

David A. Christian
Senior Vice President and Chief Nuclear Officer

Dominion Generation • Dominion Energy
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March 31, 2003

United States Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D. C. 20555-0001

Serial No. 03-178 (Dominion)
Serial No. B18852 (DNC)
NL&OS/SWT R0
Docket Nos. 50-280, 281
50-338, 339
50-245, 336, 423
License Nos. DPR-32, 37
NPF-4, 7
DPR-21, 65
NPF-49

Gentlemen:

VIRGINIA ELECTRIC AND POWER COMPANY
DOMINION NUCLEAR CONNECTICUT
SURRY POWER STATION UNITS 1 AND 2
NORTH ANNA POWER STATION UNITS 1 AND 2
MILLSTONE POWER STATION UNITS 1, 2 AND 3
DECOMMISSIONING FUNDING STATUS REPORT AND UPDATE TO MILLSTONE UNIT 1
PARENT GUARANTEE

Pursuant to 10 CFR 50.75(f)(1), Virginia Electric and Power Company (Dominion) and Dominion Nuclear Connecticut, Inc., (DNC) are providing this report on the status of decommissioning funding for each of the seven nuclear power reactors as referenced above.

Attachment 1 provides the following information for the North Anna and Surry plants:

- Table I - 2003 NRC Minimum Financial Assurance Amount
- Table II - Funds Held in External Trusts at December 31, 2002
- Table III - 2003 NRC Minimum Financial Assurance Amount Minus Funds Held in External Trusts
- Table IV - Current Annual Funding Levels
- Table V - Annual Funding Levels Necessary to Meet 2003 NRC Minimum Financial Assurance Amounts (including relevant assumptions)

In addition, Dominion is planning to modify its current method of providing financial assurance for the Surry and North Anna plants from the method previously reported to the NRC. Specifically, Dominion notified the NRC by letters dated March 31, 1999 (Serial No.

*Add Michael A. Dushinsky
1 Paper copy
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99-160) and March 15, 2001 (Serial No. 01-042), that in addition to the continued use of the sinking fund, surety bonds had been purchased to assure a portion of the decommissioning obligation for the Surry and North Anna plants. As indicated in these letters, the portion of decommissioning obligation assured by the surety bonds was attributable to customers whose rates are approved by the Federal Energy Regulatory Commission, and a small unallocated portion. As permitted by 10 CFR 50.75 (e)(1)(iii)(B), Dominion is replacing the surety bonds, with a parent company guaranty which becomes effective March 31, 2003. In order to terminate the surety bonds, which would release the surety issuer from any obligation related to decommissioning funding assurance, the surety issuer requires notification from the NRC that the parent company guaranty has been determined to be an acceptable alternate method of financial assurance and that Dominion and the surety holder have been released from liability under the surety bonds. Accordingly, Dominion requests that the NRC confirm in writing that the parent company guaranty as described in this letter is an acceptable method of providing financial assurance of decommissioning funding for the Surry and North Anna plants. Dominion asks that the NRC complete the specific review of the parent company guaranty and provide its written confirmation by May 30, 2003. Dominion has no objection if the NRC wishes to inform the surety issuer directly of its determination regarding the acceptability of the parent company guaranty. A proposed letter to the surety issuer is included as Attachment 2 for the NRC's use as appropriate.

Attachment 3 provides the following information for the Millstone plants:

- Table I - 2003 NRC Minimum Financial Assurance Amount
- Table II - Funds Held in External Trusts at December 31, 2002
- Table III - 2003 NRC Minimum Financial Assurance Amount Minus Funds Held in External Trusts
- Table IV - Current Annual Funding Levels
- Table V - Annual Funding Levels Necessary to Meet 2003 NRC Minimum Financial Assurance Amounts (including relevant assumptions)
- Table VI - Decommissioning Funding Worksheet for Millstone Unit 1

Table VI to Attachment 3 updates and replaces the Decommissioning Funding Worksheet for Millstone Unit 1 which was provided to the NRC as Exhibit L to the application dated August 31, 2000 (Serial No. B18212) for transfer of the Millstone licenses to DNC.

DNC provided its last update to the Millstone Units 1, 2 and 3 Decommissioning Funding Status in a letter dated April 1, 2002 (B18614). At that time, DNC reported that Millstone Units 2 and 3 were fully funded to meet the NRC minimum financial assurance amounts and Unit 1 relied upon a combination of prepayment and a parent company guarantee. Because of subsequent underperformance of the stock market, a parent company guaranty for Millstone Unit 2 is necessary this year. A parent company guaranty for Millstone Unit 1 remains in place. As required by Condition 2.C(5) of its license, the annual update of the Millstone Unit 1 parent company guaranty has been performed. Attachment 4 contains the information necessary to update the parent company guaranty for Millstone Unit 1 and further, provides the financial test and specific amounts per unit for the parent company guaranty which is being provided for Millstone Units 1 and 2,

Surry Units 1 and 2, and North Anna Units 1 and 2. The parent company guaranty is included as Attachment 5.

