

VIRGINIA ELECTRIC & POWER CO
Form 10-Q
August 03, 2006

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 June 30, 2006**

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 001-02255

**VIRGINIA ELECTRIC AND POWER COMPANY
(Exact name of registrant as specified in its charter)**

VIRGINIA

54-0418825

*(State or other jurisdiction of incorporation or
organization)*

(I.R.S. Employer Identification No.)

**120 TREDEGAR STREET
RICHMOND, VIRGINIA**

23219

(Address of principal executive offices)

(Zip Code)

(804) 819-2000

(Registrant's telephone number)

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.

Yes No

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

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Large accelerated filer Accelerated filer Non-accelerated filer

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

Yes No

At June 30, 2006, the latest practicable date for determination, 198,047 shares of common stock, without par value, of the registrant were outstanding.

VIRGINIA ELECTRIC AND POWER COMPANY

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VIRGINIA ELECTRIC AND POWER COMPANY
PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
(millions)				
Operating Revenue	\$ 1,323	\$ 1,285	\$ 2,656	\$ 2,643
Operating Expenses				
Electric fuel and energy purchases	555	505	1,112	979
Purchased electric capacity	109	114	226	242
Other energy-related commodity purchases	8	7	18	20
Other operations and maintenance:				
External suppliers	207	146	396	400
Affiliated suppliers	81	72	158	144
Depreciation and amortization	135	132	267	263
Other taxes	43	47	88	93
Total operating expenses	1,138	1,023	2,265	2,141
Income from operations	185	262	391	502
Other income	17	14	41	29
Interest and related charges:				
Interest expense	63	72	133	135
Interest expense—junior subordinated notes payable to affiliated trust	7	7	15	15
Total interest and related charges	70	79	148	150
Income from continuing operations before income tax expense	132	197	284	381
Income tax expense	46	73	101	142
Income from continuing operations	86	124	183	239
Loss from discontinued operations (net of income tax benefit of \$32 and \$89 in 2005)	—	(67)	—	(160)
Net Income	86	57	183	79
Preferred dividends	4	4	8	8
Balance available for common stock	\$ 82	\$ 53	\$ 175	\$ 71

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

VIRGINIA ELECTRIC AND POWER COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2006	December 31, 2005 ⁽¹⁾
(millions)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 20	\$ 54
Customer accounts receivable (less allowance for doubtful accounts of \$7 at both dates)	682	700
Other receivables (less allowance for doubtful accounts of \$9 at both dates)	46	67
Inventories	506	