

DOMINION RESOURCES INC /VA/
Form 10-Q
May 05, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended March 31, 2016

or

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

For the transition period from _____ to _____

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants telephone number	I.R.S. Employer Identification Number
001-08489	DOMINION RESOURCES, INC.	54-1229715
000-55337	VIRGINIA ELECTRIC AND POWER COMPANY	54-0418825
001-37591	DOMINION GAS HOLDINGS, LLC	46-3639580

120 Tredegar Street

Richmond, Virginia 23219

(804) 819-2000

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

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

Dominion Resources, Inc. Yes No

Virginia Electric and Power Company Yes No

Dominion Gas Holdings, LLC Yes No

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

Dominion Resources, Inc. Yes No

Virginia Electric and Power Company Yes No

Dominion Gas Holdings, LLC Yes No

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

Dominion Resources, Inc.

Large accelerated filer

Accelerated filer

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

Smaller reporting company

Virginia Electric and Power Company

Large accelerated filer

Accelerated filer

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

Smaller reporting company

Dominion Gas Holdings, LLC

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Dominion Resources, Inc. Yes No Virginia Electric and Power Company Yes No

Dominion Gas Holdings, LLC Yes No

At April 15, 2016, the latest practicable date for determination, Dominion Resources, Inc. had 616,218,305 shares of common stock outstanding and Virginia Electric and Power Company had 274,723 shares of common stock outstanding. Dominion Resources, Inc. is the sole holder of Virginia Electric and Power Company's common stock. Dominion Resources, Inc. holds all of the membership interests of Dominion Gas Holdings, LLC.

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

VIRGINIA ELECTRIC AND POWER COMPANY AND DOMINION GAS HOLDINGS, LLC MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND ARE FILING THIS FORM 10-Q UNDER THE REDUCED DISCLOSURE FORMAT.

Table of Contents

COMBINED INDEX

	Page Number
<u>Glossary of Terms</u>	3
PART I. Financial Information	
Item 1. <u>Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	72
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	83
Item 4. <u>Controls and Procedures</u>	85
PART II. Other Information	
Item 1. <u>Legal Proceedings</u>	86
Item 1A. <u>Risk Factors</u>	86
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	86
Item 6. <u>Exhibits</u>	87

Table of Contents**GLOSSARY OF TERMS**

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

Abbreviation or Acronym	Definition
2013 Equity Units	Dominion's 2013 Series A Equity Units and 2013 Series B Equity Units issued in June 2013
2014 Equity Units	Dominion's 2014 Series A Equity Units issued in July 2014
AFUDC	Allowance for funds used during construction
AMR	Automated meter reading program deployed by East Ohio
AOCI	Accumulated other comprehensive income (loss)
AROs	Asset retirement obligations
ARP	Acid Rain Program, a market-based initiative for emissions allowance trading, established pursuant to Title IV of the CAA
Atlantic Coast Pipeline	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion, Duke Energy Corporation, Piedmont Natural Gas Company, Inc. and AGL Resources Inc.
bcf	Billion cubic feet
Bear Garden	A 590 MW combined cycle, natural gas-fired power station in Buckingham County, Virginia
Blue Racer	Blue Racer Midstream, LLC, a joint venture between Dominion and Caiman Energy II, LLC
BREDL	Blue Ridge Environmental Defense League
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAISO	California independent system operator
CCR	Coal combustion residual
CEO	Chief Executive Officer
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, also known as Superfund
CFO	Chief Financial Officer
CO ₂	Carbon dioxide
COL	Combined Construction Permit and Operating License
Companies	Dominion, Virginia Power and Dominion Gas, collectively
Cooling degree days	Units measuring the extent to which the average daily temperature is greater than 65 degrees Fahrenheit, calculated as the difference between 65 degrees and the average temperature for that day
Cove Point	Dominion Cove Point LNG, LP
CPCN	Certificate of Public Convenience and Necessity

