

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**

FERC Form 1 Page # or

**Formula Rate -- Appendix A**

Notes

Instruction ( Note H)

2008

Shaded cells are input cells

(000's)

**Allocators**

Wages & Salary Allocation Factor				
1	Transmission Wages Expense		p354.21b/ Attachment 5	\$ 15,066
2	Less Generator Step-ups		Attachment 5	136
3	Net Transmission Wage Expenses		(Line 1 - 2)	14,930
4	Total Wages Expense		p354.28b/Attachment 5	554,521
5	Less A&G Wages Expense		p354.27b/Attachment 5	126,603
6	Total		(Line 4 - 5)	\$ 427,918
<b>7</b>	<b>Wages &amp; Salary Allocator</b>	(Note B)	(Line 3 / 6)	<b>3.4890%</b>
Plant Allocation Factors				
8	Electric Plant In Service	(Notes A & Q)	p207.104.g/Attachment 5	\$ 22,425,689
9	Common Plant In Service - Electric		(Line 26)	0
10	Total Plant In Service		(Sum Lines 8 & 9)	22,425,689
11	Accumulated Depreciation (Total Electric Plant)	(Notes A & Q)	(Line 15 - 14 - 13 - 12)	9,007,346
12	Accumulated Intangible Amortization	(Notes A & Q)	p200.21c/Attachment 5	180,407
13	Accumulated Common Amortization - Electric	(Notes A & Q)	p356/Attachment 5	0
14	Accumulated Common Plant Depreciation - Electric	(Notes A & Q)	p356/Attachment 5	0
15	Total Accumulated Depreciation		p219.29c/Attachment 5	9,187,753
16	Net Plant		(Line 10 - 15)	13,237,936
17	Transmission Gross Plant		(Line 31 - 30)	1,921,752
<b>18</b>	<b>Gross Plant Allocator</b>	(Note B)	(Line 17 / 10)	<b>8.5694%</b>
19	Transmission Net Plant		(Line 44 - 30)	\$ 1,079,693
<b>20</b>	<b>Net Plant Allocator</b>	(Note B)	(Line 19 / 16)	<b>8.1561%</b>

**Plant Calculations**

Plant In Service				
21	Transmission Plant In Service	(Notes A & Q)	p207.58.g/Attachment 5	\$ 1,965,395
22	Less: Generator Step-ups	(Notes A & Q)	Attachment 5	75,343
23	Less: Interconnect Facilities Installed After March 15, 2000	(Notes A & Q)	Attachment 5	0
24	Total Transmission Plant In Service		(Lines 21 - 22 - 23)	1,890,052
25	General & Intangible	(Notes A & Q)	p205.5.g + p207.99.g/Attachment 5	908,570
26	Common Plant (Electric Only)		p356/Attachment 5	0
27	Total General & Common		(Line 25 + 26)	908,570
28	Wage & Salary Allocation Factor		(Line 7)	3.4890%
29	General & Common Plant Allocated to Transmission		(Line 27 * 28)	\$ 31,700
30	Plant Held for Future Use (Including Land)	(Notes C & Q)	p214.47.d/Attachment 5	\$ 3,563
<b>31</b>	<b>TOTAL Plant In Service</b>		<b>(Line 24 + 29 + 30)</b>	<b>\$ 1,925,315</b>
Accumulated Depreciation				
32	Transmission Accumulated Depreciation	(Notes A & Q)	p219.25.c/Attachment 5	\$ 824,688
33	Less Accumulated Depreciation for Generator Step-ups	(Notes A & Q)	Attachment 5	2,202
34	Less Accumulated Depreciation for Interconnect Facilities Installed After March 15, 2000	(Notes A & Q)	Attachment 5	0
35	Total Accumulated Depreciation for Transmission		(Line 32 - 33 - 34)	822,486
36	Accumulated General Depreciation	(Notes A & Q)	p219.28.b/Attachment 5	380,573
37	Accumulated Intangible Amortization	(Notes A & Q)	(Line 12)	180,407
38	Accumulated Common Amortization - Electric		(Line 13)	0
39	Common Plant Accumulated Depreciation (Electric Only)		(Line 14)	0
40	Total Accumulated Depreciation		(Sum Lines 36 to 39)	560,980
41	Wage & Salary Allocation Factor		(Line 7)	3.4890%
42	General & Common Allocated to Transmission		(Line 40 * 41)	19,573
<b>43</b>	<b>TOTAL Accumulated Depreciation</b>		<b>(Line 35 + 42)</b>	<b>\$ 842,058</b>
<b>44</b>	<b>TOTAL Net Property, Plant &amp; Equipment</b>		<b>(Line 31 - 43)</b>	<b>\$ 1,083,256</b>

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**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>				
45	ADIT net of FASB 106 and 109		Attachment 1	\$ (152,540)
46	<b>Accumulated Deferred Income Taxes Allocated To Transmission</b>		(Line 45)	<b>\$ (152,540)</b>
<b>Transmission O&amp;M Reserves</b>				
47	<b>Total Balance Transmission Related Account 242 Reserves</b>	Enter Negative	Attachment 5	<b>\$ (272)</b>
<b>Prepayments</b>				
48	Prepayments	(Notes A & R)	Attachment 5	\$ 2,575
49	<b>Total Prepayments Allocated to Transmission</b>		(Line 48)	<b>\$ 2,575</b>
<b>Materials and Supplies</b>				
50	Undistributed Stores Exp	(Notes A & R)	p227.6c & 16.c	\$ -
51	Wage & Salary Allocation Factor		(Line 7)	3.4890%
52	Total Transmission Allocated Materials and Supplies		(Line 50 * 51)	0
53	Transmission Materials & Supplies		p227.8c/2	3,078
54	<b>Total Materials &amp; Supplies Allocated to Transmission</b>		(Line 52 + 53)	<b>\$ 3,078</b>
<b>Cash Working Capital</b>				
55	Transmission Operation & Maintenance Expense		(Line 85)	\$ 48,837
56	1/8th Rule		x 1/8	12.5%
57	<b>Total Cash Working Capital Allocated to Transmission</b>		(Line 55 * 56)	<b>\$ 6,105</b>
<b>Network Credits</b>				
58	Outstanding Network Credits	(Note N)	Attachment 5 / From PJM	0
59	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	Attachment 5 / From PJM	0
60	Net Outstanding Credits		(Line 58 - 59)	0
61	<b>TOTAL Adjustment to Rate Base</b>		(Line 46 + 47 + 49 + 54 + 57 - 60)	<b>\$ (141,055)</b>
62	<b>Rate Base</b>		(Line 44 + 61)	<b>\$ 942,201</b>

**O&M**

<b>Transmission O&amp;M</b>				
63	Transmission O&M		p321.112.b/Attachment 5	\$ 37,744
64	Less GSU Maintenance		Attachment 5	216
65	Less Account 565 - Transmission by Others		p321.96.b/Attachment 5	0
66	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data	0
67	<b>Transmission O&amp;M</b>		(Lines 63 - 64 + 65 + 66)	<b>\$ 37,528</b>
<b>Allocated General &amp; Common Expenses</b>				
68	Common Plant O&M	(Note A)	p356	0
69	Total A&G		Attachment 5	339,538
70	Less Property Insurance Account 924		p323.185b	7,974
71	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b/Attachment 5	24,106
72	Less General Advertising Exp Account 930.1		p323.911b/Attachment 5	2,629
73	Less EPRI Dues	(Note D)	p352-353/Attachment 5	4,055
74	<b>General &amp; Common Expenses</b>		(Lines 68 + 69) - Sum (70 to 73)	\$ 300,774
75	Wage & Salary Allocation Factor		(Line 7)	3.4890%
76	<b>General &amp; Common Expenses Allocated to Transmission</b>		(Line 74 * 75)	<b>\$ 10,494</b>
<b>Directly Assigned A&amp;G</b>				
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b/Attachment 5	\$ 164
78	General Advertising Exp Account 930.1	(Note K)	p323.191b	0
79	Subtotal - Transmission Related		(Line 77 + 78)	164
80	Property Insurance Account 924		p323.185b	7,982
81	General Advertising Exp Account 930.1	(Note F)	Attachment 5	0
82	Total		(Line 80 + 81)	7,982
83	Net Plant Allocation Factor		(Line 20)	8.1561%
84	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 82 * 83)	<b>\$ 651</b>
85	<b>Total Transmission O&amp;M</b>		(Line 67 + 76 + 79 + 84)	<b>\$ 48,837</b>

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**Depreciation & Amortization Expense**