Since the March 31, 1999 submittal for Dominion (Serial No. 99-160) and the April 1, 2002 submittal for DNC (Serial No. B18614) there have been no material changes to trust agreements established for nuclear decommissioning of the Surry, North Anna, or Millstone units.

Please contact us if you have any questions or require additional information.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. A. Christian", with a long horizontal flourish extending to the right.

David A. Christian
Senior Vice President and Chief Nuclear Officer
Virginia Electric and Power Company
Dominion Nuclear Connecticut, Inc.

Attachments:

Attachment 1 – North Anna and Surry Decommissioning Financial Assurance
Attachment 2 – Release of Obligation to Surety Issuer
Attachment 3 - Millstone Units 1, 2 and 3 Decommissioning Financial Assurance
Attachment 4 - Financial Test Contained in 10 CFR Part 30 Appendix A
Attachment 5 – Parent Company Guarantee

Commitments made in this letter: None.

cc: U. S. Nuclear Regulatory Commission
Region II
Sam Nunn Atlanta Federal Center
61 Forsyth Street, S.W., Suite 23T85
Atlanta, Georgia 30303

U. S. Nuclear Regulatory Commission
Region I
Attention: Mr. Hubert J. Miller
Regional Administrator
475 Allendale Road
King of Prussia, PA 19406-1415

Mr. R. A. Musser
NRC Senior Resident Inspector
Surry Power Station

Mr. M. J. Morgan
NRC Senior Resident Inspector
North Anna Power Station

Mr. J. R. Wray
NRC Inspector, Region 1
Millstone Power Station Unit No. 1

Mr. S. M. Schneider
NRC Senior Resident Inspector
Millstone Power Station

Mr. D. G. Holland
NRC Project Manager
Millstone Power Station Unit No. 1

Mr. R. B. Ennis
NRC Senior Project Manager
Millstone Power Station Unit 2

Mr. V. Nerses
NRC Senior Project Manager
Millstone Power Station Unit 3

Mr. C. Gratton
NRC Senior Project Manager
Surry Power Station

Mr. S. R. Monarque
NRC Project Manager
North Anna Power Station

Mr. J. E. Reasor, Jr.
Old Dominion Electric Cooperative
Innsbrook Corporate Center
4201 Dominion Blvd.
Suite 300
Glen Allen, Virginia 23060

Mr. William Meinert
Nuclear Engineer
Mass. Municipal Wholesale Electric Co.
Moody Street, P. O. Box 426
Ludlow, MA 01056

S. Page
Central Vermont Public Service Corp.
77 Grove Street
Rutland, VT 05701

Attachment 1

**VIRGINIA ELECTRIC AND POWER COMPANY (DOMINION)
SURRY AND NORTH ANNA POWER STATIONS UNITS 1 AND 2
DECOMMISSIONING FINANCIAL ASSURANCE**

2003 Nuclear Decommissioning Financial Assurance

VIRGINIA ELECTRIC AND POWER COMPANY
2003 Nuclear Decommissioning Financial Assurance

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Table I: **2003 NRC Minimum Financial Assurance Amount**
(Millions of Dollars)

Customer Classification	Surry Unit 1 DPR-32	Surry Unit 2 DPR-37	North Anna (1) Unit 1 NPF-4	North Anna (1) Unit 1 NPF-7	Total All Units
Virginia State Corporation Commission (VSCC)	\$250.4	\$250.4	\$243.1	\$243.1	\$987.1
North Carolina Utilities Commission	\$14.0	\$14.0	\$13.2	\$13.2	\$54.5
Federal Energy Regulatory Commission	\$22.7	\$22.7	\$9.6	\$9.6	\$64.6
Virginia Retail (not under VSCC Jurisdiction)	\$44.5	\$44.5	\$43.1	\$43.1	\$175.3
Unallocated	(\$3.9)	(\$3.9)	(\$7.4)	(\$7.4)	(\$22.5)
Total	\$327.8	\$327.8	\$301.7	\$301.7	\$1,259.0

Table II: **Funds Held in External Trusts at December 31, 2002(2)**
(Millions of Dollars)

Customer Classification	Surry Unit 1 DPR-32	Surry Unit 2 DPR-37	North Anna (1) Unit 1 NPF-4	North Anna (1) Unit 1 NPF-7	Total All Units
Virginia State Corporation Commission (VSCC)	\$149.2	\$141.8	\$127.1	\$117.9	\$536.0
North Carolina Utilities Commission	\$9.1	\$10.1	\$9.7	\$9.1	\$37.9
Federal Energy Regulatory Commission	\$7.4	\$8.0	\$2.2	\$2.0	\$19.7
Virginia Retail (not under VSCC Jurisdiction)	\$18.8	\$19.8	\$17.9	\$16.4	\$72.9
Total	\$184.5	\$179.7	\$157.0	\$145.5	\$666.6