CSAPR	Cross State Air Pollution Rule
CWA	Clean Water Act
DCG	Dominion Carolina Gas Transmission, LLC (successor by statutory conversion to and formerly known as Carolina Gas Transmission Corporation)
DEI	Dominion Energy, Inc.
Dominion	The legal entity, Dominion Resources, Inc., one or more of its consolidated subsidiaries (other than Virginia Power and Dominion Gas) or operating segments or the entirety of Dominion Resources, Inc. and its consolidated subsidiaries
Dominion Gas	The legal entity, Dominion Gas Holdings, LLC, one or more of its consolidated subsidiaries or operating segment, or the entirety of Dominion Gas Holdings, LLC and its consolidated subsidiaries
Dominion Iroquois	Dominion Iroquois, Inc., which, as of May 2016, holds a 24.07% noncontrolling partnership interest in Iroquois
Dominion Midstream	The legal entity, Dominion Midstream Partners, LP, one or more of its consolidated subsidiaries, Cove Point Holdings, Iroquois GP Holding Company, LLC and DCG (beginning April 1, 2015), or the entirety of Dominion Midstream Partners, LP, and its consolidated subsidiaries
DRS	Dominion Resources Services, Inc.
Dth	Dekatherm
DTI	Dominion Transmission, Inc.
DVP	Dominion Virginia Power operating segment
East Ohio	The East Ohio Gas Company, doing business as Dominion East Ohio
EPA	Environmental Protection Agency
EPS	Earnings per share
FERC	Federal Energy Regulatory Commission

Table of Contents

Abbreviation or Acronym	Definition
Four Brothers	Four Brothers Solar, LLC, a limited liability company owned by Dominion and Four Brothers Holdings, LLC, a wholly-owned subsidiary of SunEdison
Fowler Ridge	A wind-turbine facility joint venture between Dominion and BP Wind Energy North America Inc. in Benton County, Indiana
FTRs	Financial transmission rights
GAAP	U.S. generally accepted accounting principles
Gal	Gallon
GHG	Greenhouse gas
Granite Mountain	Granite Mountain Holdings, LLC, a limited liability company owned by Dominion and Granite Mountain Renewables, LLC, a wholly-owned subsidiary of SunEdison
Greensville County	An approximately 1,588 MW proposed natural gas-fired combined-cycle power station in Greensville County, Virginia
Heating degree days	Units measuring the extent to which the average daily temperature is less than 65 degrees Fahrenheit, calculated as the difference between 65 degrees and the average temperature for that day
Hope	Hope Gas, Inc., doing business as Dominion Hope
Iron Springs	Iron Springs Holdings, LLC, a limited liability company owned by Dominion and Iron Springs Renewables, LLC, a wholly-owned subsidiary of SunEdison
Iroquois	Iroquois Gas Transmission System L.P.
ISO-NE	Independent system operator New England
June 2006 hybrids	2006 Series A Enhanced Junior Subordinated Notes due 2066
kV	Kilovolt
Liquefaction Project	A natural gas export/liquefaction facility currently under construction by Cove Point
LNG	Liquefied natural gas
MATS	Utility Mercury and Air Toxics Standard Rule
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MGD	Million gallons a day
Microsoft	The legal entity, Microsoft Corporation, one or more of its consolidated subsidiaries, or operating segments, or the entirety of Microsoft Corporation and its consolidated subsidiaries
MISO	Midcontinent Independent Transmission System Operator, Inc.
MW	Megawatt
MWh	Megawatt hour
NedPower	A wind-turbine facility joint venture between Dominion and Shell Wind Energy, Inc. in Grant County, West Virginia
NGLs	Natural gas liquids
North Carolina Commission	North Carolina Utilities Commission

NO _x	Nitrogen oxide
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
Ohio Commission	Public Utilities Commission of Ohio
Order 1000	Order issued by FERC adopting new requirements for electric transmission planning, cost allocation and development
PIPP	Percentage of Income Payment Plan deployed by East Ohio
PIR	Pipeline Infrastructure Replacement program deployed by East Ohio
PJM	PJM Interconnection, L.L.C.
Possum Point	Possum Point power station
ppb	Parts-per-billion
PSD	Prevention of Significant Deterioration
Questar	The legal entity, Questar Corporation, one or more of its consolidated subsidiaries, or operating segments, or the entirety of Questar Corporation and its consolidated subsidiaries
Questar Combination	Agreement and plan of merger entered on January 31, 2016 between Dominion and Questar in which Questar will become a wholly-owned subsidiary of Dominion upon closing
Regulation Act	Legislation effective July 1, 2007, that amended the Virginia Electric Utility Restructuring Act and fuel factor statute, which legislation is also known as the Virginia Electric Utility Regulation Act, as amended in 2015
REIT	Real estate investment trust