<b>Depreciation Expense</b>				
86	Transmission Depreciation Expense	(Notes A and S)	p336.7b&c/Attachment 5	\$ 38,158
87	Less: GSU Depreciation		Attachment 5	1,501
88	Less Interconnect Facilities Depreciation		Attachment 5	0
89	Extraordinary Property Loss		Attachment 5	0
90	Total Transmission Depreciation		(Line 86 - 87 - 88 + 89)	36,657
91	General Depreciation	(Note A)	p336.10b&c&d/Attachment 5	29,527
92	Intangible Amortization	(Note A)	p336.1d&e/Attachment 5	32,992
93	Total		(Line 91 + 92)	62,519
94	Wage & Salary Allocation Factor		(Line 7)	3.4890%
95	<b>General and Intangible Depreciation Allocated to Transmission</b>		(Line 93 * 94)	<b>2,181</b>
96	Common Depreciation - Electric Only	(Note A)	p336.11.b	0
97	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	0
98	Total		(Line 96 + 97)	0
99	Wage & Salary Allocation Factor		(Line 7)	3.4890%
100	<b>Common Depreciation - Electric Only Allocated to Transmission</b>		(Line 98 * 99)	<b>0</b>

101	<b>Total Transmission Depreciation &amp; Amortization</b>		<b>(Line 90 + 95 + 100)</b>	<b>\$ 38,838</b>
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**Taxes Other than Income**

102	Taxes Other than Income		Attachment 2	\$ 10,215
103	<b>Total Taxes Other than Income</b>		<b>(Line 102)</b>	<b>\$ 10,215</b>

**Return / Capitalization Calculations**

<b>Long Term Interest</b>				
104	Long Term Interest	(Note T)	p117.62c through 67c	\$ 271,886
105	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	0
106	<b>Long Term Interest</b>		(Line 104 - 105)	\$ 271,886
107	<b>Preferred Dividends</b>	(Note T), enter positive	p118.29c	\$ 15,721
<b>Common Stock</b>				
108	Proprietary Capital		p112.16c,d/2	\$ 5,588,155
109	Less Preferred Stock	(Note T), enter negative	(Line 117)	-259,014
110	Less Account 219 - Accumulated Other Comprehensive Income	(Note T), enter negative	p112.15c,d/2	-122,504
111	<b>Common Stock</b>		(Sum Lines 108 to 110)	\$ 5,206,637
<b>Capitalization</b>				
112	Long Term Debt		p112.24c,d/2	\$ 4,326,482
113	Less Loss on Reacquired Debt	(Note T), enter negative	p111.81c,d/2	-1,516
114	Plus Gain on Reacquired Debt	(Note T), enter positive	p113.61c,d/2	0
115	Less LTD on Securitization Bonds	(Note P)	(Note T), enter negative Attachment 8	0
116	Total Long Term Debt		(Sum Lines 112 to 115)	4,324,966
117	Preferred Stock	(Note T), enter positive	p112.3c,d/2	259,014
118	Common Stock		(Line 111)	5,206,637
119	<b>Total Capitalization</b>		(Sum Lines 116 to 118)	\$ 9,790,617
120	Debt %		Total Long Term Debt (Line 116 / 119)	44.2%
121	Preferred %		Preferred Stock (Line 117 / 119)	2.6%
122	Common %		Common Stock (Line 118 / 119)	53.2%
123	Debt Cost		Total Long Term Debt (Line 106 / 116)	0.0629
124	Preferred Cost		Preferred Stock (Line 107 / 117)	0.0607
125	Common Cost	(Note J)	Common Stock Fixed	0.1140
126	Weighted Cost of Debt		Total Long Term Debt (WCLTD) (Line 120 * 123)	0.0278
127	Weighted Cost of Preferred		Preferred Stock (Line 121 * 124)	0.0016
128	Weighted Cost of Common		Common Stock (Line 122 * 125)	0.0606
129	<b>Total Return ( R )</b>		(Sum Lines 126 to 128)	<b>0.0900</b>

130	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 62 * 129)</b>	<b>84,799</b>
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**Composite Income Taxes**

<b>Income Tax Rates</b>				
131	FIT=Federal Income Tax Rate		Attachment 5	35.00%
132	SIT=State Income Tax Rate or Composite	(Note I)	Attachment 5	6.23%
133	p	(percent of federal income tax deductible for state purposes)	Per State Tax Code	0.00%
134	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.05%
135	T/(1-T)			64.07%
<b>ITC Adjustment</b>				
136	Amortized Investment Tax Credit	(Note I)	Attachment 1	\$ (1,050)
137	T/(1-T)	enter negative	(Line 135)	64.07%
138	<b>ITC Adjustment Allocated to Transmission</b>		(Line 136 * (1 + 137))	<b>\$ (1,723)</b>

139	<b>Income Tax Component =</b>	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	[Line 135 * 130 * (1-(126 / 129))]	<b>37,565</b>
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140	<b>Total Income Taxes</b>		<b>(Line 138 + 139)</b>	<b>\$ 35,843</b>
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**REVENUE REQUIREMENT**

<b>Summary</b>				
141	Net Property, Plant & Equipment		(Line 44)	\$ 1,083,256
142	Adjustment to Rate Base		(Line 61)	-141,055
143	<b>Rate Base</b>		(Line 62)	<b>\$ 942,201</b>
144	O&M		(Line 85)	48,837
145	Depreciation & Amortization		(Line 101)	38,838
146	Taxes Other than Income		(Line 103)	10,215
147	Investment Return		(Line 130)	84,799
148	Income Taxes		(Line 140)	35,843
149				

150	<b>Revenue Requirement</b>		<b>(Sum Lines 144 to 149)</b>	<b>\$ 218,531</b>
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<b>Net Plant Carrying Charge</b>				
151	Revenue Requirement		(Line 150)	\$ 218,531
152	Net Transmission Plant		(Line 24 - 35)	1,067,566
153	Net Plant Carrying Charge		(Line 151 / 152)	20.4700%
154	Net Plant Carrying Charge without Depreciation		(Line 151 - 86) / 152	16.8957%
155	Net Plant Carrying Charge without Depreciation, Return or Income Taxes		(Line 151 - 86 - 130 - 140) / 152	5.5915%

<b>Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE</b>				
156	Gross Revenue Requirement Less Return and Taxes		(Line 150 - 147 - 148)	\$ 97,890
157	Increased Return and Taxes		Attachment 4	128,862
158	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 156 + 157)	226,752
159	Net Transmission Plant		(Line 152)	1,067,566
160	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 158 / 159)	21.2401%
161	Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation		(Line 158 - 86) / 159	17.6658%

162	<b>Revenue Requirement</b>		(Line 150)	\$ 218,531
163	True-up Adjustment		Attachment 6	-
164	Plus any increased ROE calculated on Attachment 7 other than PJM Schedule 12 projects.		Attachment 7	-
165	Facility Credits under Section 30.9 of the PJM OATT.		Attachment 5	-
166	Revenue Credits		Attachment 3	(9,370)
167	Interest on Network Credits		PJM data	0
168	<b>Annual Transmission Revenue Requirement (ATTR)</b>		(Line 162 + 163 + 164 + 165 + 166 + 167)	<b>\$ 209,161</b>

<b>Rate for Network Integration Transmission Service</b>				
169	1 CP Peak	(Note L)	PJM Data	19,688
170	Rate (\$/MW-Year)		(Line 168 / 169)	10,623.79

171	<b>Rate for Network Integration Transmission Service Rate (\$/MW/Year)</b>		<b>(Line 170)</b>	<b>10,623.79</b>
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**Virginia Electric and Power Company**

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**Notes**

- A Electric portion only - VEPCO does not have Common Plant.
- B Excludes amounts for Generator Step-ups and Interconnection Facilities, when appropriate.
- C Includes Transmission portion only.
- D Excludes all EPRI Annual Membership Dues.
- E Includes all regulatory commission expenses.
- F Includes all safety related advertising included in Account 930.1.
- G Includes all regulatory commission expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- H The Form 1 reference incates only the end-of-year balance used to derive the amount beside the reference. Each plant balance with a Form 1 reference will include the Form 1 balance in an average of the 13 month blances for the year. Each non-plant balance included in rate base with a Form 1 reference will include Form 1 balances in the calculation of the average of the beginning and end of year balances for the year. See notes Q and R below.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T). A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC. The basis point increase in ROE for new investment will be set at 100 basis points in Attachment 4 but not applied to determine any of the charges resulting from this formula absent absent a filing at FERC.
- K Education and outreach expenses relating to transmission, for example siting or billing.
- L As provided for in Section 34.1 of the PJM OATT.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) toward the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement on Line 167.
- O Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M. If they are booked to Acct 565, they are included on Line 66.
- P Securitization bonds may be included in the capital structure.
- Q Calculated using 13 month average balance. Only beginning and end of year balances are from Form 1.
- R Calculated using average of beginning and end of year balances. Beginning and end of year balances are from Form 1.
- S The depreciation rates are included in Attachment 9.
- T For the initial formula rate calculation, the projected capital structure shall reflect the capital structure from the 2006 FERC Form No. 1 data. For all other formula rate calculations, the projected capital structure and actual capital structure shall reflect the capital structure from the most recent FERC Form No. 1 data available.