VIRGINIA ELECTRIC AND POWER COMPANY
2003 Nuclear Decommissioning Financial Assurance

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Table III:**2003 NRC Minimum Financial Assurance Amount****Minus Funds Held in External Trusts**

(Millions of Dollars)

Customer Classification	Surry Unit 1 DPR-32	Surry Unit 2 DPR-37	North Anna (1) Unit 1 NPF-4	North Anna (1) Unit 1 NPF-7	Total All Units	Method For Providing Financial Assurance
Virginia State Corporation Commission (VSCC)	\$101.2	\$108.7	\$116.0	\$125.2	\$451.1	External Sinking Fund
North Carolina Utilities Commission	\$4.9	\$3.9	\$3.5	\$4.2	\$16.5	External Sinking Fund
Federal Energy Regulatory Commission	\$15.3	\$14.6	\$7.4	\$7.6	\$44.9	Parent Company Guaranty w/ External Sinking Fund (4)
Virginia Retail (not under VSCC Jurisdiction)	\$25.8	\$24.7	\$25.2	\$26.7	\$102.3	External Sinking Fund
Unallocated	(\$3.9)	(\$3.9)	(\$7.4)	(\$7.4)	(\$22.5)	
Total	\$143.3	\$148.1	\$144.7	\$156.3	\$592.4	

Table IV:**Current Annual Funding Levels(2)**

(Millions of Dollars)

Customer Classification	Surry Unit 1 DPR-32	Surry Unit 2 DPR-37	North Anna (1) Unit 1 NPF-4	North Anna (1) Unit 1 NPF-7	Total All Units
Virginia State Corporation Commission (VSCC)	\$7.1	\$7.1	\$4.9	\$4.7	\$23.8
North Carolina Utilities Commission	\$0.4	\$0.4	\$0.3	\$0.3	\$1.4
Federal Energy Regulatory Commission	\$0.2	\$0.3	\$0.1	\$0.1	\$0.7
Virginia Retail (not under VSCC Jurisdiction)	\$0.9	\$0.9	\$0.7	\$0.7	\$3.2
Total	\$8.6	\$8.7	\$6.0	\$5.8	\$29.1

VIRGINIA ELECTRIC AND POWER COMPANY
2003 Nuclear Decommissioning Financial Assurance

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Table V:

Annual Funding Levels Necessary to Meet
2003 NRC Minimum Financial Assurance Amounts
(Millions of Dollars - except percentages and years)

Customer Classification	Surry Unit 1 DPR-32	Surry Unit 2 DPR-37	North Anna (1) Unit 1 NPF-4	North Anna (1) Unit 1 NPF-7	Total All Units
2003 NRC Minimum Financial Assurance Amounts (Table I)	\$327.8	\$327.8	\$301.7	\$301.7	\$1,259.0
Projected Annual Escalation Factors	4.28%	4.28%	4.28%	4.28%	
Year That Operating License Expires	2032	2033	2038	2040	
2003 NRC Minimum Financial Assurance Amounts (Stated in Future Dollars)	\$1,105.1	\$1,152.4	\$1,308.2	\$1,422.5	
Expected After-Tax and Fees Annual Earnings Rate	6.80%	6.80%	6.80%	6.80%	
Annual Funding Levels Necessary to Meet 2003 NRC Minimum Financial Assurance Amounts (3)					
2003	\$1.84	\$2.05	\$0.04	\$1.37	\$5.30
2004	\$1.84	\$2.05	\$0.04	\$1.37	\$5.30
2005	\$1.84	\$2.05	\$0.04	\$1.37	\$5.30
2006	\$1.84	\$2.05	\$0.04	\$1.37	\$5.30
2007	\$0.92	\$1.03	\$0.02	\$0.68	\$2.65

Notes:

- (1) The North Anna Power Station is jointly owned by Virginia Electric and Power Company (88.4%) and Old Dominion Electric Cooperative (11.6%). However, Virginia Electric and Power Company is responsible for (89.26%) of the Decommissioning obligation. The amounts stated in the above tables reflect only that portion of the Decommissioning obligation attributable to Virginia Electric and Power Company.
- (2) Excludes amounts designated for the future Decommissioning of the ISFSIs.
- (3) Represents annual Decommissioning funding collections conservatively assumed to continue only through July 1, 2007.
- (4) Parent Company Guaranties are in place for Surry Units 1&2 and for North Anna Units 1&2 for the Decommissioning obligation allocated to our FERC Jurisdictional customers. (See Attachment 4)

