 174</b>	<b>\$ 248</b>
<b>Amounts Attributable to Dominion:</b>		
Income from continuing operations, net of tax	\$ 323	\$ 239
Income (loss) from discontinued operations, net of tax	(149)	9
Net income attributable to Dominion	\$ 174	\$ 248
<b>Earnings Per Common Share Basic and Diluted</b>		
Income from continuing operations	\$ 0.54	\$ 0.41
Income (loss) from discontinued operations	(0.25)	0.01
Net income attributable to Dominion	\$ 0.29	\$ 0.42

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Dividends paid per common share	<b>\$ 0.4575</b>	\$ 0.4375
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(1) Includes income tax expense of \$12 million and \$26 million for the three months ended March 31, 2010 and 2009, respectively. The accompanying notes are an integral part of Dominion's Consolidated Financial Statements.

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**DOMINION RESOURCES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

(millions)	March 31, 2010	December 31, 2009 <sup>(1)</sup>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 85	\$ 48
Customer receivables (less allowance for doubtful accounts of \$31 at both dates)	1,955	2,050
Other receivables (less allowance for doubtful accounts of \$14 at both dates)	105	130
Inventories	984	1,185
Derivative assets	1,638	1,128
Assets held for sale		1,018
Prepayments	147	405
Other	1,119	853
<b>Total current assets</b>	<b>6,033</b>	<b>6,817</b>
<b>Investments</b>		
Nuclear decommissioning trust funds	2,735	2,625
Investment in equity method affiliates	601	595
Other	276	272
<b>Total investments</b>	<b>3,612</b>	<b>3,492</b>
<b>Property, Plant and Equipment</b>		
Property, plant and equipment	39,729	39,036
Accumulated depreciation, depletion and amortization	(13,691)	(13,444)
<b>Total property, plant and equipment, net</b>	<b>26,038</b>	<b>25,592</b>
<b>Deferred Charges and Other Assets</b>		
Goodwill	3,275	3,354
Regulatory assets	1,240	1,390
Other	1,965	1,909
<b>Total deferred charges and other assets</b>	<b>6,480</b>	<b>6,653</b>
<b>Total assets</b>	<b>\$ 42,163</b>	<b>\$ 42,554</b>

(1) Dominion's Consolidated Balance Sheet at December 31, 2009 has been derived from the audited Consolidated Financial Statements at that date.

The accompanying notes are an integral part of Dominion's Consolidated Financial Statements.

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**DOMINION RESOURCES, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

(millions)	March 31, 2010	December 31, 2009 <sup>(1)</sup>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Securities due within one year	\$ 1,254	\$ 1,137
Short-term debt	295	1,295
Accounts payable	1,324	1,401
Accrued interest, payroll and taxes	772	676
Derivative liabilities	1,126	679
Liabilities held for sale		428
Regulatory liabilities	598	536
Other	1,123	681
<b>Total current liabilities</b>	<b>6,492</b>	<b>6,833</b>
<b>Long-Term Debt</b>		
Long-term debt	13,613	13,730
Junior subordinated notes payable to affiliates	268	268
Enhanced junior subordinated notes	1,483	1,483
<b>Total long-term debt</b>	<b>15,364</b>	<b>15,481</b>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes and investment tax credits	4,251	4,244
Asset retirement obligations	1,625	1,605
Pension and other postretirement benefit liabilities	1,385	1,260
Regulatory liabilities	1,244	1,215
Other	494	474
<b>Total deferred credits and other liabilities</b>	<b>8,999</b>	<b>8,798</b>
<b>Total liabilities</b>	<b>30,855</b>	<b>31,112</b>
<b>Commitments and Contingencies</b> (see Note 15)		
<b>Subsidiary Preferred Stock Not Subject to Mandatory Redemption</b>	257	257
<b>Common Shareholders' Equity</b>		
Common stock - no par <sup>(2)</sup>	6,369	6,525
Other paid-in capital	138	185
Retained earnings	4,585	4,686
Accumulated other comprehensive loss	(41)	(211)
<b>Total common shareholders' equity</b>	<b>11,051</b>	<b>11,185</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 42,163</b>	<b>\$ 42,554</b>

- (1) Dominion's Consolidated Balance Sheet at December 31, 2009 has been derived from the audited Consolidated Financial Statements at that date.
- (2) 1 billion shares authorized; 596 million and 599 million shares outstanding at March 31, 2010 and December 31, 2009, respectively. The accompanying notes are an integral part of Dominion's Consolidated Financial Statements.

