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November 2, 2010

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

**Re: *Virginia Electric and Power Company,*  
Docket No. ER11-1984-000  
Errata to November 1, 2010 Filing of Mutual Operating  
Agreement with Virginia Municipal Electric Association No. 1**

Dear Secretary Bose:

Virginia Electric and Power Company, doing business as Dominion Virginia Power ("Dominion"), hereby submits this errata filing to its November 1, 2010 filing of a Mutual Operating Agreement ("MOA") with Virginia Municipal Electric Association No. 1 ("VMEA"). The title on the transmittal letter erroneously described the filing as a revised MOA, but in fact the MOA is an original document that has not been revised.

To correct this error, Dominion hereby withdraws the transmittal letter included in the November 1, 2010 filing and replaces it with the transmittal letter attached to this filing. There are no other changes to the letter. Dominion also requests that the Secretary change the title of the docket to reflect this correction.

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

Very truly yours,

/s/

Linda S. Kizuka  
Counsel for Virginia Electric and Power  
Company



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**Re: *Virginia Electric and Power Company,*  
Docket No. ER11-1984-000  
Mutual Operating Agreement with Virginia Municipal Electric  
Association No. 1**

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act and Part 35 of the Commission's regulations,<sup>1</sup> Virginia Electric and Power Company, doing business as Dominion Virginia Power ("Dominion"), hereby tenders for filing an executed Mutual Operating Agreement ("MOA") between Dominion and Virginia Municipal Electric Association No. 1 ("VMEA") designated as PJM Service Agreement No. 2692. The MOA provides for a "wires-to-wires" operating agreement between the two entities. Dominion respectfully requests that the Commission allow the MOA to become effective January 1, 2011, the date on which service will begin under the MOA.

## BACKGROUND

Dominion is interconnected with and provides wholesale electric service to electric cooperatives and municipal customers, including VMEA, in the states of Virginia and North Carolina. Dominion integrated into PJM Interconnection, L.L.C. ("PJM") on May 1, 2005. VMEA is comprised of several member municipalities in Virginia and is charged with the responsibility for supplying power and energy to its members for resale.

<sup>1</sup> 16 U.S.C. § 824d (2006), 18 C.F.R. Part 35 (2010).

Dominion currently provides service to VMEA under a bundled agreement that predates FERC Order No. 888<sup>2</sup> (“Bundled Agreement”).<sup>3</sup> The Bundled Agreement terminates by its own terms on December 31, 2010, and will be replaced by the Amended and Restated Agreement for the Purchase of Electricity for Resale between Dominion and VMEA (“VMEA PSA”) under Dominion’s market-based rate tariff. Since VMEA’s members will remain directly interconnected with Dominion, an agreement is needed to provide for safe and reliable operation of the interconnected facilities, as well as for required modifications of those facilities.

## **MUTUAL OPERATING AGREEMENT**

The MOA provides the terms and conditions pursuant to which Dominion and VMEA’s members will continue to connect and operate their respective facilities. The MOA provides that Dominion and VMEA will coordinate planning of their respective facilities<sup>4</sup> and sets forth procedures for the modification of existing Delivery Points and determination and construction of future Delivery Points.<sup>5</sup> Articles 8 and 9 set forth each party’s operating responsibilities under both normal and emergency conditions.

Section 8.5 sets forth VMEA’s power factor requirements, but does not establish a rate for reactive power. In the event VMEA’s members do not maintain the required power factor, the calculation of any applicable reactive power charges is to be determined under the terms of the Service Agreement between Dominion and PJM for transmission service in the Dominion Zone. This provision is consistent with the VMEA PSA, which provides in Section 3.2 that Dominion will maintain Network Integration Transmission Service for the delivery of power to VMEA and will pass on to VMEA any charges that Dominion incurs in connection with that service.

Article 15 establishes an Administrative Committee consisting of one member from Dominion and one member from VMEA to administer the MOA. Articles 17 and 18

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<sup>2</sup> *Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities; Recovery of Stranded Costs by Public Utilities and Transmitting Utilities*, Order No. 888, 61 Fed. Reg. 21,540 (May 10, 1996), FERC Stats. & Regs. ¶ 31,036 (1996) (“Order No. 888”), *order on reh’g*, Order No. 888-A, 62 Fed. Reg. 12,274 (Mar. 14, 1997), FERC Stats. & Regs. ¶ 31,048 (1997) (“Order No. 888-A”), *order on reh’g*, Order No. 888-B, 81 FERC ¶ 61,248 (1997) (“Order No. 888-B”), *order on reh’g*, Order No. 888-C, 82 FERC ¶ 61,046 (1998) (“Order No. 888-C”), *aff’d in relevant part sub nom., Transmission Access Policy Study Group, et al. v. FERC*, 225 F.3d 667 (D.C. Cir. 2000), *aff’d sub nom, New York v. FERC*, 535 U.S. 1 (2002).