Attachment 2

DOMINION
SURRY AND NORTH ANNA POWER STATIONS UNITS 1 AND 2
DECOMMISSIONING FINANCIAL ASSURANCE

Release of Obligation to Surety Issuer

Mr. Steve Palmour
The St. Paul Companies
#10 Inverness Parkway
Suite 600
Birmingham, AL 35242
(800) 492-3770 Phone number
(205) 995-4177 Fax number

Re: Principal: Virginia Electric and Power Company
Surety: St. Paul Fire and Marine Insurance Company
Surety Bond Number: Bond Amount:
400 KA 6664 \$19,458,315.00
400 KA 6665 \$18,766,374.00
400 KA 6666 \$9,278,769.00
400 KA 6667 \$9,429,646.00
Obligee: U. S. Nuclear Regulatory Commission
Dominion Letter Serial No. 03-178 dated March 31, 2003

Dear Mr. Palmour,

Please be advised that St. Paul's Bond Number 400 KA 6664, 400 KA 6665, 400 KA 6666 and 400 KA 6667 effective March 31, 1999, are no longer required by the U.S. Nuclear Regulatory Commission and we hereby release both the Principal (Virginia Electric and Power Company) and the Surety, as outlined above, from all past, present and future liability under St. Paul Bond Number 400 KA 6664, 400 KA 6665, 400 KA 6666 and 400 KA 6667.

This letter should serve to document all parties as to this issue.

Sincerely,

[Signature and Title of person having adequate authority on behalf of NRC (Obligee) to sign this letter]

cc: Ms. Valerie Hancock
Dominion
701 E. Cary St.
20th Floor
Richmond, VA 23219

Mr. Richard P. Anderson
Dominion
Innsbrook 2SW
5000 Dominion Boulevard,
Glen Allen, VA 23060

Attachment 3

DOMINION NUCLEAR CONNECTICUT, INC. (DNC)
MILLSTONE POWER STATIONS UNIT 1, 2 AND 3
DECOMMISSIONING FINANCIAL ASSURANCE

2003 Nuclear Decommissioning Financial Assurance

**Dominion Nuclear Connecticut
 Millstone Power Station
 2003 Nuclear Decommissioning Financial Assurance**

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Table I: **2003 NRC Minimum Financial Assurance Amount**
 (Millions of Dollars)

Ownership	MPS⁽³⁾ Unit 1 #50-245	MPS Unit 2 #50-336	MPS⁽¹⁾ Unit 3 #50-423	Total U2 & U3
Dominion Nuclear Connecticut	N/A	\$345.7	\$343.6	\$689.3
Central Vermont PSC	N/A		\$6.4	\$6.4
Massachusetts Municipal WEC	N/A		\$17.6	\$17.6
Total	N/A	\$345.7	\$367.6	\$713.3

Table II: **Funds Held in External Trusts at December 31, 2002**
 (Millions of Dollars)

Ownership	MPS⁽³⁾ Unit 1 #50-245	MPS Unit 2 #50-336	MPS⁽¹⁾ Unit 3 #50-423	Total U2 & U3
Dominion Nuclear Connecticut	N/A	\$249.2	\$245.3	\$494.5
Central Vermont PSC	N/A		\$3.7	\$3.7
Massachusetts Municipal WEC	N/A		\$12.7	\$12.7
Total	N/A	\$249.2	\$261.7	\$510.9

**Dominion Nuclear Connecticut
Millstone Power Station
2003 Nuclear Decommissioning Financial Assurance**

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Table III: **2003 NRC Minimum Financial Assurance Amount
Minus Funds Held in External Trusts**

(Millions of Dollars)

Ownership	MPS⁽³⁾ Unit 1 #50-245	MPS⁽²⁾ Unit 2 #50-336	MPS⁽¹⁾ Unit 3 #50-423	Total U2 & U3	Method For Providing Financial Assurance
Dominion Nuclear Connecticut	N/A	\$96.5	\$98.3	\$194.8	Units 1 & 2 Prepayment & Parent Company Guaranty (2)
Central Vermont PSC	N/A		\$2.7	\$2.7	
Massachusetts Municipal WEC	N/A		\$4.9	\$4.9	Unit 3 Prepayment
Total	N/A	\$96.5	\$105.9	\$202.4	

Table IV: **Current Annual Funding Levels**

(Millions of Dollars)

Ownership	MPS⁽³⁾ Unit 1 #50-245	MPS Unit 2 #50-336	MPS⁽¹⁾⁽⁴⁾ Unit 3 #50-423	Total U2 & U3
Dominion Nuclear Connecticut	N/A	N/A	N/A	N/A
Central Vermont PSC	N/A	N/A	N/A	N/A
Massachusetts Municipal WEC	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A

**Dominion Nuclear Connecticut
Millstone Power Station
2003 Nuclear Decommissioning Financial Assurance**

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**Table V: Annual Funding Levels Necessary to Meet 2003 NRC
Minimum Financial Assurance Amounts**
(Millions of Dollars - except percentage and years)