**END**

**Virginia Electric and Power Company**  
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**Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2008**

	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>Total ADIT</i>
<b>ADIT- 282</b>	(160,740,479)	(87,601,543)	(22,758,611)	
<b>ADIT-283</b>	2,352,864	(6,758,046)	(1,170,694)	
<b>ADIT-190</b>	0	138,647,731	55,564,546	
<b>Subtotal</b>	(158,387,615)	44,288,142	31,635,251	
<b>Wages &amp; Salary Allocator</b>			3.4890%	
<b>Gross Plant Allocator</b>		8.5694%		
<b>End of Year ADIT</b>	(158,387,615)	3,795,237	1,103,750	(153,488,628)
<b>End of Previous Year ADIT (from Sheet 1A-ADIT (3))</b>	(157,080,388)	4,832,781	856,136	(151,591,470)
<b>Average Beginning and End of Year ADIT</b>	(157,734,001)	4,314,009	879,943	(152,540,049)
<b>End of Year ADIT</b>	(153,488,628)			
<b>End of Previous Year ADIT</b>	(151,591,470)			
<b>Average Beginning and End of Year ADIT</b>	(152,540,049)			

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns B-E and each separate ADIT item will be listed. Dissimilar items with amounts exceeding \$100,000 will be listed separately.

End of Year Balances :

A <i>ADIT-190</i>	B <i>Total</i>	C <i>Production Or Other Related</i>	D <i>Only Transmission Related</i>	E <i>Plant Related</i>	F <i>Labor Related</i>	G <i>Justification</i>
BAD DEBTS	4,837,795	4,837,795				For tax purposes bad debts are deductible when they are deemed to be uncollectible / worthless.
EPA AUCTION PROCEEDS	2,314,446	2,314,446				Book expense for emissions allowances based on moving-average-cost, tax expense based on specific identification.
FLEET LEASE CREDIT - CURRENT	58,719			58,719		Books amortize the fleet lease extension credit over the new lease; tax takes the deduction when incurred.
GROSS REC-UNBILLED REV-NC	90,408	90,408				Books include income when meter is read; taxed when service is provided.
NUCLEAR FUEL - PERMANENT DISPOSAL	2,938	2,938				Books estimate expense, tax deduction taken when paid.
SEPARATION/ERT	60,427				60,427	Book amount accrued and expensed; tax deduction when paid.
SO2 ALLOWANCES - CURRENT	28,999	28,999				Book expense for emissions allowances based on moving-average-cost, tax expense based on specific identification.
SUCCESS SHARE PLAN	419,465				419,465	Book amount accrued as its earned; tax deduction is actual payout.
VA PROPERTY TAX	3,131,384			3,131,384		Property tax expense is accrued for accounting purposes using the prior year's rates on the balance of the property located in the state at December 31 of the previous year. Tax takes a deduction when paid.
WEST VA PROPERTY TAX	2,323,235	2,323,235				Property tax expense is accrued for accounting purposes using the prior year's rates on the balance of the property located in the state at December 31 of the previous year. Tax takes a deduction when paid.
CAP EXPENSE	5,221,145			5,221,145		Represents '62 deduction for tax; capital for books.
CAPITALIZED INTEREST OPERATING CWIP	65,256,529	65,256,529				Represents tax capitalized interest on projects in CWIP - increase in taxable income.
CAPITALIZED INTEREST OPERATING IN SERVICE	(613,080)			(613,080)		Represents tax "In Service" capitalized interest placed in service net of tax amortization.
CAPITALIZED INTEREST OPERATING IN SERVICE	111,595,471			111,595,471		Represents tax "In Service" capitalized interest placed in service net of tax amortization.
DECOMMISSIONING & DECONTAMINATION	697,180	697,180				Book expensed as billed over 15 yr assessment period; tax deduct in year of assessment because all events test met as liability is based on prior facility use.
DECOMMISSIONING & DECONTAMINATION	929,573	929,573				Book expensed as billed over 15 yr assessment period; tax deduct in year of assessment because all events test met as liability is based on prior facility use.
DEFERRED GAIN/LOSS OPERATING	8,721,910			8,721,910		Represents the ADIT on Book Gain/Loss as accrued.
DSM	1,307,601	1,307,601				Represents a regulatory asset associated with Demand Side Mgt. Program that is being amortized for books.
EARNEST MONEY	12,692	12,692				Represents advances not recognized for tax.
FAS 143 ASSET OBLIGATION	10,215,580	10,215,580				Represents ARO accruals not deductible for tax.
FAS143 DECOMMISSIONING	293,724,843	293,724,843				Represents ARO accruals not deductible for tax.
FLEET LEASE CREDIT - NONCURRENT	213,571			213,571		Books amortizes the fleet lease extension credit over the new lease; tax takes the deduction when incurred.
GAIN/LOSS INTERCO SALES -BOOK/TAX	4,747,884			4,747,884		Tax recognizes the intercompany gain/loss over the tax life of the assets.
GENERAL BUSINESS CREDITS	2,342,401			2,342,401		Represents business credits not expensed through current due to consolidated return limitations.
INT STOR NORTH ANNA	8,367,504	8,367,504				Books recognizes the expense as incurred. For tax the deduction is recognized when the casks are filled.
INT STOR SURRY	3,619,811	3,619,811				Books recognizes the expense as incurred. For tax the deduction is recognized when the casks are filled.
LONG TERM DISABILITY RESERVE	3,810,955				3,810,955	Book estimate accrued and expensed; tax deduction when paid.
METERS	3,272,689	3,272,689				Books pre-capitalize when purchased; tax purposes when installed.
OPEB	19,436,612				19,436,612	Represents the difference between the book accrual expense and the actual funded amount.
POWER PURCHASE BUYOUT	405,533	405,533				Represents the difference between the book accrual expense and the actual funded amount.
PREMIUM, DEBT, DISCOUNT AND EXPENSE	2,959,229			2,959,229		Books record the yield to maturity method; taxes amortize straight line.
REACQUIRED DEBT GAIN/LOSS	1,092,599			1,092,599		Amortized for books and expensed for tax purposes.
REACTOR DECOMMISSIONING LIABILITY	910,000	910,000				Represents the difference between the accrual and payments.
REGULATORY LIABILITY - FAS 143	4,592,488	4,592,488				Represents regulatory liability established due to adoption of FAS 143.
RETIREMENT - (FASB 87)	31,837,087				31,837,087	Book estimate accrued and expensed; tax deduction when paid.
W.VA. STATE NOL CFWD - FEDERAL EFFECT	(823,502)			(823,502)		Federal effect of state deductions.
W.VA. STATE POLLUTION CONTROL - FEDERAL EFFECT	8,218,858	8,218,858				Federal effect of state deductions.
FAS 109 ITC REG LIABILITY	11,285,191	11,285,191				Represents the tax effect of ITC that will be refunded to the customer.
<b>Subtotal - p234</b>	616,626,170	422,413,893	0	138,647,731	55,564,546	
<b>Less FASB 109 Above if not separately removec</b>			0			
<b>Less FASB 106 Above if not separately removec</b>			0		0	
<b>Total</b>	616,626,170	422,413,893	0	138,647,731	55,564,546	

**Instructions for Account 190**

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
  - ADIT items related only to Transmission are directly assigned to Column E
  - ADIT items related to Plant and not in Columns C & D are included in Column E
  - ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded
6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.