Table of Contents

Abbreviation or Acronym	Definition
Rider B	A rate adjustment clause associated with the recovery of costs related to the conversion of three of Virginia Power's coal-fired power stations to biomass
Rider GV	A rate adjustment clause associated with the recovery of costs related to Greensville County
Rider R	A rate adjustment clause associated with the recovery of costs related to Bear Garden
Rider S	A rate adjustment clause associated with the recovery of costs related to the Virginia City Hybrid Energy Center
Rider T1	A rate adjustment clause to recover the difference between revenues produced from the transmission rates included in base rates, and the new total revenue requirement developed annually for the rate years effective September 1
Rider US-1	A rate adjustment clause associated with the recovery of costs related to Remington solar facility
Rider W	A rate adjustment clause associated with the recovery of costs related to Warren County
Riders C1A and C2A	Rate adjustment clauses associated with the recovery of costs related to certain demand-side management programs approved in demand-side management cases
ROE	Return on equity
RSN	Remarketable subordinated note
SEC	Securities and Exchange Commission
September 2006 hybrids	2006 Series B Enhanced Junior Subordinated Notes due 2066
SO ₂	Sulfur dioxide
Standard & Poor's	Standard & Poor's Ratings Services, a division of McGraw Hill Financial, Inc.
SunEdison	The legal entity, SunEdison, Inc., one or more of its consolidated subsidiaries (including Four Brothers Holdings, LLC, Granite Mountain Renewables, LLC and Iron Springs Renewables, LLC) or operating segments, or the entirety of SunEdison, Inc. and its consolidated subsidiaries
Terra Nova Renewable Partners	A partnership between SunEdison and institutional investors advised by J.P. Morgan Asset Management-Global Real Assets
Three Cedars	Granite Mountain and Iron Springs, collectively
TransCanada	The legal entity, TransCanada Corporation, one or more of its consolidated subsidiaries, or operating segments, or the entirety of TransCanada Corporation and its consolidated subsidiaries
UAO	Unilateral Administrative Order
VDEQ	Virginia Department of Environmental Quality
VEBA	Voluntary Employees' Beneficiary Association
VIE	Variable interest entity
Virginia City Hybrid Energy Center	A 610 MW baseload carbon-capture compatible, clean coal powered electric generation facility in Wise County, Virginia
Virginia Commission	Virginia State Corporation Commission
Virginia Power	The legal entity, Virginia Electric and Power Company, one or more of its consolidated

subsidiaries or operating segments or the entirety of Virginia Power and its consolidated subsidiaries

VOC

Volatile organic compounds

Warren County

A 1,342 MW combined-cycle, natural gas-fired power station in Warren County, Virginia

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

	Three Months Ended March 31,	
	2016	2015
(millions, except per share amounts)		
Operating Revenue	\$ 2,921	\$ 3,409
Operating Expenses		
Electric fuel and other energy-related purchases	634	953
Purchased electric capacity	68	94
Purchased gas	119	250
Other operations and maintenance	703	602
Depreciation, depletion and amortization	351	343
Other taxes	164	165
Total operating expenses	2,039	2,407
Income from operations	882	1,002
Other income	54	60
Interest and related charges	226	223
Income from operations including noncontrolling interests before income tax expense	710	839
Income tax expense	179	299
Net Income Including Noncontrolling Interests	531	540
Noncontrolling Interests	7	4
Net Income Attributable to Dominion	\$ 524	\$ 536
Earnings Per Common Share - Basic and Diluted		
Net income attributable to Dominion	\$ 0.88	\$ 0.91
Dividends Declared Per Common Share	\$ 0.7000	\$ 0.6475

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

Table of Contents

DOMINION RESOURCES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
(millions)		
Net income including noncontrolling interests	\$ 531	\$ 540
Other comprehensive income (loss), net of taxes:		
Net deferred gains (losses) on derivatives-hedging activities ⁽¹⁾	53	(58)
Changes in unrealized net gains (losses) on investment securities ⁽²⁾	15	15
Amounts reclassified to net income:		
Net derivative (gains) losses-hedging activities ⁽³⁾	(63)	59
Net realized gains on investment securities ⁽⁴⁾	(2)	(21)
Net pension and other postretirement benefit costs ⁽⁵⁾	8	13
Changes in other comprehensive income (loss) from equity method investees		(1)
Total other comprehensive income	11	7
Comprehensive income including noncontrolling interests	542	547
Comprehensive income attributable to noncontrolling interests	7	4
Comprehensive income attributable to Dominion	\$ 535	\$ 543