**Table of Contents****DOMINION RESOURCES, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****Three Months Ended March 31,**

(millions)	2010	2009
<b>Operating Activities</b>		
Net income including noncontrolling interests	\$ 178	\$ 252
Adjustments to reconcile net income including noncontrolling interests to net cash from operating activities:		
Charges related to workforce reduction program	338	
Loss from sale of Peoples	117	
Impairment of gas and oil properties	21	455
Net change in realized and unrealized derivative (gains) losses	87	(45)
Depreciation, depletion and amortization	320	325
Deferred income taxes and investment tax credits	(173)	(365)
Other adjustments	(10)	93
Changes in:		
Accounts receivable	126	95
Inventories	213	271
Deferred fuel and purchased gas costs	(7)	226
Accounts payable	(90)	(264)
Accrued interest, payroll and taxes	89	223
Margin deposit assets and liabilities	114	(21)
Prepayments	260	35
Other operating assets and liabilities	67	201
Net cash provided by operating activities	1,650	1,481
<b>Investing Activities</b>		
Plant construction and other property additions	(877)	(796)
Additions to gas and oil properties	(27)	(41)
Proceeds from the sale of Peoples	737	
Proceeds from sale of securities	513	289
Purchases of securities	(539)	(289)
Other	22	(37)
Net cash used in investing activities	(171)	(874)
<b>Financing Activities</b>		
Repayment of short-term debt, net	(1,000)	(411)
Repayment of long-term debt	(4)	(4)
Issuance of common stock	27	147
Repurchase of common stock	(191)	
Common dividend payments	(275)	(257)
Subsidiary preferred dividend payments	(4)	(4)
Other	3	(2)
Net cash used in financing activities	(1,444)	(531)
Increase in cash and cash equivalents	35	76
Cash and cash equivalents at beginning of period <sup>(1)</sup>	50	71

Cash and cash equivalents at end of period <sup>(2)</sup>	\$ 85	\$ 147
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**Supplemental Cash Flow Information**

Significant Noncash Investing and Financing Activities		
Accrued capital expenditures	\$ 166	\$ 186
Debt for equity exchange		56

(1) 2010 and 2009 amounts include \$2 million and \$5 million, respectively, of cash classified as held for sale in Dominion's Consolidated Balance Sheets.

(2) 2009 amount includes \$6 million of cash classified as held for sale in Dominion's Consolidated Balance Sheet.

The accompanying notes are an integral part of Dominion's Consolidated Financial Statements.

**Table of Contents****VIRGINIA ELECTRIC AND POWER COMPANY****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

(millions)	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Operating Revenue</b>	<b>\$ 1,739</b>	<b>\$ 1,859</b>
<b>Operating Expenses</b>		
Electric fuel and other energy-related purchases	632	794
Purchased electric capacity	107	108
Other operations and maintenance:		
Affiliated suppliers	120	101
Other	399	246
Depreciation and amortization	163	157
Other taxes	64	51
Total operating expenses	1,485	1,457
Income from operations	254	402
Other income	14	9
Interest and related charges	88	87
Income before income tax expense	180	324
Income tax expense	85	120
<b>Net Income</b>	<b>95</b>	<b>204</b>
Preferred dividends	4	4
Balance available for common stock	\$ 91	\$ 200

The accompanying notes are an integral part of Virginia Power's Consolidated Financial Statements.

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**Table of Contents****VIRGINIA ELECTRIC AND POWER COMPANY****CONSOLIDATED BALANCE SHEETS****(Unaudited)**

(millions)	March 31, 2010	December 31, 2009 <sup>(1)</sup>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 53	\$ 19
Customer accounts receivable (less allowance for doubtful accounts of \$10 and \$12)	827	880
Other receivables (less allowance for doubtful accounts of \$6 at both dates)	59	72
Inventories (average cost method)	571	614
Other	540	511
Total current assets	2,050	2,096
<b>Investments</b>		
Nuclear decommissioning trust funds	1,251	1,204
Other	3	4
Total investments	1,254	1,208
<b>Property, Plant and Equipment</b>		
Property, plant and equipment	26,203	25,643
Accumulated depreciation and amortization	(9,448)	(9,314)
Total property, plant and equipment, net	16,755	16,329
<b>Deferred Charges and Other Assets</b>		
Intangible assets	216	217
Regulatory assets	200	200
Other	66	68
Total deferred charges and other assets	482	485
Total assets	\$ 20,541	\$ 20,118

(1) Virginia Power's Consolidated Balance Sheet at December 31, 2009 has been derived from the audited Consolidated Financial Statements at that date.

The accompanying notes are an integral part of Virginia Power's Consolidated Financial Statements.

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**VIRGINIA ELECTRIC AND POWER COMPANY**  
**CONSOLIDATED BALANCE SHEETS (Continued)**  
**(Unaudited)**

(millions)	March 31, 2010	December 31, 2009 <sup>(1)</sup>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>		
<b>Current Liabilities</b>		
Securities due within one year	\$ 363	\$ 245
Short-term debt		442
Accounts payable	390	390
Payables to affiliates	85	67
Accrued interest, payroll and taxes	357	213
Regulatory liabilities	557	491
Other	456	360
Total current liabilities	2,208	2,208
<b>Long-Term Debt</b>	<b>6,093</b>	<b>6,213</b>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes and investment tax credits	2,348	2,359
Asset retirement obligations	642	636
Regulatory liabilities	1,023	995
Other	384	277
Total deferred credits and other liabilities	4,397	4,267
Total liabilities	12,698	12,688
<b>Commitments and Contingencies (see Note 15)</b>		
<b>Preferred Stock Not Subject to Mandatory Redemption</b>	<b>257</b>	<b>257</b>
<b>Common Shareholder's Equity</b>		
Common stock, no par <sup>(2)</sup>	5,171	4,738
Other paid-in capital	1,110	1,110
Retained earnings	1,282	1,299
Accumulated other comprehensive income	23	26
Total common shareholder's equity	7,586	7,173
Total liabilities and shareholder's equity	\$ 20,541	\$ 20,118

(1) Virginia Power's Consolidated Balance Sheet at December 31, 2009 has been derived from the audited Consolidated Financial Statements at that date.