**ATTACHMENT H-16A**  
**Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2008**

A ADIT-282	B Total	C Production Or Other	D Only Transmission	E Plant	F Labor	G Justification				
							Related	Related	Related	Related
							Related	Related	Related	Related
AFC DEFERRED TAX - FUEL IN SERVICE	(109,851)	(109,851)				Represents the amount of amortization of AFC in service not allowable for tax.				
AFC DEFERRED TAX - PLANT IN SERVICE	(5,876,628)	(4,384,545)	(1,492,083)			Represents the amount of amortization of AFC in service not allowable for tax.				
AFC DEFERRED TAX - PLANT IN SERVICE	47,278			47,278		Represents the amount of amortization of AFC in service not allowable for tax.				
BOOK CAPITALIZED INTEREST CWIP	(2,690,214)			(2,690,214)		Represents the unallowable amount of book interest.				
CAP EXPENSE	(24,911,038)			(24,911,038)		Capitalized for books and current deduction for tax as repairs.				
CASUALTY LOSS	(14,378,711)			(14,378,711)		Book varies in treatment; tax sec. 165 casualty loss for the decline in value (up to the adj. basis) and Sec 162 deduction for repairs to restore to pre-casualty condition.				
COMPUTER SOFTWARE-CWIP	(2,409,042)	(2,409,042)				Represents the allowable "In house" deduction for tax.				
COMPUTER SOFTWARE-TAX AMORT	(22,758,611)				(22,758,611)	Total tax amortization shown as a schedule M deduction and add back total book amortization.				
COST OF REMOVAL	(163,478,133)	(147,751,537)	(15,726,596)			Represents the actual cost of removal allowable for tax over the accrued amount.				
DECOMMISSIONING	(3,444,500)	(3,444,500)				Tax deduction for funding decom trust and tax deferral of book income generated by trust.				
DECOMMISSIONING	(277,905,325)	(277,905,325)				Tax deduction for funding decom trust and tax deferral of book income generated by trust.				
FERC FULL NORM CURR PROV - COOPS	157,564			157,564		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM CURR PROV - MS	(1,917,514)			(1,917,514)		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM CURR PROV - MUNIS	(779,120)			(779,120)		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM CURR PROV - ODEC OTHER	877,747			877,747		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM RES PROV - COOPS	(4,892,143)			(4,892,143)		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM RES PROV - MS	(11,495,095)			(11,495,095)		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM RES PROV - MUNIS	(5,043,293)			(5,043,293)		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM RES PROV - ODEC	(6,322,631)			(6,322,631)		Represents the difference between book and tax depreciation for FERC jurisdiction.				
FERC FULL NORM RES PROV - ODEC NO ANNA	748,516			748,516		Represents the difference between book and tax depreciation for FERC jurisdiction.				
INVOLUNTARY CONVERSION - TELECOMMUNICATIONS	(1,104,045)	(1,104,045)				Represents the difference between book and tax related to the disposal of telecommunication equipment. Recognized for tax purposes when utilized.				
LIBERALIZED DEPRECIATION - FUEL	(1,265,643)	(1,265,643)				Represents difference between book burn of nuclear fuel based on usage vs. tax depreciation.				
LIBERALIZED DEPRECIATION - FUEL CWIP	(598,960)	(598,960)				Difference between book CWIP and Tax CWIP as a result of Euro exchange utilization.				
LIBERALIZED DEPRECIATION - PLANT ACUFIL	(1,863,919,477)	(1,720,397,677)	(143,521,800)			Difference between book and tax depreciation taking in consideration flow-through and ARAM.				
METERS	(1,447,190)	(1,447,190)				Books pre-capitalize when purchased ; tax purposes when installed.				
REG ASSET - ASBESTOS	(85,434)	(85,434)				Amortized into expense for book purposes over the recovery period; capitalization of the cost for tax purposes.				
FIXED ASSETS	(17,002,889)			(17,002,889)		Represents IRS audit adjustments to plant-related differences.				
LIBERALIZED DEPRECIATION - PLANT ACUFIL - FIN46	(13,635,207)	(13,635,207)				Represents the adjustment to FERC for FIN46 assets.				
FAS 109 REG ASSET	(38,960,711)	(38,960,711)				Represents deferred tax deficiency related to previous flow-through and ARAM related ADIT that will be collected from customers.				
Subtotal - p275 (Form 1-F filer: see note 6 below)	(2,484,600,300)	(2,213,499,667)	(160,740,479)	(87,601,543)	(22,758,611)					
Less FASB 109 Above if not separately removec	0									
Less FASB 106 Above if not separately removec	0									
Total	(2,484,600,300)	(2,213,499,667)	(160,740,479)	(87,601,543)	(22,758,611)					

**Instructions for Account 282**

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.

A ADIT-283	B Total	C Production Or Other	D Only Transmission	E Plant	F Labor	G Justification				
							Related	Related	Related	Related
							Related	Related	Related	Related
FUEL HANDLING COSTS	(129,333)	(129,333)				IRS settlement required additional tax capitalization of handling costs.				
EARNEST MONEY	(12,692)	(12,692)				Represents advances not recognized for tax.				
GAIN(LOSS) INTERCO SALES -BOOK/TAX	(4,924,125)			(4,924,125)		Tax deferred recognition of intercompany gain/loss due to consolidated return rules.				
GAIN(LOSS) INTERCO SALES -BOOK/TAX	(1,833,921)			(1,833,921)		Tax deferred recognition of intercompany gain/loss due to consolidated return rules.				
REGULATORY ASSET - D & D	(216,946)	(216,946)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.				
REGULATORY ASSET - FAS 112	(1,170,684)				(1,170,684)	Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.				
REGULATORY ASSET - ISABEL	(1,618,834)	(1,618,834)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.				
REGULATORY ASSET - NUG	(7,680,479)	(7,680,479)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.				
REGULATORY ASSET - PJM	(23,146,513)	(23,146,513)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.				
REGULATORY ASSET - VA SLS TAX	(3,959,885)	(3,959,885)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.				
SO2 ALLOWANCES - NONCURRENT	(479,412)	(479,412)				Book expense for emissions allowances based on moving-average-cost, tax expense based on specific identification.				
W.VA. STATE NOL CFWD	2,352,864		2,352,864			Represents the deferred state tax impact related to WV NOL. This deferral will turn around when the pollution control projects are placed in service.				
W.VA. STATE POLLUTION CONTROL	(23,482,458)	(23,482,458)				Represents the deferred state tax impact related to WV Pollution control projects. This deferral will turn around once placed in service.				
FAS 109 REG ASSET	(25,129,573)	(25,129,573)				Represents tax gross-up on deferred tax deficiency related to previous flow-through and ARAM related ADIT.				
	0									
Subtotal - p277 (Form 1-F filer: see note 6, below)	(91,431,991)	(85,856,125)	2,352,864	(6,758,046)	(1,170,684)					
Less FASB 109 Above if not separately removec	-									
Less FASB 106 Above if not separately removec	-									
Total	(91,431,991)	(85,856,125)	2,352,864	(6,758,046)	(1,170,684)					

**Instructions for Account 283**

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.

**ATTACHMENT H-16A**  
*Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2008*

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Workshee

Amortization ITC-255

		Item	Balance	Amortization
1		Amortization		3,272
2		Amortization to line 136 of Appendix A	Total	1,050
3		Total	-	4,322
4		Total Form No. 1 (p. 266 & 267)	Form No. 1 balance (p. 266) for amortization	4,322
5		Difference /1	-	-

/1 Difference must be zero

Virginia Electric and Power Company  
ATTACHMENT H-16A  
Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2007

	Only Transmission Related	Plant Related	Labor Related	Total ADIT
<b>ADIT-282</b>	(157,080,388)	(77,801,543)	(22,758,811)	
ADIT-283	0	(4,406,182)	0	
ADIT-190	0	138,602,382	41,564,546	
Subtotal	(157,080,388)	56,395,657	18,805,735	
Wages & Salary Allocator			3,489,076	
Gross Plant Allocator		8,669,414		
ADIT	(157,080,388)	4,832,781	656,136	(151,591,470)

In filing out this attachment, a full and complete description of each item and justification for the allocation to Columns B-E and each separate ADIT item will be listed. Dissimilar items with amounts exceeding \$100,000 will be listed separately.

A	B	C	D	E	F	G
ADIT-190	Total	Production Or Other Related	Only Transmission Related	Plant Related	Labor Related	Justification
BAD DEBTS	4,837,795	4,837,795				For tax purposes bad debts are deductible when they are deemed to be uncollectible / worthless.
EPA AUCTION PROCEEDS	2,314,446	2,314,446				Book expense for emissions allowances based on invoice average cost, an expense based on specific identification.
FLEET LEASE CREDIT - CURRENT	58,719			58,719		Books amortize the fleet lease extension credit over the lease term, the deduction when incurred.
GROSS SEC UNBILLED REVENUE	90,408	90,408				Books include income when meter is read, tax when service is provided.
NUCLEAR FUEL - PERMANENT DISPOSAL	2,938	2,938				Books estimate expense, tax deduction taken when paid.
SEPARATION FERT	80,427				80,427	Book amount accrued and expensed, tax deduction when paid.
SO2 ALLOWANCES - CURRENT	28,299	28,299				Book expense for emissions allowances based on invoice average cost, tax expense based on specific identification.
SUCCESS SHARE PLAN	419,465				419,465	Book amount accrued as its earned, tax deduction is actual payout.
VA PROPERTY TAX	3,131,384			3,131,384		Property tax expense is accrued for accounting purposes using the prior year's rates on the balance of the property located in the state at December 31 of the previous year. Tax takes a deduction when paid.
WEST VA PROPERTY TAX	2,323,226	2,323,226				Property tax expense is accrued for accounting purposes using the prior year's rates on the balance of the property located in the state at December 31 of the previous year. Tax takes a deduction when paid.
CAF EXPENSE	5,221,485				5,221,485	Represents tax capitalized interest on projects in CIP - increase in taxable income.
CAPITALIZED INTEREST OPERATING CWP	61,087,128	61,087,128				Represents tax "in Service" Capitalized interest placed in service net of tax amortization.
CAPITALIZED INTEREST OPERATING IN SERVICE	(813,080)			(813,080)		Represents tax "in Service" Capitalized interest placed in service net of tax amortization.
CAPITALIZED INTEREST OPERATING IN SERVICE	111,696,471			111,696,471		Represents tax "in Service" Capitalized interest placed in service net of tax amortization.
DECOMMISSIONING & DECONTAMINATION	697,185	697,185				Book expense as billed over 15 yr assessment period, tax deduct in year of assessment because all events test met as liability is based on prior facility use.
DECOMMISSIONING & DECONTAMINATION	620,573	620,573				Book expense as billed over 15 yr assessment period, tax deduct in year of assessment because all events test met as liability is based on prior facility use.
DEFERRED GAIN/LOSS OPERATING	8,721,910			8,721,910		Represents the ADIT on Book Gain/Loss as accrued.
DEM	1,307,501	1,307,501				Represents a regulatory asset associated with Demand Side Mgr. Program that is being amortized for books.
EARNEST MONEY	12,692					Represents advances not recognized for tax.
FAS 143 ASSET OBLIGATION	10,215,580	10,215,580				Represents ARD accruals not deductible for tax.
FAS 143 DECOMMISSIONING	278,219,843	278,219,843				Represents ARD accruals not deductible for tax.
FLEET LEASE CREDIT - NONCURRENT	213,671			213,671		Books amortizes the fleet lease extension credit over the lease term, the deduction when incurred.
GAIN/LOSS INTERCO SALES BOOK/TAX	4,747,884			4,747,884		Tax recognizes the intercompany gain/loss over the tax life of the assets.
GENERAL BUSINESS CREDITS	2,342,401			2,342,401		Represents business credits not expensed through current due to consolidated return limitation.
INT STORE NORTH ANNA	7,142,004	7,142,004				Books recognize the expense as incurred. For tax the deduction is recognized when the assets are filed.
INT STORE SURRY	3,618,811	3,618,811				Books recognize the expense as incurred. For tax the deduction is recognized when the assets are filed.
LONG TERM DISABILITY RESERVE	3,810,955				3,810,955	Book estimate accrued and expensed, tax deduction when paid.
METERS	3,272,689	3,272,689				Books pre-capitalize when purchased, tax purposes when installed.
OFEB	19,438,612				19,438,612	Represents the difference between the book accrual expense and the actual funded amount.
POWER PURCHASE BUYOUT	406,533	406,533				Represents the difference between the book accrual expense and the actual funded amount.
PREMIUM, DEBT, DISCOUNT AND EXPENSE	2,913,880			2,913,880		Books record the yield to maturity method, taxes amortize straight line.
REACQUIRED DEBT GAIN/LOSS	1,092,599				1,092,599	Amortized for books and expensed for tax purposes.
REACTOR DECOMMISSIONING LIABILITY	910,000	910,000				Represents the difference between the accrual and payments.
REGULATORY LIABILITY - FAS 143	4,592,488	4,592,488				Represents regulatory liability established due to adoption of FAS 143.
RETIREMENT - (FASB 87)	17,837,287				17,837,287	Book estimate accrued and expensed, tax deduction when paid.
W.VA. STATE NOL CFWD - FEDERAL EFFECT	(823,502)				(823,502)	Federal effect of state deductions.
W.VA. STATE POLLUTION CONTROL - FEDERAL EFFECT	8,218,858	8,218,858				Federal effect of state deductions.
FAS 109 (TC) REG LIABILITY	13,793,283	13,793,283				Represents the tax effect of TCC that will be refunded to the customer.
Subtotal - p034	374,189,512	394,002,584	0	138,602,382	41,564,546	
Less FAS 109 Above if not separately removed	0	0	0	0	0	
Less FAS 109 Above if not separately removed	0	0	0	0	0	
Total	374,189,512	394,002,584	0	138,602,382	41,564,546	