- (1) Net of \$(33) million and \$41 million tax for the three months ended March 31, 2016 and 2015, respectively.
(2) Net of \$(10) million and \$(11) million tax for the three months ended March 31, 2016 and 2015, respectively.
(3) Net of \$39 million and \$(39) million tax for the three months ended March 31, 2016 and 2015, respectively.
(4) Net of \$1 million and \$12 million tax for the three months ended March 31, 2016 and 2015, respectively.
(5) Net of \$(6) million and \$(9) million tax for the three months ended March 31, 2016 and 2015, respectively.
The accompanying notes are an integral part of Dominion's Consolidated Financial Statements.

Table of Contents

DOMINION RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(millions)	March 31, 2016	December 31, 2015 ⁽¹⁾
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 218	\$ 607
Customer receivables (less allowance for doubtful accounts of \$23 and \$32)	1,175	1,200
Other receivables (less allowance for doubtful accounts of \$2 at both dates)	153	169
Inventories	1,304	1,348
Prepayments	157	198
Other	704	667
Total current assets	3,711	4,189
Investments		
Nuclear decommissioning trust funds	4,239	4,183
Investment in equity method affiliates	1,346	1,320
Other	268	271
Total investments	5,853	5,774
Property, Plant and Equipment		
Property, plant and equipment	59,154	57,776
Accumulated depreciation, depletion and amortization	(16,531)	(16,222)
Total property, plant and equipment, net	42,623	41,554
Deferred Charges and Other Assets		
Goodwill	3,294	3,294
Pension and other postretirement benefit assets	978	943
Regulatory assets	1,977	1,865
Other	1,069	1,029
Total deferred charges and other assets	7,318	7,131
Total assets	\$ 59,505	\$ 58,648

(1) Dominion's Consolidated Balance Sheet at December 31, 2015 has been derived from the audited Consolidated Financial Statements at that date.

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

Table of Contents**DOMINION RESOURCES, INC.****CONSOLIDATED BALANCE SHEETS (Continued)****(Unaudited)**

	March 31, 2016	December 31, 2015 ⁽¹⁾
(millions)		
LIABILITIES AND EQUITY		
Current Liabilities		
Securities due within one year	\$ 1,774	\$ 1,825
Short-term debt	3,028	3,509
Accounts payable	670	726
Accrued interest, payroll and taxes	583	515
Other ⁽²⁾	1,463	1,544
Total current liabilities	7,518	8,119
Long-Term Debt		
Long-term debt	20,807	20,048
Junior subordinated notes	1,849	1,340
Remarketable subordinated notes	1,530	2,080
Total long-term debt	24,186	23,468
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	7,536	7,414
Asset retirement obligations	1,916	1,887
Regulatory liabilities	2,354	2,285
Other	1,980	1,873
Total deferred credits and other liabilities	13,786	13,459
Total liabilities	45,490	45,046
Commitments and Contingencies (see Note 15)		
Equity		
Common stock no par ⁽³⁾	6,778	6,680
Retained earnings	6,565	6,458
Accumulated other comprehensive loss	(463)	(474)
Total common shareholders equity	12,880	12,664
Noncontrolling interests	1,135	938

Total equity		14,015		13,602
Total liabilities and equity		\$ 59,505	\$	58,648

- (1) Dominion's Consolidated Balance Sheet at December 31, 2015 has been derived from the audited Consolidated Financial Statements at that date.
- (2) See Note 3 for amounts attributable to related parties.
- (3) 1 billion shares authorized; 597 million shares and 596 million shares outstanding at March 31, 2016 and December 31, 2015, respectively.

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

Table of Contents

DOMINION RESOURCES, INC.
CONSOLIDATED STATEMENT OF EQUITY
(Unaudited)

(millions)	Common Stock Shares	Common Stock Amount	Dominion Shareholders Accumulated Other Comprehensive Retained Earnings	Dominion Shareholders Accumulated Other Comprehensive Income (Loss)	Total Common Shareholders Equity	Noncontrolling Interests	Total Equity
December 31, 2015	596	\$ 6,680	\$ 6,458	\$ (474)	\$ 12,664	\$ 938	\$ 13,602
Net income including noncontrolling interests			524		524	7	531
Contributions from SunEdison to Four Brothers and Three Cedars						94	94
Sale of interest in merchant solar projects		22			22	117	139
Purchase of Dominion Midstream common units		(2)			(2)	(8)	(10)
Issuance of common stock	1	75			75		75
Dividends and distributions			(417)		(417)	(10)	(427)
Other comprehensive income, net of tax				11	11		11
Other		3			3	(3)	
March 31, 2016	597	\$ 6,778	\$ 6,565	\$ (463)	\$ 12,880	\$ 1,135	\$ 14,015