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(2) 300,000 shares authorized; 256,310 and 241,710 shares outstanding at March 31, 2010 and December 31, 2009, respectively. The accompanying notes are an integral part of Virginia Power's Consolidated Financial Statements.

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**VIRGINIA ELECTRIC AND POWER COMPANY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

Three Months Ended March 31,

(millions)	2010	2009
<b>Operating Activities</b>		
Net income	\$ 95	\$ 204
Adjustments to reconcile net income to net cash provided by operating activities:		
Charges related to workforce reduction program	202	
Depreciation and amortization	192	184
Deferred income taxes and investment tax credits	(59)	(5)
Other adjustments	(18)	1
Changes in:		
Accounts receivable	65	75
Affiliated accounts receivable and payable	(20)	(17)
Inventories	43	31
Deferred fuel expenses	5	104
Accounts payable	22	9
Accrued interest, payroll and taxes	143	65
Other operating assets and liabilities	99	33
Net cash provided by operating activities	769	684
<b>Investing Activities</b>		
Plant construction and other property additions	(567)	(515)
Purchases of nuclear fuel	(40)	(40)
Purchases of securities	(317)	(140)
Proceeds from sales of securities	304	137
Other	9	(50)
Net cash used in investing activities	(611)	(608)
<b>Financing Activities</b>		
Issuance (repayment) of short-term debt, net	(442)	240
Issuance (repayment) of affiliated current borrowings, net	431	(208)
Repayment of long-term debt	(2)	(2)
Common dividend payments	(108)	(101)
Preferred dividend payments	(4)	(4)
Other	1	(1)
Net cash used in financing activities	(124)	(76)
Increase in cash and cash equivalents	34	
Cash and cash equivalents at beginning of period	19	27
Cash and cash equivalents at end of period	\$ 53	\$ 27

**Supplemental Cash Flow Information**

Significant noncash investing and financing activities:

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Accrued capital expenditures	\$ 112	\$ 128
Conversion of short-term borrowings payable to Dominion to equity	\$ 433	\$

The accompanying notes are an integral part of Virginia Power's Consolidated Financial Statements.

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**COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**Note 1. Nature of Operations**

Dominion, headquartered in Richmond, Virginia, is one of the nation's largest producers and transporters of energy. Dominion's operations are conducted through various subsidiaries, including Virginia Power, a regulated public utility that generates, transmits and distributes electricity for sale in Virginia and northeastern North Carolina.

As discussed in Note 3, Dominion completed the sale of its Pennsylvania gas distribution operations in February 2010 and in March 2010 entered into an agreement to sell substantially all of its Appalachian E&P operations.

**Note 2. Significant Accounting Policies**

As permitted by the rules and regulations of the SEC, Dominion's and Virginia Power's accompanying unaudited Consolidated Financial Statements contain certain condensed financial information and exclude certain footnote disclosures normally included in annual audited consolidated financial statements prepared in accordance with GAAP. These unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes in Dominion's and Virginia Power's Annual Report on Form 10-K for the year ended December 31, 2009.

In Dominion's and Virginia Power's opinion, the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary to present fairly their financial position as of March 31, 2010 and their results of operations and cash flows for the three months ended March 31, 2010 and 2009. Such adjustments are normal and recurring in nature unless otherwise noted.

The Companies make certain estimates and assumptions in preparing their Consolidated Financial Statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. Actual results may differ from those estimates.

Dominion's and Virginia Power's accompanying unaudited Consolidated Financial Statements include, after eliminating intercompany transactions and balances, their accounts and those of their respective majority-owned subsidiaries.

The results of operations for interim periods are not necessarily indicative of the results expected for the full year. Information for quarterly periods is affected by seasonal variations in sales, rate changes, electric fuel and other energy-related purchases, purchased gas expenses and other factors.

Certain amounts in Dominion's and Virginia Power's 2009 Consolidated Financial Statements and Notes have been recast to conform to the 2010 presentation.

Amounts disclosed for Dominion are inclusive of Virginia Power, where applicable.

**Note 3. Dispositions**

***Sale of Appalachian E&P Operations***

In March 2010, Dominion entered into an agreement to sell substantially all of its Appalachian E&P operations to a newly-formed subsidiary of CONSOL Energy for approximately \$3.5 billion, subject to adjustments pursuant to terms of the agreement. Also in March 2010, the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice granted early termination of the mandatory waiting period for the transaction under the Hart-Scott-Rodino Antitrust Improvements Act. The transaction is expected to close by April 30, 2010, subject to customary closing conditions.

The transaction includes the rights to approximately 491,000 acres in the Marcellus Shale formation. Dominion is retaining certain oil and natural gas wells located on or near its natural gas storage fields. Dominion expects the transaction to generate after-tax proceeds of approximately \$2.3 billion and result in an after-tax gain of approximately \$1.4 billion. Proceeds from the sale will be used to offset Dominion's

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equity needs for 2010 and 2011, repurchase common stock, fund a contribution to Dominion's employee benefit plans and offset the impact of Virginia Power's rate case settlement.