Instructions for Account 190:  
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.  
 2. ADIT items related only to Transmission are directly assigned to Column D.  
 3. ADIT items related to Plant and not in Columns C & D are included in Column E.  
 4. ADIT items related to labor and not in Columns C & D are included in Column F.  
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.  
 6. Re. Form 1-F filer. Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p. 113.57.c

A	B	C	D	E	F	G
ADIT-282	Total	Production Or Other Related	Only Transmission Related	Plant Related	Labor Related	Justification
AFC DEFERRED TAX - FUEL IN SERVICE	(109,801)	(109,801)				Represents the amount of amortization of AFC in service not allowable for tax.
AFC DEFERRED TAX - PLANT IN SERVICE	(5,876,628)	(4,384,645)	(1,492,083)			Represents the amount of amortization of AFC in service not allowable for tax.
AFC DEFERRED TAX - PLANT IN SERVICE	47,273			47,273		Represents the amount of amortization of AFC in service not allowable for tax.
BOOK CAPITALIZED INTEREST CWP	(2,690,214)			(2,690,214)		Represents the unallowable amount of book interest.
CAF EXPENSE	(15,111,038)			(15,111,038)		Capitalized for books and current deduction for tax as repairs.
CASUALTY LOSS	(14,378,711)				(14,378,711)	Book value in treatment tax sec. 165 casualty loss for the decline in value (up to the adj. basis) and Sec. 162 deduction for repairs to restore to pre-casualty condition.
COMPUTER SOFTWARE-CWP	(2,409,042)	(2,409,042)				Represents the allowable "in house" deduction for tax.
COMPUTER SOFTWARE-TAX AMORT	(22,758,811)				(22,758,811)	Total tax amortization shown as a schedule M deduction and add back total book amortization.
COST OF REMOVAL	(136,248,128)	(141,488,203)	(15,250,075)			Represents the actual cost of removal allowable for tax over the accrued amount.
DECOMMISSIONING	(3,444,500)	(3,444,500)				Tax deduction for funding decom trust and tax deferral of book income generated by trust.
DECOMMISSIONING	(277,405,325)	(277,405,325)				Tax deduction for funding decom trust and tax deferral of book income generated by trust.
FERC FULL NORM CURR PROV - COOPS	157,564			157,564		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM CURR PROV - MS	(1,917,514)			(1,917,514)		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM CURR PROV - MUNIS	(779,120)			(779,120)		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM CURR PROV - ODEC OTHER	877,247			877,247		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM RES PROV - COOPS	(4,862,143)			(4,862,143)		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM RES PROV - MS	(11,495,095)			(11,495,095)		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM RES PROV - MUNIS	(5,043,293)			(5,043,293)		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM RES PROV - ODEC	(6,322,831)			(6,322,831)		Represents the difference between book and tax depreciation for FERC jurisdiction.
FERC FULL NORM RES PROV - ODEC NO ANNA	748,516			748,516		Represents the difference between book and tax depreciation for FERC jurisdiction.
INVOLUNTARY CONVERSION - TELECOMMUNICATIONS	(1,104,045)	(1,104,045)				Represents the difference between book and tax related to the disposal of telecommunication equipment. Recognized for tax purposes when utilized.
LIBERALIZED DEPRECIATION - FUEL	(1,265,643)	(1,265,643)				Represents difference between book burn of nuclear fuel based on usage vs. tax depreciation.
LIBERALIZED DEPRECIATION - FUEL CWP	(598,989)	(598,989)				Difference between book CWP and Tax CWP as a result of book amortization obligation.
LIBERALIZED DEPRECIATION - PLANT ACUFLE	(1,826,043,520)	(1,884,516,448)	(140,528,374)			Difference between book and tax depreciation using in consolidation flow through and ARAM.
METERS	(1,447,193)	(1,447,193)				Books pre-capitalize when purchased, tax purposes when installed.
REB ASSET - ASBESTOS	(86,414)	(86,414)				Amortized into expense for book purposes over the recovery period, capitalization of the cost for tax purposes.
REB ASSETS	(17,000,889)	(17,000,889)				Represents IRS audit adjustments to plant-related differences.
LIBERALIZED DEPRECIATION - PLANT ACUFLE - FIN46	(13,635,207)	(13,635,207)				Represents the adjustment to FERC for FIN46 assets.
FAS 109 RES ASSET	(38,455,570)	(38,455,570)				Represents deferred tax deficiency related to previous flow-through and ARAM-related ADIT that will be collected from the customer.
Subtotal - p275 (Form 1-F filer: see note 6 below)	(2,428,489,504)	(2,170,848,962)	(157,880,388)	(77,801,543)	(22,758,811)	
Less FAS 109 Above if not separately removed	0	0	0	0	0	
Less FAS 109 Above if not separately removed	0	0	0	0	0	
Total	(2,428,489,504)	(2,170,848,962)	(157,880,388)	(77,801,543)	(22,758,811)	

Instructions for Account 282:  
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.  
 2. ADIT items related only to Transmission are directly assigned to Column D.  
 3. ADIT items related to Plant and not in Columns C & D are included in Column E.  
 4. ADIT items related to labor and not in Columns C & D are included in Column F.  
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.  
 6. Re. Form 1-F filer. Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p. 113.57.c

**ATTACHMENT H-16A**  
**Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2007**

A ADIT-283	B					D Justification
	Total	C		E		
		Prediction Or Other	Only Transmission	Plant	Labor	
		Related	Related	Related	Related	
FUEL HANDLING COSTS	(129,333)	(129,333)				REG settlement required additional tax capitalization of handling costs.
EARNEST MONEY	(12,692)	(12,692)				Represents advances not recognized for tax.
GAIN(LOSS) INTERCO SALES - BOOK/TAX	(4,924,125)			(4,924,125)		Tax deferred recognition of intercompany gain/loss due to consolidated return rules.
GAIN(LOSS) INTERCO SALES - BOOK/TAX	(1,833,921)			(1,833,921)		Tax deferred recognition of intercompany gain/loss due to consolidated return rules.
REGULATORY ASSET - D & D	(216,686)	(216,686)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.
REGULATORY ASSET - FAS 112	(1,170,694)	(1,170,694)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.
REGULATORY ASSET - ISABEL	(1,818,834)	(1,818,834)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.
REGULATORY ASSET - NJUG	(7,880,479)	(7,880,479)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.
REGULATORY ASSET - PJM	(23,146,513)	(23,146,513)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.
REGULATORY ASSET - VA, SL & TAX	(3,959,885)	(3,959,885)				Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred.
SO2 ALLOWANCES - NONCURRENT	(879,412)	(879,412)				Book expense for emissions allowances based on moving-average cost, tax expense based on specific identification.
W.VA. STATE NOL C/PWD	2,352,864			2,352,864		Represents the deferred state tax impact related to WV NOL. This deferral will turn around when the pollution control projects are placed in service.
W.VA. STATE POLLUTION CONTROL	(23,482,468)	(23,482,468)				Represents the deferred state tax impact related to WV Pollution control projects. This deferral will turn around once placed in service.
FAS 109 REG ASSET	(24,805,973)	(24,805,973)				Represents tax gross-up on deferred tax deficiency related to previous flow-through and ARAM related ADIT.
	0					
Subtotal - 2877 (Form 1-F filer, see note 6, below)	(91,108,381)	(86,703,209)		(4,405,182)		
Less FASB 109 Above if not separately removed						
Less FASB 106 Above if not separately removed						
Total	(91,108,381)	(86,703,209)		(4,405,182)		