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

Table of Contents**DOMINION RESOURCES, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

Three Months Ended March 31 (millions)	2016	2015
Operating Activities		
Net income including noncontrolling interests	\$ 531	\$ 540
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation, depletion and amortization (including nuclear fuel)	424	414
Deferred income taxes and investment tax credits	131	277
Gains on the sale of assets and businesses	(5)	(70)
Other adjustments	(21)	(40)
Changes in:		
Accounts receivable	40	(65)
Inventories	44	148
Deferred fuel and purchased gas costs, net	35	(33)
Accounts payable	(37)	(85)
Accrued interest, payroll and taxes	68	(15)
Margin deposit assets and liabilities	(21)	111
Other operating assets and liabilities	3	(51)
Net cash provided by operating activities	1,192	1,131
Investing Activities		
Plant construction and other property additions (including nuclear fuel)	(1,497)	(1,014)
Acquisition of DCG		(495)
Proceeds from sales of securities	368	337
Purchases of securities	(393)	(304)
Other	(3)	(23)
Net cash used in investing activities	(1,525)	(1,499)
Financing Activities		
Issuance (repayment) of short-term debt, net	(481)	425
Repurchase of short-term notes	(100)	
Issuance of long-term debt	1,250	
Repayment and repurchase of long-term debt	(496)	(3)
Proceeds from sale of interest in merchant solar projects	117	
Contributions from SunEdison to Four Brothers and Three Cedars	94	
Issuance of common stock	75	295
Common dividend payments	(417)	(381)
Other	(98)	(11)

Net cash provided by (used in) financing activities	(56)	325
Decrease in cash and cash equivalents	(389)	(43)
Cash and cash equivalents at beginning of period	607	318
Cash and cash equivalents at end of period	\$ 218	\$ 275

Supplemental Cash Flow Information

Significant noncash investing activities:

Accrued capital expenditures	\$ 472	\$ 353
------------------------------	--------	--------

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

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

	Three Months Ended March 31,	
	2016	2015
(millions)		
Operating Revenue⁽¹⁾	\$ 1,890	\$ 2,137
Operating Expenses		
Electric fuel and other energy-related purchases ⁽¹⁾	536	810
Purchased electric capacity	68	94
Other operations and maintenance:		
Affiliated suppliers	101	75
Other	349	321
Depreciation and amortization	248	238
Other taxes	74	74
Total operating expenses	1,376	1,612
Income from operations	514	525
Other income	16	15
Interest and related charges	114	108
Income before income tax expense	416	432
Income tax expense	153	163
Net Income	\$ 263	\$ 269

(1) See Note 17 for amounts attributable to affiliates.

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

Table of Contents

VIRGINIA ELECTRIC AND POWER COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
<i>(millions)</i>		
Net income	\$ 263	\$ 269
Other comprehensive income (loss), net of taxes:		
Net deferred losses on derivatives-hedging activities ⁽¹⁾	(9)	(4)
Changes in unrealized net gains on nuclear decommissioning trust funds ⁽²⁾	3	1
Amounts reclassified to net income:		
Net derivative losses-hedging activities ⁽³⁾		1
Net realized gains on nuclear decommissioning trust funds ⁽⁴⁾		(1)
Total other comprehensive loss	(6)	(3)
Comprehensive income	\$ 257	\$ 266

(1) Net of \$5 million and \$2 million million tax for the three months ended March 31, 2016 and 2015, respectively.

(2) Net of \$(1) million tax for both the three months ended March 31, 2016 and 2015.

(3) Net of \$ million tax for both the three months ended March 31, 2016 and 2015.

(4) Net of \$ million tax for both the three months ended March 31, 2016 and 2015.