Ownership	MPS⁽³⁾ Unit 1 #50-245	MPS Unit 2 #50-336	MPS⁽¹⁾ Unit 3 #50-423	Total U2 & U3
2003 NRC Minimum Financial Assurance Amounts (Table I)				
Dominion Nuclear Connecticut	N/A	\$345.7	\$343.6	\$689.3
Central Vermont PSC	N/A	\$0.0	\$6.4	\$6.4
Massachusetts Municipal WEC	N/A	\$0.0	\$17.6	\$17.6
Total	N/A	\$345.7	\$367.6	\$713.3
Projected Annual Escalation Factors	4.50%	4.19%	4.73%	
Year That Operating License Expires	Retired 1998	2015	2025	
2003 NRC Minimum Financial Assurance Amounts (Stated in Future Dollars)	See Note (3)	\$577.4	\$1,060.1	
Expected After-Tax and Fees Annual Earnings Rate	6.50% (5)	6.50%	6.50%	
Annual Funding Levels Necessary to Meet 2003 NRC Minimum Financial Assurance Amounts	See Note (3)	N/A	N/A	N/A

Notes:

- (1) Millstone U3 is jointly owned by Dominion Nuclear Connecticut (93.4707%), Central Vermont PSC (1.7303%) and Massachusetts Municipal WEC (4.7990%).
- (2) A Parent Company Guaranty is in place for Unit 1 in the amount of \$15,428,109 and Unit 2 in the amount of \$13,563,281. (See Attachment 4)
- (3) MPS Unit 1 Decommissioning cost estimate is based on an updated site-specific estimate referenced in Table VI
- (4) Massachusetts Municipal WEC contributed \$475,144 until mid-year 2002 at which time further contributions were suspended. No further contributions are anticipated to be required.
- (5) Funds allocated for 2003-2004 Reactor Vessel work are assumed to grow at a 0.75% short term after-tax return rate

Table VI:**Updated Decommissioning Funding Worksheet for Millstone Unit 1**

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\$ 504,480,827	Estimated Decommissioning Cost Estimate at time of License Transfer (Exhibit L to License Transfer Application) (1999 Dollars)
\$ 12,859,695	Cost Savings associated with adjusted SAFESTOR estimates based on tighter work-scope and manpower costs (1999 Dollars)
\$ 7,589,890	Cost Savings associated with specific vendor bids for Spent Fuel Pool Projects (1999 Dollars)
\$ 484,031,242	Revised Decommissioning cost estimate (1999 Dollars)
\$ 552,360,057	Revised Decommissioning cost estimate (2002 Dollars)

Unit 1 Qualified Fund Balance as of 12/31/2002	\$ 252,888,953
Unit 1 Non-Qualified Fund Balance as of 12/31/2002	\$ 6,450,752
Unit 1 Guarantee Amount (See Attachment 4)	\$ 15,428,109
Total Fund Balances as of 12/31/2002	\$ 274,767,814

Millstone Unit 1 Decommissioning Expenditures

\$ 505,780,000	Estimated Remaining Decommissioning Costs (2002 \$)
\$ 2,001,200	Annual monitoring cost during SAFSTOR (2002 \$)
4 50%	Inflation Rate
6 50%	After Tax Earnings 2005 - 2057
0.75%	After Tax Earnings 2003 - 2004 Reactor Vessel Work Funds

Year	Beginning of Year Balance	Earnings	Unit 1 Expenditures	End of Year Balance
2003	\$ 274,767,814	\$ 15,503,353	\$ 29,311,021	\$ 260,960,146
2004	\$ 260,960,146	\$ 16,373,290	\$ 12,248,253	\$ 265,085,183
2005	\$ 265,085,183	\$ 17,145,398	\$ 2,619,648	\$ 279,610,933
2006	\$ 279,610,933	\$ 18,085,741	\$ 2,737,532	\$ 294,959,142
2007	\$ 294,959,142	\$ 19,079,371	\$ 2,860,721	\$ 311,177,792
2008	\$ 311,177,792	\$ 20,129,133	\$ 2,997,644	\$ 328,309,281
2009	\$ 328,309,281	\$ 21,238,574	\$ 3,123,979	\$ 346,423,876
2010	\$ 346,423,876	\$ 22,411,454	\$ 3,264,558	\$ 365,570,772
2011	\$ 365,570,772	\$ 23,651,228	\$ 3,411,463	\$ 385,810,537
2012	\$ 385,810,537	\$ 24,961,506	\$ 3,574,746	\$ 407,197,297
2013	\$ 407,197,297	\$ 26,346,749	\$ 3,725,403	\$ 429,818,643
2014	\$ 429,818,643	\$ 27,811,688	\$ 3,893,046	\$ 453,737,285
2015	\$ 453,737,285	\$ 29,360,706	\$ 4,068,233	\$ 479,029,758
2016	\$ 479,029,758	\$ 30,998,388	\$ 4,262,951	\$ 505,765,195
2017	\$ 505,765,195	\$ 32,730,353	\$ 4,442,612	\$ 534,052,936
2018	\$ 534,052,936	\$ 34,562,559	\$ 4,642,530	\$ 563,972,965
2019	\$ 563,972,965	\$ 36,500,571	\$ 4,851,444	\$ 595,622,092
2020	\$ 595,622,092	\$ 38,550,217	\$ 5,083,648	\$ 629,088,661
2021	\$ 629,088,661	\$ 40,718,581	\$ 5,297,898	\$ 664,509,345
2022	\$ 664,509,345	\$ 43,013,178	\$ 5,536,303	\$ 701,986,219
2023	\$ 701,986,219	\$ 45,441,078	\$ 5,785,437	\$ 741,641,860
2024	\$ 741,641,860	\$ 48,009,695	\$ 6,062,345	\$ 783,589,210
2025	\$ 783,589,210	\$ 50,727,969	\$ 6,317,841	\$ 827,999,337
2026	\$ 827,999,337	\$ 53,605,387	\$ 6,602,144	\$ 875,002,580
2027	\$ 875,002,580	\$ 56,650,942	\$ 6,899,241	\$ 924,754,282