<sup>3</sup> The Bundled Agreement is currently on file with the Commission, and is designated as First Revised Rate Schedule FERC No. 109.

<sup>4</sup> See Article 5 of the MOA.

<sup>5</sup> See Article 6 of the MOA.

address issues of liability and indemnification between the parties. Article 20 provides for a Dispute Resolution in the event either party has a dispute or asserts a claim under the MOA.

## **RELATIONSHIP OF THE MOA TO PJM**

Section 4.1 of the MOA provides that each party will comply with the PJM Requirements,<sup>6</sup> and that in the event of a conflict between the PJM Requirements and the MOA, the PJM Requirements govern. Thus, the MOA supplements but does not conflict with the PJM Requirements.

## **EXCESS FACILITIES CHARGE**

The MOA provides that upon request of VMEA, Dominion may agree to construct facilities that are excess to those typically specified by Dominion. The rates, terms and conditions governing such excess facilities are included in Appendix B of the MOA.

Section 3 of Appendix B establishes Dominion's monthly facilities charges to VMEA for the construction, operation and maintenance of the excess facilities. Section 3.1 establishes the monthly facilities charge for excess facilities built by Dominion for which VMEA made no advance payment and that were installed prior to April 1, 2004. Section 3.2 provides the monthly facilities charge for excess facilities for which VMEA makes a one-time advance payment for the estimated cost of the new facilities and then pays an ongoing monthly facilities charge for operation and maintenance of those facilities. Sections 3.1 and 3.2 contain separate monthly facilities charges for Distribution and Substation Facilities and for Transmission Facilities. Cost support for the facilities charges is included in Attachment A to this filing. These monthly facilities charges are identical to the charges included in Dominion's MOAs with Old Dominion Electric Cooperative ("ODEC") and Central Virginia Electric Cooperative ("CVEC"), which were accepted for filing by the Commission.<sup>7</sup>

## **REQUESTED EFFECTIVE DATE**

Dominion respectfully requests that the Commission allow the MOA to become effective on January 1, 2011, the date upon which service under the MOA is to begin.

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<sup>6</sup> "PJM Requirement" is defined in Section 1.23 of the MOA.

<sup>7</sup> *Virginia Electric and Power Company*, Docket Nos. ER05-1037-000, *et al.*, Letter Order issued July 7, 2005.

## MISCELLANEOUS

The MOA has been designated as a service agreement under PJM's open-access transmission tariff. A copy of the MOA with the signatures of the parties has been provided to PJM for its records.

No costs or expenses associated with the MOA have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative or unnecessary costs that are demonstrably the product of discriminatory employment practices.

## SERVICE

Dominion has served a copy of this filing on VMEA via electronic service. Electronic service is permitted as of November 3, 2008, under the Commission's regulations<sup>8</sup> pursuant to Order No. 714<sup>9</sup> and the Commission's "Notice of Effectiveness of Regulations" issued on October 28, 2008, in Docket No. RM01-5-000.<sup>10</sup>

## DOCUMENTS ENCLOSED

The following documents are included with this filing:

1. An executed Mutual Operating Agreement between Virginia Electric and Power Company and Virginia Municipal Electric Association No. 1, filed pursuant to the Commission's Order No. 714 electronic tariff filing requirements;
2. Cost support for the monthly facilities charge ("Attachment A");
3. A copy of the MOA signature sheet ("Attachment B"); and
4. A list of recipients ("Attachment C").

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<sup>8</sup> See 18 C.F.R. § 35.2 (2009).

<sup>9</sup> *Electronic Tariff Filings*, Order No. 714, 73 Fed. Reg. 57,515 (October 3, 2008), 124 FERC ¶ 61,270 (2008).

<sup>10</sup> *Electronic Tariff Filings; Notice of Effectiveness of Regulations*, 73 Fed. Reg. 65,599 (November 4, 2008).

## COMMUNICATIONS

Correspondence relating to this filing should be addressed to:

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

Very truly yours,

/s/

Linda S. Kizuka  
Counsel for Virginia Electric and Power  
Company doing business as Dominion  
Virginia Power

Enclosures  
cc (w/enclosures): List of Recipients

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