Instructions for Account 283:  
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.  
 2. ADIT items related only to Transmission are directly assigned to Column D.  
 3. ADIT items related to Plant and not in Columns C & D are included in Column E.  
 4. ADIT items related to labor and not in Columns C & D are included in Column F.  
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.  
 6. Re: Form 1-F filer. Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.87.6

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 2 - Taxes Other Than Income Worksheet**  
**2008 (000's)**

<i>Other Taxes</i>	<i>Page 263 Col (j)</i>	<i>Allocator</i>	<i>Allocated Amount</i>
<b>Plant Related</b>	<b>Gross Plant Allocator</b>		
1 Transmission Personal Property Tax (directly assigned to Transmission)	\$ 8,570	100.0000%	\$ 8,570
1a Other Plant Related Taxes	0	8.5694%	-
2			-
3			-
4			-
5			-
<b>Total Plant Related</b>	<b>\$ 8,570</b>		<b>\$ 8,570</b>
<b>Labor Related</b>	<b>Wages &amp; Salary Allocator</b>		
6 Federal FICA & Unemployment & State Unemployment	\$ 41,313		
<b>Total Labor Related</b>	<b>\$ 41,313</b>	<b>3.4890%</b>	<b>\$ 1,441</b>
<b>Other Included</b>	<b>Gross Plant Allocator</b>		
7 Sales and Use Tax	\$ 2,368		
<b>Total Other Included</b>	<b>\$ 2,368</b>	<b>8.5694%</b>	<b>\$ 203</b>
<b>Total Included</b>			<b>\$ 10,215</b>
<b>Currently Excluded</b>			
8 Business and Occupation Tax - West Virginia	\$ 19,608		
9 Gross Receipts Tax	9,832		
10 IFTA Fuel Tax	6		
11 Property Taxes - Other	96,622		
12	0		
13	0		
14	0		
15	0		
16	0		
17	0		
18	0		
19	0		
20	0		
21 Total "Other" Taxes (included on p. 263)	\$ 126,068		
22 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	<u>\$ 178,319</u>		
23 Difference	\$ (52,251)		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be either directly assigned or allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they will not be included.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they will not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that overheads shall be treated as in footnote B above.

**VEPCO**  
**ATTACHMENT H-16A**  
**Attachment 2A - Direct Assignment of Property**  
**Taxes Per Function**  
**2008 (000's)**

**Directly Assigned Property Taxes**                      \$      105,192

Production Property Tax	52,427
Transmission Property Tax	8,510
Distribution Property tax	42,530
General Property Tax	1,725
Total check	105,192

**Allocation of General Property Tax to Transmission**

General Property Tax	\$      1,725.00
Wages & Salary Allocator	3.4890%
Trans General	60

<b><u>Total Transmission Property Taxes</u></b>	
Transmission	\$      8,510
General	60
Total Transmission Property Taxes	\$      8,570

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 3 - Revenue Credit Workpaper**  
**2008 (000's)**

		Transmission <u>Related</u>	Production/Other <u>Related</u>	<u>Total</u>
<b>Account 454 - Rent from Electric Property</b>				
1	Rent from Electric Property - Transmission Related (Note 3)	6,200	-	6,200
2	Total Rent Revenues (Sum Lines 1)	6,200	-	6,200
 <b>Account 456 - Other Electric Revenues (Note 1)</b>				
3	Schedule 1A			
4	Net revenues associated with Network Integration Transmission Service (NITS) and for the transmission component of the NCEMPA contract rate for which the load is not included in the divisor. (Note 4)	2,000	0	2,000
5	Point to Point Service revenues received by Transmission Owner for which the load is not included in the divisor (Note 4)	-	0	-
6	PJM Transitional Revenue Neutrality (Note 1)	-	0	-
7	PJM Transitional Market Expansion (Note 1)	-	0	-
8	Professional Services (Note 3)	8,676	0	8,676
9	Revenues from Directly Assigned Transmission Facility Charges (Note 2)	3,470	0	3,470
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	-	0	-
11	Gross Revenue Credits (Accounts 454 and 456) (Sum Lines 2-10)	20,346	-	20,346
12	Less line 14g	(10,976)	-	(10,976)
13	Total Revenue Credits	9,370	-	9,370
 <b>Revenue Adjustment to Determine Revenue Credit</b>				
14a	Revenues included in lines 1-11 which are subject to 50/50 sharing. (Lines 1 + 8 + 10)	14,876	-	14,876
14b	Costs associated with revenues in line 14a	7,076	-	7,076
14c	Net Revenues (14a - 14b)	7,800	-	7,800
14d	50% Share of Net Revenues (14c / 2)	3,900	-	3,900
14e	Cost associated with revenues in line 14b that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue	-	-	-
14f	Net Revenue Credit (14d + 14e)	3,900	-	3,900
14g	Line 14f less line 14a	(10,976)	-	(10,976)

**Revenue Adjustment to Determine Revenue Credit**

Note 1: All revenues related to transmission that are received as a transmission owner (*i.e.*, not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 169 of Appendix A.

Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.

Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). VEPCO will retain 50% of net revenues consistent with *Pacific Gas and Electric Company*, 90 FERC ¶ 61,314. In order to use lines 14a - 14g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).

Note 4: Revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12. In addition, revenues from Schedule 7, Schedule 8 and H-A are not included in the total above to the extent PJM credits VEPCO's share of these revenues monthly to network customers under Attachment H-16.

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 4 - Calculation of 100 Basis Point Increase in ROE**  
**2008 (000's)**

	Return and Taxes with Basis Point increase in ROE		
A	Basis Point increase in ROE and Income Taxes	(Line 130 + 140)	128,862
B	100 Basis Point increase in ROE	(Note J from Appendix A)	Fixed 1.00%

  

<b>Return Calculation</b>			
<u>Line Ref.</u>			
62	Rate Base	(Line 44 + 61)	942,201
	Long Term Interest		
104	<b>Long Term Interest</b>	p117.62c through 67c	271,886
105	Less LTD Interest on Securitization Bonds	(Note P) Attachment 8	0
106	Long Term Interest	(Line 104 - 105)	271,886
107	Preferred Dividends	enter positive	p118.29c 15,721
	Common Stock		
108	Proprietary Capital	p112.16c,d/2	5,588,155
109	Less Preferred Stock	(Line 117)	-259,014
110	Less Account 219 - Accumulated Other Comprehensive Income	enter negative p112.15c,d/2	-122,504
111	Common Stock	(Sum Lines 108 to 110)	5,206,637
	Capitalization		
112	Long Term Debt	p112.24c,d/2	4,326,482
113	Less Loss on Reacquired Debt	enter negative p111.81c,d/2	-1,516
114	Plus Gain on Reacquired Debt	enter positive p113.61c,d/2	0
115	Less LTD on Securitization Bonds	enter negative Attachment 8	0
116	Total Long Term Debt	(Sum Lines 112 to 115)	4,324,966
117	Preferred Stock	p112.3c,d/2	259,014
118	Common Stock	(Line 111)	5,206,637
119	Total Capitalization	(Sum Lines 116 to 118)	9,790,617
120	Debt %	Total Long Term Debt	(Line 116 / 119) 44.2%
121	Preferred %	Preferred Stock	(Line 117 / 119) 2.6%
122	Common %	Common Stock	(Line 118 / 119) 53.2%
123	Debt Cost	Total Long Term Debt	(Line 106 / 116) 0.0629
124	Preferred Cost	Preferred Stock	(Line 107 / 117) 0.0607
125	Common Cost	Common Stock	Appendix A Line 125 + 100 Basis Points 0.1240
126	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 120 * 123) 0.0278
127	Weighted Cost of Preferred	Preferred Stock	(Line 121 * 124) 0.0016
128	Weighted Cost of Common	Common Stock	(Line 122 * 125) 0.0659
129	Total Return ( R )	(Sum Lines 126 to 128)	0.0953
130	Investment Return = Rate Base * Rate of Return	(Line 62 * 129)	89,809

  

<b>Composite Income Taxes</b>			
	<b>Income Tax Rates</b>		
131	FIT=Federal Income Tax Rate		0.3500
132	SIT=State Income Tax Rate or Composite		0.0623
133	p = percent of federal income tax deductible for state purposes	Per State Tax Code	0.0000
134	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$	0.3905
135	T / (1-T)		0.6407
	<b>ITC Adjustment</b>		
136	Amortized Investment Tax Credit	enter negative	Attachment 1 -1,050
137	T/(1-T)	(Line 135)	0.6407
138	<b>ITC Adjustment Allocated to Transmission</b>	(Note I from Appendix A) (Line 136 * (1 + 137))	-1,723
139	<b>Income Tax Component =</b>	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	40,775
140	<b>Total Income Taxes</b>	(Line 138 + 139)	39,053



Regulatory Expense Related to Transmission Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1 Amount	Transmission Related	Non-Transmission Related	Details
71	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928 Directly Assigned A&G	(Note E)	p323.189b/Attachment 5	\$ 24,106	164	23,942	See FERC Form 1 pages 350-351.
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b/Attachment 5		164		Transmission related - Includes three year amortization of cost of current case.