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The results of operations for Dominion's Appalachian E&P business are not reported as discontinued operations in the Consolidated Statements of Income since Dominion did not sell its entire U.S. cost pool, which includes the retained Appalachian assets located on or near its natural gas storage fields.

Due to the announced sale, hedge accounting was discontinued for certain cash flow hedges since it became probable that the forecasted sales of gas would not occur. In connection with the discontinuance of hedge accounting for these contracts, Dominion recognized a \$42 million (\$25 million after-tax) benefit, recorded in operating revenue in its Consolidated Statement of Income, reflecting the reclassification of gains from AOCI to earnings for these contracts in the three months ended March 31, 2010.

**Sale of Peoples**

In February 2010, Dominion completed the sale of Peoples to PNG Companies LLC and netted after-tax proceeds of approximately \$542 million. The sale resulted in an after-tax loss of approximately \$134 million, which included a \$79 million write-off of goodwill. The sale also resulted in after-tax expenses of approximately \$27 million, including transaction and benefit-related costs. In addition, Peoples had income from operations of \$12 million after-tax for the three months ended March 31, 2010.

Dominion did not previously report Peoples as discontinued operations since it expected to have significant continuing cash flows related primarily to the sale to Peoples of natural gas production from its Appalachian E&P business. Due to the pending sale of its Appalachian E&P business, Dominion no longer expects to have significant continuing cash flows with Peoples; therefore, the results of Peoples were reclassified to discontinued operations in the Consolidated Statements of Income for all periods presented.

The carrying amounts of the major classes of assets and liabilities classified as held for sale in Dominion's Consolidated Balance Sheet were as follows:

	December 31, 2009
<b>(millions)</b>	
<b>ASSETS</b>	
<b>Current Assets</b>	
Customer receivables	\$ 87
Other	56
<b>Total current assets</b>	<b>143</b>
<b>Property, Plant and Equipment</b>	
Property, plant and equipment	985
Accumulated depreciation, depletion and amortization	(284)
<b>Total property, plant and equipment, net</b>	<b>701</b>
<b>Deferred Charges and Other Assets</b>	
Regulatory assets	125
Other	49
<b>Total deferred charges and other assets</b>	<b>174</b>
Assets held for sale	\$ 1,018
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	<b>\$ 133</b>
<b>Deferred Credits and Other Liabilities</b>	
Deferred income taxes and investment tax credits	238
Other	57

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Total deferred credits and other liabilities	295
Liabilities held for sale	\$ 428

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The following table presents selected information regarding the results of operations of Peoples, which are reported as discontinued operations in the Consolidated Statements of Income:

(millions)	Three Months Ended	
	2010	March 31, 2009
Operating revenue	\$ 67	\$ 227
Income (loss) before income taxes	(137) <sup>(1)</sup>	35

(1) Includes pre-tax loss on the sale of \$117 million.

**Note 4. Ceiling Test**

Dominion follows the full cost method of accounting for its gas and oil E&P activities, which subjects capitalized costs to a quarterly ceiling test using hedge-adjusted prices. At March 31, 2010, Dominion recorded a ceiling test impairment charge of \$21 million (\$13 million after-tax) in other operations and maintenance expense in its Consolidated Statement of Income primarily due to a decline in hedge-adjusted prices reflecting the discontinuance of hedge accounting for certain cash flow hedges, as discussed in Note 3.

In March 2009, Dominion recorded a ceiling test impairment charge of \$455 million (\$272 million after-tax) in other operations and maintenance expense in its Consolidated Statement of Income. Excluding the effects of hedge-adjusted prices in calculating the ceiling limitation, the impairment would have been \$631 million (\$378 million after-tax).

**Note 5. Operating Revenue**

The Companies' operating revenue consists of the following:

(millions)	Three Months Ended	
	2010	March 31, 2009
<b>Dominion</b>		
Electric sales:		
Regulated	\$ 1,717	\$ 1,825
Nonregulated	945	994
Gas sales:		
Regulated	145	330
Nonregulated	782	931
Gas transportation and storage	465	393
Other	114	113
Total operating revenue	\$ 4,168	\$ 4,586
<b>Virginia Power</b>		
Regulated electric sales	\$ 1,717	\$ 1,825
Other	22	34
Total operating revenue	\$ 1,739	\$ 1,859





**Table of Contents****Note 6. Income Taxes****Continuing Operations**

For continuing operations, including noncontrolling interests, the statutory U.S. federal income tax rate reconciles to Dominion's and Virginia Power's effective income tax rate as follows:

Three Months Ended March 31,	Dominion		Virginia Power	
	2010	2009	2010	2009
U.S. statutory rate	35.0%	35.0%	35.0%	35.0%
Increases (reductions) resulting from:				
Legislative changes	8.8	0.3	8.7	
State taxes, net of federal benefit	3.8	3.3	4.1	3.8
Domestic production activities deduction	(0.5)	(0.5)	(1.0)	(0.5)
Investment and production tax credits	(0.3)	(1.0)		0.1
Amortization of investment tax credits		(0.1)	(0.2)	(0.1)
Other, net	0.6	(0.3)	0.7	(1.2)
Effective tax rate	47.4%	36.7%	47.3%	37.1%

Dominion's and Virginia Power's effective tax rates in 2010 reflect a reduction of deferred tax assets resulting from the enactment of the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 which eliminated the employer's deduction, beginning in 2013, for that portion of its retiree prescription drug coverage cost that is being reimbursed by the Medicare Part D subsidy.