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

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

(millions)	March 31, 2016	December 31, 2015 ⁽¹⁾
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 78	\$ 18
Customer receivables (less allowance for doubtful accounts of \$18 and \$27)	798	822
Other receivables (less allowance for doubtful accounts of \$1 at both dates)	95	109
Affiliated receivables	3	296
Inventories (average cost method)	833	873
Regulatory assets	343	326
Other ⁽²⁾	57	60
Total current assets	2,207	2,504
Investments		
Nuclear decommissioning trust funds	1,980	1,945
Other	3	3
Total investments	1,983	1,948
Property, Plant and Equipment		
Property, plant and equipment	38,177	37,639
Accumulated depreciation and amortization	(11,903)	(11,708)
Total property, plant and equipment, net	26,274	25,931
Deferred Charges and Other Assets		
Regulatory assets	775	667
Other ⁽²⁾	543	515
Total deferred charges and other assets	1,318	1,182
Total assets	\$ 31,782	\$ 31,565

(1)

Virginia Power's Consolidated Balance Sheet at December 31, 2015 has been derived from the audited Consolidated Financial Statements at that date.

(2) See Note 17 for amounts attributable to affiliates.

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

Table of Contents

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

(millions)	March 31, 2016	December 31, 2015 ⁽¹⁾
LIABILITIES AND SHAREHOLDER S EQUITY		
Current Liabilities		
Securities due within one year	\$ 25	\$ 476
Short-term debt	1,276	1,656
Accounts payable	338	366
Payables to affiliates	102	73
Affiliated current borrowings		376
Accrued interest, payroll and taxes	277	190
Other ⁽²⁾	592	593
Total current liabilities	2,610	3,730
Long-Term Debt	9,638	8,892
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	4,755	4,654
Asset retirement obligations	1,134	1,104
Regulatory liabilities	1,996	1,929
Other ⁽²⁾	751	615
Total deferred credits and other liabilities	8,636	8,302
Total liabilities	20,884	20,924
Commitments and Contingencies (see Note 15)		
Common Shareholder s Equity		
Common stock no par ⁽³⁾	5,738	5,738
Other paid-in capital	1,113	1,113
Retained earnings	4,013	3,750
Accumulated other comprehensive income	34	40
Total common shareholder s equity	10,898	10,641
Total liabilities and shareholder s equity	\$ 31,782	\$ 31,565

- (1) Virginia Power's Consolidated Balance Sheet at December 31, 2015 has been derived from the audited Consolidated Financial Statements at that date.
 - (2) See Note 17 for amounts attributable to affiliates.
 - (3) 500,000 shares authorized; 274,723 shares outstanding at March 31, 2016 and December 31, 2015.
- The accompanying notes are an integral part of Virginia Power's Consolidated Financial Statements.

Table of Contents

VIRGINIA ELECTRIC AND POWER COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three Months Ended March 31, (millions)	2016	2015
Operating Activities		
Net income	\$ 263	\$ 269
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including nuclear fuel)	294	281
Deferred income taxes and investment tax credits	99	67
Other adjustments	(8)	(7)
Changes in:		
Accounts receivable	38	(20)
Affiliated receivables and payables	322	(20)
Inventories	40	85
Prepayments	8	214
Deferred fuel expenses, net	27	(54)
Accounts payable	(3)	3
Accrued interest, payroll and taxes	87	116
Other operating assets and liabilities	4	27
Net cash provided by operating activities	1,171	961
Investing Activities		
Plant construction and other property additions	(604)	(583)
Purchases of nuclear fuel	(22)	(23)
Proceeds from sales of securities	193	133
Purchases of securities	(201)	(138)
Other	(13)	(11)
Net cash used in investing activities	(647)	(622)
Financing Activities		
Issuance (repayment) of short-term debt, net	(380)	227
Repayment of affiliated current borrowings, net	(376)	(417)
Issuance of long-term debt	750	
Repayment of long-term debt	(452)	
Common dividend payments to parent		(149)
Other	(6)	1
Net cash used in financing activities	(464)	(338)
Increase in cash and cash equivalents	60	1

Cash and cash equivalents at beginning of period		18		15
Cash and cash equivalents at end of period	\$	78	\$	16

Supplemental Cash Flow Information

Significant noncash investing activities:

Accrued capital expenditures	\$	164	\$	139
------------------------------	----	------------	----	-----

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

Table of Contents

DOMINION GAS HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
(millions)		
Operating Revenue⁽¹⁾	\$ 431	\$ 531
Operating Expenses		
Purchased gas ⁽¹⁾	34	74
Other energy-related purchases	3	6
Other operations and maintenance:		
Affiliated suppliers	27	21
Other	97	53
Depreciation and amortization	43	51
Other taxes	52	55
Total operating expenses	256	260
Income from operations	175	271
Other income	6	9
Interest and related charges	22	17
Income from operations before income taxes	159	263
Income tax expense	61	102
Net Income	\$ 98	\$ 161

(1) See Note 17 for amounts attributable to related parties.