Safety Related Advertising Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1 Amount	Safety Related	Non-safety Related	Details
81	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	Attachment 5	2,629	-	2,629	

MultiState Workpaper

Line #s	Descriptions	Notes	Page #'s & Instructions	State 1	State 2	State 3	State 4	State 5	Details
132	Income Tax Rates SIT-State Income Tax Rate or Composite	(Note I)		Va 5.59%	NC 0.380%	Wva 0.26%			Enter Calculation 6.23%

Education and Out Reach Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	Form 1 Amount	Education & Outreach	Other	Details
78	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.191b	2,629	0	2,629	

Excluded Plant Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	0	Description of the Facilities
	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			0	General Description of the Facilities
					None
					Add more lines if necessary

Includes only the costs of any Interconnection Facilities constructed for VEPCO's own Generating Facilities after March 15, 2000 in accordance with Order 2003.

Instructions:

- Remove all investment below 69 kV or generator step up transformers included in transmission plant in service that are not a result of the RTEP Process
- If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher as well as below 69 kV, the following formula will be used:

	Example
A Total investment in substation	1,000,000
B Identifiable investment in Transmission (provide workpapers)	500,000
C Identifiable investment in Distribution (provide workpapers)	400,000
D Amount to be excluded (A x (C / (B + C)))	444,444

Transmission Related Account 242 Reserves

Line #s	Descriptions	Notes	Page #'s & Instructions	Beginning Year Balance	End of Year Balance	Average Balance	Allocation	Transmission Related	Details
47	Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)			Enter \$	Enter \$			Amount	
	Directly Assignable to Transmission			\$ -	\$ -	\$ -	100%	-	
	Labor Related, General plant related or Common Plant related			\$ 6,087	\$ 7,797	\$ 6,942	3.489%	272	
	Plant Related						8.57%	-	
	Other			\$ 297	\$ 1,532	\$ 915	0.00%	-	
	Total Transmission Related Reserves			\$ -	\$ -	\$ -		272	To line 49

Prepayments

Line #s	Descriptions	Notes	Page #'s & Instructions	Beginning Year Balance	End of Year Balance	Average Balance	Allocation	To Line 50	Description of the Prepayments
48	Prepayments								
	Wages & Salary Allocator						3.489%		
	Pension Liabilities, if any, in Account 242			\$ -	\$ -	\$ -	3.489%	-	
	Prepayments			\$ 132,791	\$ 14,787	\$ 73,789	3.489%	2,574	
	Prepaid Pensions if not included in Prepayments			\$ 1	\$ 3	\$ 2	3.489%	0	

Outstanding Network Credits Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	Beginning Year Balance	End of Year Balance	Average Balance	Description of the Credits
Network Credits							
58	Outstanding Network Credits	(Note N)	From PJM	\$ -	\$ -	\$ -	General Description of the Credits
59	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	\$ -	\$ -	\$ -	None Add more lines if necessary

Extraordinary Property Loss

Line #s	Descriptions	Notes	Page #'s & Instructions	Amount	# of Years	Amortization	W/ Interest	Amount	Number of years	Amortization
89								\$ -		\$ -

Interest on Outstanding Network Credits Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	Amount	Description of the Interest on the Credits
				0	General Description of the Credits
				0	None
				Enter \$	Add more lines if necessary

Facility Credits under Section 30.9 of the PJM OATT.

Line #s	Descriptions	Notes	Page #'s & Instructions	Amount	Description & PJM Documentation
165	Revenue Requirement Facility Credits under Section 30.9 of the PJM OATT.			-	

PJM Load Cost Support

Line #s	Descriptions	Notes	Page #'s & Instructions	1 CP Peak	Description & PJM Documentation
169	Network Zonal Service Rate 1 CP Peak	(Note L)	PJM Data	Enter 19,688	

A&G Expenses - Other Post Employment Benefits

Line #s	Descriptions	Notes	Page #'s & Instructions	Amount
	Total A&G Expenses		p323.197b	339,538
	Less OPEB Current Year			13,458
	Plus: Stated OPEB (2008 actual)		Fixed (2008 actual)	13,458
69	Current Year Total A&G Expenses			339,538

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 6 - True-up Adjustment for Network Integration Transmission Service**

The True-Up Adjustment component of the Formula Rate for each Rate Year beginning with 2010 shall be determined as follows:<sup>1</sup>

- (i) Beginning with 2009, no later than June 15 of each year VEPCO shall recalculate an adjusted Annual Transmission Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies.<sup>2</sup>
- (ii) VEPCO shall determine the difference between the recalculated Annual Transmission Revenue Requirement as determined in paragraph (i) above, and ATRR based on projected costs for the previous calendar year (True-Up Adjustment Before Interest).
- (iii) The True-Up Adjustment shall be determined as follows:

True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by  $(1+i)^{24}$  months

Where:  $i =$  Sum of (the monthly rates for the 7 months ending July 31 of the current year and the monthly rates for the 12 months ending December 31 of the preceding year) divided by 19 months. 0.000%

Each monthly rate used to calculate  $i$  shall be calculated pursuant to the Commission's regulations at 18 C.F.R. § 35.19a.

Summary of Formula Rate Process including True-Up Adjustment

Month	Year	Action
Fall	2007	TO populates the formula with Year 2008 estimated data
Sept	2008	TO populates the formula with Year 2009 estimated data
June	2009	TO populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest
Sept	2009	TO calculates the Interest to include in the 2008 True-Up Adjustment
Sept	2009	TO populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment
June	2010	TO populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest
Sept	2010	TO calculates the Interest to include in the 2009 True-Up Adjustment
Sept	2010	TO populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment
June	(Year)	TO populates the formula with (Year -1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest
Sept	(Year)	TO calculates the Interest to include in the (Year-1) True-Up Adjustment
Sept	(Year)	TO populates the formula with (Year +1) estimated data and (Year-1) True-Up Adjustment

<sup>1</sup> No True-Up Adjustment will be included in the Annual Transmission Revenue Requirement for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007.

<sup>2</sup> To the extent possible each input to the Formula Rate used to calculate the actual Annual Transmission Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

Calendar Year Do for Each Calendar Year beginning in 2009

A	ATRR based on actual costs included for the previous calendar year but excludes the true-up adjustment.	-
B	ATRR based on projected costs included for the previous calendar year but excludes the true-up adjustment.	-
C	Difference (A-B)	-
D	Future Value Factor $(1+i)^{24}$	1.00000
E	True-up Adjustment $(C*D)$	0

Where:

$i$  = interest rate as described in (iii) above.

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 6A - True-up Adjustment for Annual Revenue Requirements recovered under Schedule 12**

The True-Up Adjustment component of the annual revenue requirement for each project included in Attachment 7 for each Rate Year beginning with 2010 shall be determined as follows<sup>1</sup>:

- (i) Beginning with 2009, no later than June 15 of each year VEPCO shall recalculate an adjusted Annual Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies<sup>2</sup>.
- (ii) VEPCO shall determine the difference between the recalculated Annual Revenue Requirement and the Annual Revenue Requirement based on its projections (True-Up Adjustment Before Interest).
- (iii) The True-Up Adjustment for each project shall be determined as follows:

True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by  $(1+i)^{24}$  months

Where:  $i =$  Sum of (the monthly rates for the 7 months ending July 31 of the current year and the monthly rates for the 12 months ending December 31 of the preceding year) divided by 19 months.

Each monthly rate used to calculate  $i$  shall be calculated pursuant to the Commission's regulations at 18 C.F.R. § 35.19a.