As of March 31, 2010, there have been no material changes in Dominion's and Virginia Power's unrecognized tax benefits. See Note 6 to the Consolidated Financial Statements in Dominion's and Virginia Power's Annual Report on Form 10-K for the year ended December 31, 2009, for a discussion of these unrecognized tax benefits, including reasonably possible changes that could occur during the next twelve months.

**Discontinued Operations**

Income tax expense in 2010 for Dominion's discontinued operations primarily reflects the impact of goodwill written off in the sale of Peoples that is not deductible for tax purposes and the reversal of deferred taxes for which the benefit was offset by the reversal of income tax-related regulatory assets.

Income tax expense in 2009 for Dominion's discontinued operations also reflects the impact of these items. Since the sale of Peoples was expected to occur later in 2009, the tax effects related to the sale were included in the determination of Dominion's estimated annual effective tax rate in 2009.

**Note 7. Earnings Per Share**

The following table presents the calculation of Dominion's basic and diluted EPS:

(millions, except EPS)	Three Months Ended March 31,	
	2010	2009
Net income attributable to Dominion	\$ 174	\$ 248
Average shares of common stock outstanding - Basic	599.9	585.3
Net effect of potentially dilutive securities <sup>(1)</sup>	1.0	0.4

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Average shares of common stock outstanding	Diluted	600.9	585.7
Earnings Per Common Share	Basic and Diluted	\$ 0.29	\$ 0.42

(1) Potentially dilutive securities consist of options, goal-based stock and contingently convertible senior notes. Potentially dilutive securities with the right to acquire approximately 1.6 million common shares for the three months ended March 31, 2009, were not included in the period's calculation of diluted EPS because the exercise or purchase prices of those instruments were greater than the average market price of Dominion's common shares. There were no potentially dilutive securities excluded from the calculation of diluted EPS for the three months ended March 31, 2010.

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**Table of Contents****Note 8. Comprehensive Income**

The following table presents Dominion's total comprehensive income:

	Three Months Ended March 31,	
	2010	2009
(millions)		
Net income including noncontrolling interests	\$ 178	\$ 252
Other comprehensive income:		
Net other comprehensive income associated with effective portion of changes in fair value of derivatives designated as cash flow hedges, net of taxes and amounts reclassified to earnings	106	151
Other, net of tax	64	24
Other comprehensive income	170	175
Comprehensive income including noncontrolling interests	348	427
Noncontrolling interests	4	4
Total comprehensive income attributable to Dominion	\$ 344	\$ 423

The following table presents Virginia Power's total comprehensive income:

	Three Months Ended March 31,	
	2010	2009
(millions)		
Net income	\$ 95	\$ 204
Other comprehensive income (loss):		
Net other comprehensive income (loss) associated with effective portion of changes in fair value of derivatives designated as cash flow hedges, net of taxes and amounts reclassified to earnings	(5)	
Other, net of tax	2	3
Other comprehensive income (loss)	(3)	3
Total comprehensive income	\$ 92	\$ 207

**Note 9. Fair Value Measurements**

Dominion's and Virginia Power's fair value measurements are made in accordance with the policies discussed in Note 7 to the Consolidated Financial Statements in their Annual Report on Form 10-K for the year ended December 31, 2009. See Note 10 in this report for further information about their derivatives and hedge accounting activities.

Fair values are based on inputs and assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and the risks inherent in valuation techniques and the inputs to valuations. The inputs and assumptions include the following:

For commodity and foreign currency derivative contracts:

Forward commodity prices

Forward foreign currency prices

Price volatility

Volumes

Commodity location

Interest rates

Credit quality of counterparties and Dominion and Virginia Power

Credit enhancements

Time value

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For interest rate derivative contracts:

Interest rate curves

Credit quality of counterparties and Dominion and Virginia Power

Credit enhancements

Time value

For investments:

Quoted securities prices

Securities trades information including volume and restrictions

Maturity

Interest rates

Credit quality

Net asset value (only for investments in partnerships)

Dominion and Virginia Power regularly evaluate and validate the inputs used to estimate fair value by a number of methods, including various market price verification procedures such as the use of pricing services and multiple broker quotes to support the market price of the various commodities in which the Companies transact, as well as review and verification of models.

For derivative contracts, Dominion and Virginia Power recognize transfers between Levels based on fair values as of the first day of the month in which the transfer occurs. Transfers out of Level 3 represent assets and liabilities that were previously classified as Level 3 for which the inputs became observable based on the criteria discussed in Note 7 to the Consolidated Financial Statements in Dominion's and Virginia Power's Annual Report on Form 10-K for the year ended December 31, 2009 for classification in either Level 1 or Level 2. Because the activity and liquidity of commodity markets vary substantially between regions and time periods, the availability of observable inputs for substantially the full term and value of the Companies' over-the-counter derivative contracts is subject to change.

