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February 1, 2008

Mr. David K. Paylor, Director
Virginia Department of Environmental Quality
P.O. Box 1105
Richmond, VA 23218

Re: The Virginia City Hybrid Energy Center
Permit to Construct and Operate, DEQ Registration Number 11526
Emissions Offsets to Provide Additional Environmental Protections

Dear Mr. Paylor:

Dominion is pleased to offer additional environmental protections associated with the Virginia City Hybrid Energy Center.

The draft air permit for the above referenced facility has been noticed for public comment, with public hearings scheduled for February 11 and 12. DEQ has determined that the emission limits contained in the draft permit meet Best Available Control Technology and protect the national ambient air quality standards. We believe that the technology selected for this project is most protective of public health and the environment given the goals, aims and objectives of this project.

The purpose of this letter is to commit to making additional emissions reductions which will offset the emissions from the facility. Subject to all necessary approvals by the State Corporation Commission (including recovery of fuel expenses related to the facility) and the Department of Environmental Quality, Dominion proposes to convert the existing coal fired boilers, Units 3 and 4, at our Bremono Power Station, located in Bremono Bluff, Virginia from coal to natural gas. Assuming the necessary regulatory approvals can be obtained, this conversion will be completed no later than two years after commercial operation of the Virginia City facility.

Below is a chart showing the current emissions from Bremono, and the maximum emissions in the Virginia City permit. After conversion to natural gas, emissions of all of the pollutants shown below, as well as emissions of PM, will be significantly reduced. There will be a large net reduction in emissions of SO₂ and Mercury. Emissions of NO_x, CO₂, and PM from Bremono will also be reduced.

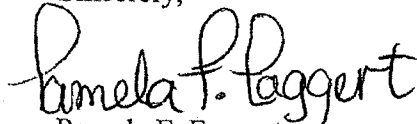
| Actual 2006 Emissions | | | | |
|-----------------------|--------------|--------------|-------------|--|
| Parameter | Bremo Unit 3 | Bremo Unit 4 | Bremo Total | Virginia City Permit Maximum Emissions |
| SO2 (tons) | 3,535 | 8,505 | 12,040 | 3,369 |
| NOx (tons) | 1,415 | 1,978 | 3,393 | 1,971 |
| CO2 (tons) | 456,577 | 1,132,905 | 1,589,481 | 5,300,000 |
| Mercury (tons) | 0.022 | 0.055 | 0.077 | 0.037 |
| Mercury (pounds) | 44 | 110 | 154 | 72 |

As you may recall, although Bremo was included in the EPA-Dominion agreement in 2003, it was not subject to the same controls installed at other Dominion owned coal fired power stations in the Commonwealth.

This new commitment, in addition to the current strict conditions of the permit, will reduce emissions of SO2 and Mercury in Virginia to below current levels, and will help to offset emissions of NOx, CO2, and PM while at the same time resulting in a significant increase in electric power production.

I look forward to discussing this matter with you further.

Sincerely,


Pamela F. Faggert