Summary of Formula Rate Process including True-Up Adjustment

Month Year Action

Fall	2007	TO populates the formula with Year 2008 estimated data
Sept	2008	TO populates the formula with Year 2009 estimated data
June	2009	TO populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest
Sept	2009	TO calculates the Interest to include in the 2008 True-Up Adjustment
Sept	2009	TO populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment
June	2010	TO populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest
Sept	2010	TO calculates the Interest to include in the 2009 True-Up Adjustment
Sept	2010	TO populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment
June	(Year)	TO populates the formula with (Year -1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest
Sept	(Year)	TO calculates the Interest to include in the (Year-1) True-Up Adjustment
Sept	(Year)	TO populates the formula with (Year +1) estimated data and (Year-1) True-Up Adjustment

<sup>1</sup> No True-Up Adjustment will be included in the annual revenue requirements for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007. For all true-up calculations, the ATRR will be adjusted to exclude any true-up adjustment.

<sup>2</sup> To the extent possible, each input to the Formula Rate used to calculate the actual Annual Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet**  
**(dollars)**

1 New Plant Carrying Charge

**2 Fixed Charge Rate (FCR) if not a CIAC**

		Formula Line		
3	A	154	Net Plant Carrying Charge without Depreciation	16.8957%
4	B	161	Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation	17.6658%
5	C		Line B less Line A	0.7700%

**6 FCR if a CIAC**

7	D	155	Net Plant Carrying Charge without Depreciation, Return, or Income Taxes	5.5951%
---	---	-----	---	---------

8 The FCR resulting from Formula is for the rate period only.

9 Therefore actual revenues collected or the lack of revenues collected in other years are not applicable.

10	Details	Project A				Project B			
11	Schedule 12 (Yes or No)	Yes	b0217			Yes	b0222		
12	Life	51	Upgrade Mt.Storm - Doubs 500 kV			51	Install 150 MVAR capacitor		
13	FCR W/O incentive Line 3	16.8957%				16.8957%			
14	Incentive Factor (Basis Points /100)	0				0			
15	FCR W incentive L.13 +(L.14*L.5)	16.8957%				16.8957%			
16	Investment	1,911,000				1,671,324			
17	Annual Depreciation Exp	37,471				32,771			
18	In Service Month (1-12)	6				6			
19	Invest Yr	Beginning	Depreciation	Ending	Rev Req	Beginning	Depreciation	Ending	Rev Req
20	W / O incentive 2006	1,911,000	20,297	1,890,703		1,671,324	17,751	1,653,573	-
21	W incentive 2006	1,911,000	20,297	1,890,703	-	1,671,324	17,751	1,653,573	-
22	W / O incentive 2007	1,890,703	37,471	1,853,233	-	1,653,573	32,771	1,620,802	-
23	W incentive 2007	1,890,703	37,471	1,853,233	-	1,653,573	32,771	1,620,802	-
24	W / O incentive 2008	1,853,233	37,471	1,815,762	347,423	1,620,802	32,771	1,588,031	303,849
25	W incentive 2008	1,853,233	37,471	1,815,762	347,423	1,620,802	32,771	1,588,031	303,849

Lines continues as new rate years as added.

In the formulas used in the Columns for lines 19+ are as follows:

"In Service Month" is the first month during the first year that the project is placed in service or recovery is request for the project.

"Beginning" is the investment on line 16 for the first year and is the "Ending" for the prior year after the first year.

"Depreciation" is the annual depreciation in line 17 divided by twelve times the difference of 12.5 minus line 18 in the first year and line 17 thereafter.

"Ending" is "Beginning" less "Depreciation"

Revenue Requirement used for crediting is ("Beginning" plus "Ending") divided by two times line 13 times the quotient of 12.5 minus line 18 divided by 12 plus "Depreciation" for the first year and ("Beginning" plus "Ending") divided by two times line 13 plus "Depreciation" thereafter.

Revenue Requirement used for charging is ("Beginning" plus "Ending") divided by two times line 15 times the quotient of 12.5 minus line 18 divided by 12 plus "Depreciation" for the first year and ("Beginning" plus "Ending") divided by two times line 15 plus "Depreciation" thereafter.

Formula Logic to be copied on new lines added each year after line 25. Using 2009 as an example, the logic will be included in lines 26 and 27.

Beginning with the annual revenue requirements determined in 2009 for 2010, the annual revenue requirements based on projected costs will include a

True-Up Adjustment for the previous calendar year in accordance with Attachment 6 A and as calculated in Lines A through I below

Projected Revenue Requirements are calculated using the logic described for lines 19 + but with projected data for the indicated year.

Actual Revenue Requirements are calculated using the logic described for lines 19 + but with actual data for the indicated year.

Calendar Year Do for Each Calendar Year beginning in 2009 for True-Up Adjustments applicable to 2010 annual revenue requirements.

A	Projected Revenue Requirement without Incentive for Previous Calendar Year*		
B	Projected Revenue Requirement with Incentive for Previous Calendar Year*		
C	Actual Revenue Requirement without Incentive for Previous Calendar Year *		
D	Actual Revenue Requirement with Incentive for Previous Calendar Year *		
E	True-Up Adjustment Before Interest without Incentive for Next Calendar Year (C-A)	-	-
F	True-Up Adjustment Before Interest with Incentive for Previous Calendar Year (B-D)	-	-
G	Future Value Factor (1+i)^24 months from Attachment 6	-	-
H	True-Up Adjustment without Incentive (E*G)	-	-
I	True-Up Adjustment with Incentive (F*G)	-	-

\* These amounts do not include any True-Up Adjustments.

Additional columns to be inserted after the last project as new projects are added to formula.

**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet**  
**(dollars)**

Project C				Project D				Project E			
Yes	b0223 and b0224			Yes	B0225			Yes	B0226		
51	Install 150 MVAR capacitors			51	Install 33 MVAR capacitor at			51	Install 500/230 kV transformer at		
16.8957%				16.8957%	Possum Pt. 115 kV			16.8957%	Clifton and Clifton 500 KV 150 MVAR		
0				0				0	capacitor		
16.8957%				16.8957%				16.8957%			
2,138,274				857,172				8,712,162			
41,927				16,807				170,827			
6				6				6			
<b>Beginning</b>	<b>Depreciation</b>	<b>Ending</b>	<b>Rev Req</b>	<b>Beginning</b>	<b>Depreciation</b>	<b>Ending</b>	<b>Rev Req</b>	<b>Beginning</b>	<b>Depreciation</b>	<b>Ending</b>	<b>Rev Req</b>
2,138,274	22,710	2,115,564	-	857,172	9,104	848,068	-	8,712,162	92,531	8,619,631	-
2,138,274	22,710	2,115,564	-	857,172	9,104	848,068	-	8,712,162	92,531	8,619,631	-
2,115,564	41,927	2,073,637	-	848,068	16,807	831,261	-	8,619,631	170,827	8,448,804	-
2,115,564	41,927	2,073,637	-	848,068	16,807	831,261	-	8,619,631	170,827	8,448,804	-
2,073,637	41,927	2,031,710	388,741	831,261	16,807	814,453	155,835	8,448,804	170,827	8,277,977	1,583,884
2,073,637	41,927	2,031,710	388,741	831,261	16,807	814,453	155,835	8,448,804	170,827	8,277,977	1,583,884



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**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet**  
**(dollars)**

Project F				Project G				If Yes for Schedule 12 Include in this Total.	If No for Schedule 12 include in this Sum.	
Yes	B0341			Yes	B0403				Annual Revenue Requirement including Incentive if Applicable	Annual Revenue Requirement excluding Incentive
51	Install a breaker at Northern Neck			51	2nd Dooms 500/230 kV transformer addition					
16.8957%	115 kV			16.8957%						
0				0						
16.8957%				16.8957%						
2,050,992				8,465,714						
40,216				165,994						
6				6						
Beginning	Depreciation	Ending	Rev Req	Beginning	Depreciation	Ending	Rev Req	Total	Sum	Sum
2,050,992	21,783	2,029,209						\$ -		
2,050,992	21,783	2,029,209						\$ -		
2,029,209	40,216	1,988,993		8,465,714	89,914	8,375,800		\$ -		
2,029,209	40,216	1,988,993		8,465,714	89,914	8,375,800		\$ -		
1,988,993	40,216	1,948,778	372,873	8,375,800	165,994	8,209,806	1,567,125	\$ 4,719,731	\$ -	
1,988,993	40,216	1,948,778	372,873	8,375,800	165,994	8,209,806	1,567,125	\$ 4,719,731	\$ -	



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**Virginia Electric and Power Company**  
**ATTACHMENT H-16A**  
**Attachment 8 - Securitization Workpaper**  
(000's)

Line #	Long Term Interest	
105	Less LTD Interest on Securitization Bonds	0
	Capitalization	
115	Less LTD on Securitization Bonds	0

Virginia Electric and Power Company  
ATTACHMENT H-16A  
Attachment 9 - Depreciation Rates<sup>1</sup>

<u>Plant Type</u>	<u>Applied Depreciation Rate</u>
Transmission	1.97%
General	
Structures and Improvements	1.86%
Communication Equipment	3.67%
Computer Equipment	16.51%
Furniture, Equipment and Office Machines	1.64%
Laboratory and Miscellaneous Equipment	4.10%
Stores and Power Operated Equipment	6.31%
Tools, Shop, Garage, and Other Tangible Equipment	4.93%

<sup>1</sup>Depreciation rates may be changed only pursuant to a Section 205 or Section 206 proceeding.