At March 31, 2010, Dominion's and Virginia Power's net balance of commodity derivatives categorized as Level 3 fair value measurements was a net liability of \$60 million and \$15 million, respectively. A hypothetical 10% increase in commodity prices would increase Dominion's and Virginia Power's net liability by \$29 million and \$1 million, respectively. A hypothetical 10% decrease in commodity prices would decrease Dominion's and Virginia Power's net liability by \$28 million and \$1 million, respectively.

During the first quarter of 2009, Dominion evaluated an equity method investment for impairment and recorded a \$23 million impairment in other income (loss) in its Consolidated Statement of Income. The resulting fair value of \$10 million was estimated using an expected present value cash flow model and was considered a Level 3 fair value measurement due to the use of significant unobservable inputs related to the

timing and amount of future equity distributions based on the investee's future financing structure, contractual and market based revenues and operating costs.

**Table of Contents****Dominion**

The following table presents Dominion's assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

	Level 1	Level 2	Level 3	Total
<b>(millions)</b>				
<b>As of March 31, 2010</b>				
<b>Assets</b>				
Derivatives:				
Commodity	\$ 200	\$ 1,576	\$ 38	\$ 1,814
Interest rate		107		107
Investments:				
Marketable equity securities	1,663			1,663
Marketable debt securities:				
Corporate bonds		354		354
U.S. Treasury securities and agency debentures	287	151		438
State and municipal		211		211
Other	1	13		14
Cash equivalents and other		109		109
<b>Total assets</b>	<b>\$ 2,151</b>	<b>\$ 2,521</b>	<b>\$ 38</b>	<b>\$ 4,710</b>
<b>Liabilities</b>				
Derivatives:				
Commodity	\$ 42	\$ 1,192	\$ 98	\$ 1,332
<b>Total liabilities</b>	<b>\$ 42</b>	<b>\$ 1,192</b>	<b>\$ 98</b>	<b>\$ 1,332</b>
<b>As of December 31, 2009</b>				
<b>Assets</b>				
Derivatives:				
Commodity	\$ 85	\$ 1,058	\$ 41	\$ 1,184
Interest rate		176		176
Foreign currency		2		2
Investments:				
Marketable equity securities	1,575	1		1,576
Marketable debt securities:				
Corporate bonds		253		253
U.S. Treasury securities and agency debentures	216	78		294
State and municipal		434		434
Other		4		4
Cash equivalents and other		54		54
<b>Total assets</b>	<b>\$ 1,876</b>	<b>\$ 2,060</b>	<b>\$ 41</b>	<b>\$ 3,977</b>
<b>Liabilities</b>				
Derivatives:				
Commodity	\$ 17	\$ 736	\$ 107	\$ 860
Interest rate		1		1
<b>Total liabilities</b>	<b>\$ 17</b>	<b>\$ 737</b>	<b>\$ 107</b>	<b>\$ 861</b>





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The following table presents the net change in Dominion's assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category:

	<b>Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>(millions)</b>		
Beginning balance	\$ (66)	\$ 99
Total realized and unrealized gains (losses):		
Included in earnings	1	(62)
Included in other comprehensive income (loss)	24	20
Included in regulatory assets/liabilities	(5)	23
Purchases, issuances and settlements	(15)	34
Transfers out of Level 3	1	(16)
Ending balance	\$ (60)	\$ 98
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	\$ (17)	\$ (12)

The following table presents Dominion's gains and losses included in earnings in the Level 3 fair value category:

	<b>Operating revenue</b>	<b>Electric fuel and other energy-related purchases</b>	<b>Purchased gas</b>	<b>Total</b>
<b>(millions)</b>				
<b>Three Months Ended March 31, 2010</b>				
Total gains (losses) included in earnings	\$ (16)	\$ 21	\$ (4)	\$ 1
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at the reporting date	(14)		(3)	(17)
<b>Three Months Ended March 31, 2009</b>				
Total gains (losses) included in earnings	\$ (4)	\$ (51)	\$ (7)	\$ (62)
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at the reporting date	(9)	3	(6)	(12)

**Table of Contents****Virginia Power**

The following table presents Virginia Power's assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

	Level 1	Level 2	Level 3	Total
<b>(millions)</b>				
<b>As of March 31, 2010</b>				
<b>Assets</b>				
Derivatives				
Commodity	\$	\$ 25	\$ 1	\$ 26
Interest rate		69		69
Investments:				
Marketable equity securities	669			669
Marketable debt securities:				
Corporate bonds		239		239
U.S. Treasury securities and agency debentures	133	52		185
State and municipal		33		33
Other		7		7
Cash equivalents and other		78		78
Total assets	\$ 802	\$ 503	\$ 1	\$ 1,306
<b>Liabilities</b>				
Derivatives				
Commodity	\$	\$ 14	\$ 16	\$ 30
Total liabilities	\$	\$ 14	\$ 16	\$ 30
<b>As of December 31, 2009</b>				
<b>Assets</b>				
Derivatives:				
Commodity	\$	\$ 30	\$ 2	\$ 32
Interest rate		86		86
Foreign currency		2		2
Investments:				
Marketable equity securities	634			634
Marketable debt securities:				
Corporate bonds		161		161
U.S. Treasury securities and agency debentures	90	8		98
State and municipal		189		189
Other		3		3
Cash equivalents and other		16		16
Total assets	\$ 724	\$ 495	\$ 2	\$ 1,221
<b>Liabilities</b>				
Derivatives:				
Commodity	\$	\$ 3	\$ 12	\$ 15
Total liabilities	\$	\$ 3	\$ 12	\$ 15



