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June 26, 2008

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

**Re: *Virginia Electric and Power Company,*
Docket No. ER08-92-____
Compliance Filing**

Dear Secretary Bose:

Virginia Electric and Power Company, doing business as Dominion Virginia Power ("Dominion"), hereby submits for filing a revised tariff sheet in Attachment H-16A to PJM Interconnection, L.L.C.'s open-access transmission tariff ("OATT") in compliance with *Virginia Electric and Power Company*, 123 FERC ¶ 61,098 (2008) ("April 29 Order"). Dominion requests that the Commission permit the revised tariff sheet to become effective January 1, 2008, the effective date granted in the April 29 Order.¹

I. BACKGROUND AND COMPLIANCE FILING

On October 25, 2007, as supplemented on January 10, 11 and 18, 2008 and February 29, 2008, Dominion filed revised tariff sheets to Attachment H-16 and Schedules 7, 8 and 12 of PJM's OATT to implement a transmission cost-of-service formula rate. The Commission's April 29, 2008 Order, inter alia, accepted Dominion's formula rate, as modified in the order, and directed Dominion to submit a compliance filing to include certain modifications to Attachments H-16A and H-16B. On May 29, 2008 and June 2, 2008, Dominion submitted revised tariff sheets in compliance with the April 29 Order.

¹ April 29 Order, at P 82.

In its April 29 Order, the Commission found that the appropriate ROE to be applied is 10.9 percent, plus the 50 basis point ROE adder for continued regional transmission organization membership,² yielding a combined ROE of 11.4 percent.

In this filing, Dominion submits a modification to one additional page of its formula rate to reflect the Commission's finding in the April 29 Order. This modification is reflected in Line 125 on Substitute Original Sheet No. 314F.14, which is Attachment 1 to this filing.

II. LIST OF PERSONS ON WHOM THIS FILING IS BEING SERVED

In accordance with the Commission's regulations, Dominion has served all parties included on the official service list in this proceeding. In addition, Dominion will make copies of this filing available for inspection at Dominion's corporate headquarters in Richmond, Virginia. Also, on behalf of Dominion, PJM will serve a copy of this filing on all PJM Members (which include all affected transmission customers) and on all state utility regulatory commissions in the PJM Region by posting this filing on its website (www.PJM.com) and providing a link to such posting via e-mail. Dominion requests waiver of the requirement to serve this filing by mailing paper copies. Waiver of paper service is consistent with the Commission's decision to establish electronic service as the default method of service on such service lists maintained by the Commission Secretary.³

III. CONTENTS OF FILING

The following documents are included in this filing:

1. Clean and redline versions of Substitute Original Sheet No. 314F.14 (Attachment 1); and
2. A Certificate of Service.

² *Id.* at P 58.

³ *Electronic Notification of Commission Issuances*, Order No. 653, 70 Fed. Reg. 8,720 (Feb. 23, 2005), FERC Stats. & Regs. ¶ 31,176 (2005), *order on reh'g*, Order No. 653-A, 70 Fed. Reg. 21,330 (April 26, 2005), FERC Stats. & Regs. ¶ 31,178 (2005).

We thank the Commission for its consideration of this filing. Please direct any questions or comments to the undersigned counsel.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Tom Blackburn', with a long horizontal flourish extending to the right.

Thomas L. Blackburn
Giuseppe Fina
Counsel for Virginia Electric and Power
Company, doing business as
Dominion Virginia Power

