



Electric News Release

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Dominion Welcomes Virginia State Corporation Commission Approval of Virginia City Hybrid Energy Center

- ***SCC grants certificate of public convenience and necessity for Southwest Virginia clean-coal power station***

RICHMOND, Va. – Dominion (NYSE: D) today welcomed the granting of a certificate of public convenience and necessity by the Virginia State Corporation Commission (SCC) for the company's proposed 585-megawatt Virginia City Hybrid Energy Center.

"As the second-largest importer of electricity behind California, Virginia urgently needs a diverse mix of additional generating capacity to meet rising demand and help maintain price stability over the long term," said Mark F. McGettrick, president and CEO of the company's Dominion Generation business unit. "The Virginia City Hybrid Energy Center is a vital and innovative part of the solution."

By 2017 Virginia will need to add 4,000 megawatts of generation, enough for 1 million homes, even after taking into account conservation efforts.

The Virginia City station will be one of the cleanest of its kind, and studies have shown that the facility will meet or exceed all applicable environmental requirements. The station will be able to burn waste coal or "gob," thereby removing a potential source of pollution to the Clinch River and its tributaries. It also will be able to burn biomass for up to 20 percent of its fuel.

Along with giving Dominion approval to build the station in Wise County, the SCC set an initial authorized return on common equity of 12.12 percent. This includes a base return on equity of 11.12 percent and an incentive of 1 percent for new coal-fired generation. The incentive will apply through the first 12 years of the station's operation. Dominion has the option of applying at a later date for an additional 1 percent incentive by showing the station is carbon-capture compatible.

Certain terms of the Commission's order were consistent with a joint stipulation entered into by Dominion, the SCC Staff, and the Virginia Attorney General's Division of Consumer Counsel. The stipulation noted that the station is a "clean coal" facility as defined by the U.S. Department of Energy.

The station has received broad support from elected officials, business leaders and the local community. The Virginia General Assembly passed legislation in 2004 calling for the power station to be built, and incorporated this statutory authorization in its 2007 amendments to the Electric Utility Restructuring Act. The power station is included in Gov. Timothy Kaine's Virginia Energy Plan.

Dominion is awaiting approval of an air permit for the project. Dominion has devoted more than two years and spent more than \$6 million on studies and computer modeling in support of the air permit.

Construction of the [Virginia City Hybrid Energy Center](#) is scheduled to begin once all permits are received. It is expected to go into service in 2012.

Dominion is one of the nation's largest producers of energy, with a portfolio of approximately 26,500 megawatts of generation. Dominion serves retail energy customers in 11 states. For more information about Dominion, visit the company's Web site at <http://www.dom.com>.

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