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The following table presents the net change in Virginia Power's assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category:

(millions)	Three Months Ended	
	2010	2009
Beginning balance	\$ (10)	\$ (69)
Total realized and unrealized gains (losses):		
Included in earnings	21	(51)
Included in regulatory assets/liabilities	(5)	23
Purchases, issuances and settlements	(21)	54
Transfers out of Level 3		2
Ending balance	\$ (15)	\$ (41)
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	\$	\$ 3

The gains and losses included in earnings in the Level 3 fair value category, including those attributable to the change in unrealized gains and losses relating to assets still held at the reporting date, were classified in electric fuel and other energy-related purchases expense in Virginia Power's Consolidated Statements of Income for the three months ended March 31, 2010 and 2009.

**Fair Value of Financial Instruments**

Substantially all of Dominion's and Virginia Power's financial instruments are recorded at fair value, with the exception of the instruments described below that are reported at historical cost. Estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. The carrying amount of cash and cash equivalents, customer and other receivables, short-term debt and accounts payable are representative of fair value because of the short-term nature of these instruments. Dominion's and Virginia Power's financial instruments' carrying amounts and fair values are as follows:

(millions)	March 31, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value <sup>(1)</sup>	Carrying Amount	Estimated Fair Value <sup>(1)</sup>
<b>Dominion</b>				
Long-term debt, including securities due within one year <sup>(2)</sup>	\$ 14,867	\$ 16,119	\$ 14,867	\$ 15,970
Junior subordinated notes payable to affiliates	268	255	268	255
Enhanced junior subordinated notes	1,483	1,549	1,483	1,487
Subsidiary preferred stock <sup>(3)</sup>	257	245	257	251
<b>Virginia Power</b>				
Long-term debt, including securities due within one year <sup>(2)</sup>	\$ 6,456	\$ 7,062	\$ 6,458	\$ 6,977
Preferred stock <sup>(3)</sup>	257	245	257	251

- (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.

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- (2) Includes amounts which represent the unamortized discount and premium. At March 31, 2010 and December 31, 2009, includes the valuation of certain fair value hedges associated with Dominion's fixed rate debt of approximately \$24 million and \$23 million, respectively. At March 31, 2010, includes the valuation of certain fair value hedges associated with Virginia Power's fixed rate debt of approximately \$1 million.
- (3) Includes issuance expenses of \$2 million at March 31, 2010 and December 31, 2009.

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**Table of Contents****Note 10. Derivatives and Hedge Accounting Activities**

Dominion's and Virginia Power's accounting policies and objectives and strategies for using derivative instruments are discussed in Note 2 to the Consolidated Financial Statements in their Annual Report on Form 10-K for the year ended December 31, 2009. See Note 9 in this report for further information about fair value measurements and associated valuation methods for derivatives.

**Dominion**

The following table presents the volume of Dominion's derivative activity as of March 31, 2010. These volumes are based on open derivative positions and represent the combined absolute value of their long and short positions, except in the case of offsetting deals, for which they represent the absolute value of the net volume of their long and short positions.

	Current	Noncurrent
Natural Gas (bcf):		
Fixed price <sup>(1)</sup>	637.6	150.9
Basis	1,259.8	494.7
Electricity (MWh):		
Fixed price <sup>(1)</sup>	20,459,482	9,515,954
FTRs	20,005,587	3,056,425
Capacity (MW)	1,394,432	4,821,200
Liquids (gallons) <sup>(2)</sup>	152,964,000	103,152,000
Interest rate	\$ 1,100,000,000	\$ 825,000,000
Foreign currency (euros)	4,000,000	

(1) Includes options.

(2) Includes NGL and oil derivatives.

For the three months ended March 31, 2010 and 2009, gains or losses on hedging instruments determined to be ineffective were not material. Amounts excluded from the assessment of effectiveness include gains or losses attributable to changes in the time value of options and changes in the differences between spot prices and forward prices and were not material for the three months ended March 31, 2010 and 2009.

The following table presents selected information related to gains (losses) on cash flow hedges included in AOCI in Dominion's Consolidated Balance Sheet at March 31, 2010:

(millions)	AOCI After-Tax	Amounts Expected to be Reclassified to Earnings during the next 12 Months After-Tax	Maximum Term
Commodities:			
Gas	\$ (19)	\$ (11)	39 months
Electricity	326	266	38 months
Other	4		62 months
Interest rate	76	(3)	369 months
Total	\$ 387	\$ 252	

The amounts that will be reclassified from AOCI to earnings will generally be offset by the recognition of the hedged transactions (e.g., anticipated sales) in earnings, thereby achieving the realization of prices contemplated by the underlying risk management strategies and will vary from the expected amounts presented above as a result of changes in market prices, interest rates and foreign exchange rates.

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The sale of the majority of Dominion's remaining E&P operations resulted in the discontinuance of hedge accounting for certain cash flow hedges, as discussed in Note 3.