ATTACHMENT 1

**CLEAN AND REDLINED VERSIONS OF
SUBSTITUTE ORIGINAL SHEET NO. 314F.14**

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

| | | | | |
|---|---------------------------------------------------|--------------------------|------------------|---------|
| A | Return and Taxes with Basis Point Increase in ROE | | | |
| | Basis Point increase in ROE and Income Taxes | | (Line 130 + 140) | #DIV/0! |
| B | 100 Basis Point increase in ROE | (Note J from Appendix A) | Fixed | 1.00% |

| Line Ref. | | | | |
|-----------|-----------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------|---------|
| 62 | Rate Base | | (Line 44 + 61) | #DIV/0! |
| | Long Term Interest | | | |
| 104 | Long Term Interest | | p117.62c through 67c | 0 |
| 105 | Less LTD Interest on Securitization Bonds | (Note P) | Attachment 8 | 0 |
| 106 | Long Term Interest | | (Line 104 - 105) | 0 |
| 107 | Preferred Dividends | enter positive | p118.29c | 0 |
| | Common Stock | | | |
| 108 | Proprietary Capital | | p112.16c,d/2 | 0 |
| 109 | Less Preferred Stock | enter negative | (Line 117) | 0 |
| 110 | Less Account 219 - Accumulated Other Comprehensive Income | enter negative | p112.15c,d/2 | 0 |
| 111 | Common Stock | | (Sum Lines 108 to 110) | 0 |
| | Capitalization | | | |
| 112 | Long Term Debt | | p112.24c,d/2 | 0 |
| 113 | Less Loss on Reacquired Debt | enter negative | p111.81c,d/2 | 0 |
| 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) | 0 |
| 117 | Preferred Stock | | p112.3c,d/2 | 0 |
| 118 | Common Stock | | (Line 111) | 0 |
| 119 | Total Capitalization | | (Sum Lines 116 to 118) | 0 |
| 120 | Debt % | Total Long Term Debt | (Line 116 / 119) | 0.0% |
| 121 | Preferred % | Preferred Stock | (Line 117 / 119) | 0.0% |
| 122 | Common % | Common Stock | (Line 118 / 119) | 0.0% |
| 123 | Debt Cost | Total Long Term Debt | (Line 106 / 116) | 0.0000 |
| 124 | Preferred Cost | Preferred Stock | (Line 107 / 117) | 0.0000 |
| 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) | 0.0000 |
| 127 | Weighted Cost of Preferred | Preferred Stock | (Line 121 * 124) | 0.0000 |
| 128 | Weighted Cost of Common | Common Stock | (Line 122 * 125) | 0.0000 |
| 129 | Total Return (R) | | (Sum Lines 126 to 128) | 0.0000 |
| 130 | Investment Return = Rate Base * Rate of Return | | (Line 62 * 129) | #DIV/0! |
| | Income Tax Rates | | | |
| 131 | FIT=Federal Income Tax Rate | | | 0.0000 |
| 132 | SIT=State Income Tax Rate or Composite | | | 0.0000 |
| 133 | p = percent of federal income tax deductible for state purposes | | Per State Tax Code | 0.0000 |
| 134 | T | $T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$ | | 0.0000 |
| 135 | T / (1-T) | | | 0.0000 |
| | ITC Adjustment | | | |
| 136 | Amortized Investment Tax Credit | enter negative | Attachment 1 | 0 |
| 137 | T/(1-T) | | (Line 135) | 0.0000 |
| 138 | ITC Adjustment Allocated to Transmission | (Note I from Appendix A) | (Line 136 * (1 + 137)) | 0 |
| 139 | Income Tax Component = | $CIT = (T/(1-T)) * Investment\ Return * (1 - (WCLTD/R)) =$ | | #DIV/0! |
| 140 | Total Income Taxes | | (Line 138 + 139) | #DIV/0! |

Issued By: Craig Glazer,
 Vice President, Federal Government Policy

Effective: January 1, 2008

Issued On: June 26, 2008

Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. ER08-92-000, et al., issued April 29, 2008, 123 FERC ¶ 61,098 (2008).