Table VI: Updated Decommissioning Funding Worksheet for Millstone Unit 1

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2028	\$	924,754,282	\$	59,874,071	\$	7,229,459	\$	977,398,893
2029	\$	977,398,893	\$	63,286,068	\$	7,534,143	\$	1,033,150,818
2030	\$	1,033,150,818	\$	66,898,925	\$	7,873,180	\$	1,092,176,563
2031	\$	1,092,176,563	\$	70,724,084	\$	8,227,473	\$	1,154,673,174
2032	\$	1,154,673,174	\$	74,773,565	\$	8,621,265	\$	1,220,825,474
2033	\$	1,220,825,474	\$	79,061,656	\$	8,984,606	\$	1,290,902,524
2034	\$	1,290,902,524	\$	83,603,524	\$	9,388,913	\$	1,365,117,135
2035	\$	1,365,117,135	\$	88,413,743	\$	9,811,415	\$	1,443,719,463
2036	\$	1,443,719,463	\$	93,507,632	\$	10,281,018	\$	1,526,946,077
2037	\$	1,526,946,077	\$	98,903,280	\$	10,714,310	\$	1,615,135,047
2038	\$	1,615,135,047	\$	104,619,893	\$	11,196,454	\$	1,708,558,486
2039	\$	1,708,558,486	\$	110,676,042	\$	11,700,294	\$	1,807,534,234
2040	\$	1,807,534,234	\$	117,091,265	\$	12,260,306	\$	1,912,365,193
2041	\$	1,912,365,193	\$	123,888,485	\$	12,777,014	\$	2,023,476,664
2042	\$	2,023,476,664	\$	131,092,044	\$	13,351,980	\$	2,141,216,728
2043	\$	2,141,216,728	\$	138,725,621	\$	13,952,819	\$	2,265,989,530
2044	\$	2,265,989,530	\$	146,814,149	\$	14,620,643	\$	2,398,183,036
2045	\$	2,398,183,036	\$	155,386,700	\$	15,236,827	\$	2,538,332,910
2046	\$	2,538,332,910	\$	164,474,158	\$	15,922,484	\$	2,686,884,584
2047	\$	2,686,884,584	\$	174,106,731	\$	16,638,996	\$	2,844,352,319
2048	\$	2,844,352,319	\$	181,158,802	\$	114,587,638	\$	2,910,923,483
2049	\$	2,910,923,483	\$	176,964,368	\$	376,789,488	\$	2,711,098,363
2050	\$	2,711,098,363	\$	150,125,115	\$	802,962,415	\$	2,058,261,063
2051	\$	2,058,261,063	\$	102,334,276	\$	967,775,173	\$	1,192,820,166
2052	\$	1,192,820,166	\$	56,288,036	\$	653,700,760	\$	595,407,442
2053	\$	595,407,442	\$	31,853,797	\$	210,698,051	\$	416,563,188
2054	\$	416,563,188	\$	20,278,468	\$	209,173,515	\$	227,668,141
2055	\$	227,668,141	\$	11,114,008	\$	113,366,817	\$	125,415,332
2056	\$	125,415,332	\$	3,947,698	\$	129,363,030	\$	0

Attachment 4

DOMINION AND DNC
SURRY AND NORTH ANNA POWER STATIONS UNITS 1 AND 2
MILLSTONE POWER STATIONS UNIT 1, 2 AND 3
DECOMMISSIONING FINANCIAL ASSURANCE

Financial Test Contained In 10 CFR Part 30 Appendix A

FINANCIAL TEST CONTAINED IN 10 CFR PART 30 APPENDIX A

Dominion Resources, Inc. (DRI), located at 120 Tredegar Street, Richmond, Virginia 23219, as parent company of Virginia Electric and Power Company (Dominion) and Dominion Nuclear Connecticut, Inc. (DNC) satisfies the financial test contained in Appendix A to 10 CFR Part 30 for use of a parent guaranty in the amounts specified below.