In addition, changes to Dominion's financing needs resulted in the discontinuance of hedge accounting for certain cash flow hedges since it became probable that forecasted interest payments would not occur. In connection with the discontinuance of hedge accounting for these contracts, Dominion recognized a benefit recorded to interest and related charges reflecting the reclassification of gains from AOCI to earnings of \$40 million (\$23 million after-tax) in the three months ended March 31, 2010.

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**Table of Contents****Fair Value and Gains and Losses on Derivative Instruments**

The following table presents the fair values of Dominion's derivatives and where they are presented in its Consolidated Balance Sheets:

(millions)	Fair Value Derivatives under Hedge Accounting	Fair Value Derivatives not under Hedge Accounting	Total Fair Value
<b>March 31, 2010</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Commodity	\$ 655	\$ 879	\$ 1,534
Interest rate	23	81	104
Total current derivative assets	678	960	1,638
<b>Noncurrent Assets</b>			
Commodity	155	125	280
Interest rate	3		3
Total noncurrent derivative assets <sup>(1)</sup>	158	125	283
Total derivative assets	\$ 836	\$ 1,085	\$ 1,921
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Commodity	\$ 238	\$ 888	\$ 1,126
Total current derivative liabilities	238	888	1,126
<b>Noncurrent Liabilities</b>			
Commodity	65	141	206
Total noncurrent derivative liabilities <sup>(2)</sup>	65	141	206
Total derivative liabilities	\$ 303	\$ 1,029	\$ 1,332
<b>December 31, 2009</b>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Commodity	\$ 445	\$ 507	\$ 952
Interest rate	174		174
Foreign currency	2		2
Total current derivative assets	621	507	1,128
<b>Noncurrent Assets</b>			
Commodity	132	100	232
Interest rate	2		2

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Total noncurrent derivative assets <sup>(1)</sup>	134	100	234
<b>Total derivative assets</b>	<b>\$ 755</b>	<b>\$ 607</b>	<b>\$ 1,362</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Commodity	\$ 147	\$ 532	\$ 679
<b>Total current derivative liabilities</b>	<b>147</b>	<b>532</b>	<b>679</b>
<b>Noncurrent Liabilities</b>			
Commodity	61	120	181
Interest rate	1		1
<b>Total noncurrent derivative liabilities<sup>(2)</sup></b>	<b>62</b>	<b>120</b>	<b>182</b>
<b>Total derivative liabilities</b>	<b>\$ 209</b>	<b>\$ 652</b>	<b>\$ 861</b>

(1) Noncurrent derivative assets are presented in other deferred charges and other assets in Dominion's Consolidated Balance Sheets.

(2) Noncurrent derivative liabilities are presented in other deferred credits and other liabilities in Dominion's Consolidated Balance Sheets.

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The following tables present the gains and losses on Dominion's derivatives, as well as where the associated activity is presented in its Consolidated Balance Sheets and Statements of Income:

Derivatives in cash flow hedging relationships (millions)	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion) <sup>(1)</sup>	Amount of Gain (Loss) Reclassified from AOCI to Income	Increase (Decrease) in Derivatives Subject to Regulatory Treatment <sup>(2)</sup>
<b>Three Months Ended March 31, 2010</b>			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		\$ 181	
Purchased gas		(97)	
Electric fuel and other energy-related purchases		(3)	
Purchased electric capacity		1	
Total commodity	\$ 299	82	\$ (13)
Interest rate <sup>(3)</sup>	(3)	40	(1)
Foreign currency <sup>(4)</sup>		1	(1)
Total	\$ 296	\$ 123	\$ (15)
<b>Three Months Ended March 31, 2009</b>			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		\$ 238	
Purchased gas		(48)	
Electric fuel and other energy-related purchases		(5)	
Purchased electric capacity		2	
Total commodity	\$ 431	187	\$ 11
Interest rate <sup>(3)</sup>	(14)	(1)	11
Foreign currency <sup>(4)</sup>		1	(2)
Total	\$ 417	\$ 187	\$ 20

(1) Amounts deferred into AOCI have no associated effect in Dominion's Consolidated Statements of Income.

(2) Represents net derivative activity deferred into and amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in Dominion's Consolidated Statements of Income.

(3) Amounts recorded in Dominion's Consolidated Statements of Income are classified in interest and related charges.

(4) Amounts recorded in Dominion's Consolidated Statements of Income are classified in electric fuel and other energy-related purchases.

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Derivatives not designated as hedging instruments (millions)	Amount of Gain (Loss) Recognized in Income on Derivatives <sup>(1)</sup>	
	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Derivative Type and Location of Gains (Losses)		
Commodity:		
Operating revenue	\$ 40	\$ 33
Purchased gas	(31)	(32)
Electric fuel and other energy-related purchases	21	(51)
Total	\$ 30	\$ (50)

(1) Includes derivative activity amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in Dominion's Consolidated Statements of Income.

**Virginia Power**

The following table presents the volume of Virginia Power's derivative activity as of March 31, 2010. These volumes are based on open derivative positions and represent the combined absolute value of their long and short positions, except in the case of offsetting deals, for which they represent the absolute value of the net volume of their long and short positions.

	Current	Noncurrent
Natural Gas (bcf):		