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

| | | | | |
|---|---------------------------------------------------|--------------------------|------------------|---------|
| A | Return and Taxes with Basis Point increase in ROE | | | |
| | Basis Point increase in ROE and Income Taxes | | (Line 130 + 140) | #DIV/0! |
| B | 100 Basis Point increase in ROE | (Note J from Appendix A) | Fixed | 1.00% |

| Line Ref. | | | | |
|-----------|-----------------------------------------------------------|------------------------------|----------------------------------------|------------|
| 62 | Rate Base | | (Line 44 + 61) | #DIV/0! |
| | Long Term Interest | | | |
| 104 | Long Term Interest | | p117.62c through 67c | 0 |
| 105 | Less LTD Interest on Securitization Bonds | (Note P) | Attachment 8 | 0 |
| 106 | Long Term Interest | | (Line 104 - 105) | 0 |
| 107 | Preferred Dividends | enter positive | p118.29c | 0 |
| | Common Stock | | | |
| 108 | Proprietary Capital | | p112.16c,d/2 | 0 |
| 109 | Less Preferred Stock | enter negative | (Line 117) | 0 |
| 110 | Less Account 219 - Accumulated Other Comprehensive Income | enter negative | p112.15c,d/2 | 0 |
| 111 | Common Stock | | (Sum Lines 108 to 110) | 0 |
| | Capitalization | | | |
| 112 | Long Term Debt | | p112.24c,d/2 | 0 |
| 113 | Less Loss on Reacquired Debt | enter negative | p111.81c,d/2 | 0 |
| 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) | 0 |
| 117 | Preferred Stock | | p112.3c,d/2 | 0 |
| 118 | Common Stock | | (Line 111) | 0 |
| 119 | Total Capitalization | | (Sum Lines 116 to 118) | 0 |
| 120 | Debt % | Total Long Term Debt | (Line 116 / 119) | 0.0% |
| 121 | Preferred % | Preferred Stock | (Line 117 / 119) | 0.0% |
| 122 | Common % | Common Stock | (Line 118 / 119) | 0.0% |
| 123 | Debt Cost | Total Long Term Debt | (Line 106 / 116) | 0.0000 |
| 124 | Preferred Cost | Preferred Stock | (Line 107 / 117) | 0.0000 |
| 125 | Common Cost | Common Stock | Appendix A Line 125 + 100 Basis Points | 0.43231240 |
| 126 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | (Line 120 * 123) | 0.0000 |
| 127 | Weighted Cost of Preferred | Preferred Stock | (Line 121 * 124) | 0.0000 |
| 128 | Weighted Cost of Common | Common Stock | (Line 122 * 125) | 0.0000 |
| 129 | Total Return (R) | | (Sum Lines 126 to 128) | 0.0000 |
| 130 | Investment Return = Rate Base * Rate of Return | | (Line 62 * 129) | #DIV/0! |

| | | | | |
|-----|-----------------------------------------------------------------|-------------------------------------------------------------|------------------------|---------|
| | Income Tax Rates | | | |
| 131 | FIT=Federal Income Tax Rate | | | 0.0000 |
| 132 | SIT=State Income Tax Rate or Composite | | | 0.0000 |
| 133 | p = percent of federal income tax deductible for state purposes | | Per State Tax Code | 0.0000 |
| 134 | T | $T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$ | | 0.0000 |
| 135 | T/(1-T) | | | 0.0000 |
| | ITC Adjustment | | | |
| 136 | Amortized Investment Tax Credit | enter negative | Attachment 1 | 0 |
| 137 | T/(1-T) | | (Line 135) | 0.0000 |
| 138 | ITC Adjustment Allocated to Transmission | (Note I from Appendix A) | (Line 136 * (1 + 137)) | 0 |
| 139 | Income Tax Component = | $CIT = (T/1-T) * Investment\ Return * (1 - (WCLTD/R)) =$ | | #DIV/0! |
| 140 | Total Income Taxes | | (Line 138 + 139) | #DIV/0! |

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Filed to comply with order of the Federal Energy Regulatory Commission, Docket Nos. ER08-92-000, et al., issued April 29, 2008, 123 FERC ¶ 61,098 (2008).

CERTIFICATE OF SERVICE

I hereby certify that I have served this day copies of the foregoing on the official service list compiled by the Office of the Secretary in accordance with Rule 2010 of the Commission Rules of Practice and Procedure.

Dated at Washington, D.C. this 26th day of June 2008.



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