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

Table of Contents

DOMINION GAS HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended	
	March 31,	
	2016	2015
(millions)		
Net income	\$ 98	\$ 161
Other comprehensive income (loss), net of taxes:		
Net deferred losses on derivatives-hedging activities ⁽¹⁾	(6)	(4)
Amounts reclassified to net income:		
Net derivative gains-hedging activities ⁽²⁾	(2)	
Net pension and other postretirement benefit costs ⁽³⁾		1
Total other comprehensive loss	(8)	(3)
Comprehensive income	\$ 90	\$ 158

(1) Net of \$4 million and \$2 million tax for the three months ended March 31, 2016 and 2015, respectively.

(2) Net of \$2 million and \$ million tax for the three months ended March 31, 2016 and 2015, respectively.

(3) Net of \$(1) million tax for both the three months ended March 31, 2016 and 2015.

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

Table of Contents

DOMINION GAS HOLDINGS, LLC
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(millions)	March 31, 2016	December 31, 2015 ⁽¹⁾
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 44	\$ 13
Customer receivables (less allowance for doubtful accounts of \$1 at both dates) ⁽²⁾	227	219
Other receivables (less allowance for doubtful accounts of \$2 at both dates) ⁽²⁾	17	7
Affiliated receivables	9	98
Inventories	91	78
Prepayments	72	88
Other ⁽²⁾	46	63
Total current assets	506	566
Investments	104	104
Property, Plant and Equipment		
Property, plant and equipment	9,809	9,693
Accumulated depreciation and amortization	(2,726)	(2,690)
Total property, plant and equipment, net	7,083	7,003
Deferred Charges and Other Assets		
Goodwill	542	542
Pension and other postretirement benefit assets ⁽²⁾	1,544	1,510
Other ⁽²⁾	611	583
Total deferred charges and other assets	2,697	2,635
Total assets	\$ 10,390	\$ 10,308

(1) Dominion Gas Consolidated Balance Sheet at December 31, 2015 has been derived from the audited Consolidated Financial Statements at that date.

(2) See Note 17 for amounts attributable to related parties.

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

Table of Contents

DOMINION GAS HOLDINGS, LLC
CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

(millions)	March 31, 2016	December 31, 2015 ⁽¹⁾
LIABILITIES AND EQUITY		
Current Liabilities		
Securities due within one year	\$ 400	\$ 400
Short-term debt	403	391
Accounts payable	167	201
Payables to affiliates	32	22
Affiliated current borrowings	40	95
Accrued interest, payroll and taxes	184	183
Other ⁽²⁾	182	183
Total current liabilities	1,408	1,475
Long-Term Debt	2,871	2,869
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	2,267	2,214
Other ⁽²⁾	436	432
Total deferred credits and other liabilities	2,703	2,646
Total liabilities	6,982	6,990
Commitments and Contingencies (see Note 15)		
Equity		
Membership interests	3,515	3,417
Accumulated other comprehensive loss ⁽²⁾	(107)	(99)
Total equity	3,408	3,318
Total liabilities and equity	\$ 10,390	\$ 10,308

(1) Dominion Gas Consolidated Balance Sheet at December 31, 2015 has been derived from the audited Consolidated Financial Statements at that date.

(2) See Note 17 for amounts attributable to related parties.

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

Table of Contents

DOMINION GAS HOLDINGS, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three Months Ended March 31, (millions)	2016	2015
Operating Activities		
Net income	\$ 98	\$ 161
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains on sales of assets	(5)	(70)
Depreciation and amortization	43	51
Deferred income taxes and investment tax credits	58	36
Other adjustments		3
Changes in:		
Accounts receivable	(18)	(24)
Affiliated receivables and payables	99	6
Deferred purchased gas costs, net	11	16
Prepayments	16	102
Accounts payable	(25)	(33)
Accrued interest, payroll and taxes	1	49
Other operating assets and liabilities	(45)	(24)
Net cash provided by operating activities	233	273
Investing Activities		
Plant construction and other property additions	(161)	(128)
Proceeds from assignments of shale development rights	5	27