DRI guarantees, through the parent company guaranty (Attachment 5), the following amounts for the purpose of decommissioning of the nuclear facilities owned by Dominion Resources, Inc. (DRI):

<u>Facility Name</u>	<u>Location</u>	<u>License No.</u>	<u>2003 Assurance Amount</u>
Surry Unit 1	Surry, VA	DPR-32	\$ 15,269,469
Surry Unit 2	Surry, VA	DPR-37	\$ 14,616,967
North Anna Unit 1(1)	Louisa, VA	NPF-4	\$ 7,415,485
North Anna Unit 2(1)	Louisa, VA	NPF-7	\$ 7,579,795
Total Virginia			\$ 44,881,715
Millstone Unit 1	Waterford, CT	50-245	\$ 15,428,109
Millstone Unit 2	Waterford, CT	50-336	\$ 13,563,281
Total Millstone			\$ 28,991,390
Total Parent Company Guarantee			\$ 73,873,105

Note (1):

The North Anna Nuclear Power Station is jointly owned by Virginia Electric and Power Company (88.4%) and Old Dominion Electric Cooperative (11.6%). However, Virginia Electric and Power Company is responsible for 89.26% of the decommissioning obligation. The amounts stated in the above table reflect only that portion of the decommissioning obligation attributable to Virginia Electric and Power Company and for which a parent company guaranty is being relied upon for financial assurance requirements.

DRI is required to file a Form 10K with the U.S. Securities and Exchange Commission. The DRI 2002 10K was separately transmitted to the NRC on March 31, 2003 (Serial Number 03-196). The figures for line items B and C as shown below were derived from DRI's independently audited, year-end financial statements and footnotes for the 12-month period ended December 31, 2002, and underlying accounting records.

A. DRI's current implied bond ratings are BBB+ and Baa1 for Standard and Poor's and Moody's, respectively.

B. Computation of tangible net worth (millions of dollars):

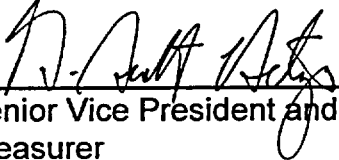
Net Worth	\$10,213
LESS: Intangible Assets	313
Goodwill	<u>4,301</u>
Tangible Net Worth	5,599
LESS: Net Book Value of Nuclear Plants	<u>2,743</u>
Tangible Net Worth less book value of plants	<u>2,856</u>

C.	Total Assets	=	\$37,909
	Less: Foreign	=	\$ 731
	<u>Total US Assets</u>	=	<u>\$37,178</u>

FINANCIAL TESTS

	YES	NO
1. Is line B at least \$10 Million?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Is line B at least 6 times the guaranty amount of \$74 million?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. a. Are at least 90 percent of the firm's assets located in the U.S.? or	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Is line C at least 6 times the guaranty amount of \$74 million?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. a. Are bond ratings BBB or above as issued by Standard and Poor's? or	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Are bond ratings Baa or above as issued by Moody's?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

I hereby certify that the content of this financial test is true and correct to the best of my knowledge.



Senior Vice President and
Treasurer



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Shareholders and Board of Directors of
Dominion Resources, Inc.
Richmond, Virginia

We have performed the procedures included in 10 CFR 30, Appendix A, which were agreed to by the United States Nuclear Regulatory Commission and Dominion Resources, Inc. (the Company), solely to assist the specified parties in evaluating the Company's compliance with the parent company guarantee financial test option as of December 31, 2002, included in the accompanying letter dated March 31, 2003 from David A. Christian of Virginia Electric and Power Company (Dominion) and Dominion Nuclear Connecticut, Inc. (DNC), wholly-owned subsidiaries of Dominion Resources, Inc., and with respect to Attachment 4, from G. Scott Hetzer of Dominion Resources Services, Inc. Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and related findings are as follows:

1. We compared the amounts included in Attachment 4, Dominion and DNC Surry and North Anna Power Stations Units 1 and 2 Millstone Power Stations Units 1, 2 and 3 Decommissioning Financial Assurance, Financial Test Contained in 10 CFR Part 30 Appendix A, Section B. Net Worth, Intangible Assets and Goodwill, and Section C. Total Assets, in the letter referred to above with the corresponding amounts in the audited financial statements of Dominion Resources, Inc. as of and for the year ended December 31, 2002, on which we have issued our report dated January 21, 2003 (February 19, 2003, as to the last two paragraphs of the Lease Commitments section of Note 27 and February 21, 2003, as to the last three paragraphs of Note 30), which report expressed an unqualified opinion and included an explanatory paragraph as to changes in accounting principle for: goodwill and other intangible assets in 2002, derivative instruments and hedging activities in 2001, and the method of accounting used to develop the market-related value of pension plan assets in 2000, as discussed in notes 18, 15 and 3, respectively, to those financial statements, and noted that such amounts were in agreement.
2. We recomputed from, or reconciled to, the audited financial statements referred to in procedure 1, the information included in Attachment 4, Dominion and DNC Surry and North Anna Power Stations Units 1 and 2 Millstone Power Stations Units 1, 2 and 3 Decommissioning Financial Assurance, Financial Test Contained in 10 CFR Part 30 Appendix A, Section B. Net Book Value of Nuclear Plants and Section C. Foreign assets, in the letter referred to above and noted no differences.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying letter dated March 31, 2003. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the shareholders and Board of Directors and management of Dominion Resources, Inc. and the United States Nuclear Regulatory Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

March 31, 2003

Attachment 5

DOMINION AND DNC
SURRY AND NORTH ANNA POWER STATIONS UNITS 1 AND 2
MILLSTONE POWER STATIONS UNIT 1, 2 AND 3
DECOMMISSIONING FINANCIAL ASSURANCE

Parent Company Guaranty



Guaranty #76

\$74,000,000.00

LIMITED GUARANTY

This Limited Guaranty, effective as of March 31, 2003, by Dominion Resources, Inc., a Virginia corporation ("Guarantor") and parent company of both Virginia Electric and Power Company, a Virginia public service corporation, and Dominion Nuclear Connecticut, Inc., is established for the purpose of supporting Virginia Electric and Power Company's and Dominion Nuclear Connecticut's financial assurance obligations as it relates to nuclear decommissioning pursuant to 10 CFR §50.75.

WHEREAS, Virginia Electric and Power Company is a licensee of four nuclear power reactors, namely, Surry Power Station Units 1 and 2 and North Anna Power Station Units 1 and 2; and Dominion Nuclear Connecticut is a licensee of three nuclear power reactors, namely, Millstone Power Station Units 1, 2 and 3 (collectively, the "Reactors"); and

WHEREAS, Virginia Electric and Power Company and Dominion Nuclear Connecticut have established one or more external trusts for each of the Reactors for the purpose of accumulating sufficient funds for each of the Reactor's ultimate decommissioning (collectively, the "Nuclear Decommissioning Trusts"); and

WHEREAS, the Nuclear Regulatory Commission ("NRC"), through its regulations contained in 10 CFR §50.75, requires certain amounts and methods to be used by a licensee in their annual demonstration of financial assurance for decommissioning of nuclear power reactors; and

WHEREAS, pursuant to 10 CFR §50.75, Virginia Electric and Power Company's and Dominion Nuclear Connecticut's nuclear decommissioning financial assurance obligations may be satisfied, in part, via a parent company guaranty in addition to the sinking fund method or prepayment method; and

WHEREAS, Guarantor is willing to guarantee payment for an amount not to exceed seventy-four million dollars (\$74,000,000.00) and for which it is qualified under the financial tests contained in appendix A to 10 CFR Part 30 for Virginia Electric and Power Company's and Dominion Nuclear Connecticut's combined nuclear decommissioning financial assurance obligations.

NOW, THEREFORE, because of the above Recitals, which are incorporated herein, Guarantor hereby unconditionally guarantees the following:

1. Guarantor shall make on behalf of Virginia Electric and Power Company or Dominion Nuclear Connecticut, for the benefit of the Nuclear Decommissioning Trusts, any and all required payments or obligations under the nuclear decommissioning financial assurance regulations contained in 10 CFR §50.75 to the extent Guarantor qualifies under appendix A to 10 CFR Part 30, such payments or obligations in an aggregate amount not to exceed seventy-four million dollars (\$74,000,000.00).
2. Based upon the financial tests as contained in appendix A to 10 CFR Part 30, specifically paragraph II.A.2, and applied to Guarantor's December 31, 2002 audited financial statements, the limit to which Guarantor qualifies to guarantee is currently \$476 million. Such limitation will vary from time to time based upon the continued application of the financial tests on the annual financial statements of the Guarantor and the analysis of the following:

- a) Guarantor's current implied unsecured bond ratings are BBB+ and Baa1 by Standard and Poor's and Moody's, respectively.
 - b) Guarantor's tangible net worth less the book value of nuclear power plant property at December 31, 2002 is \$2.856 billion, which would support a maximum decommissioning financial assurance amount of \$476 million.
 - c) Guarantor's total assets at December 31, 2002 are \$37.9 billion with assets located in the United States of \$37.2 billion, which would support a maximum decommissioning financial assurance amount of approximately \$6.2 billion.
- 3. Guarantor agrees to submit to the NRC revised financial statements, financial test data, and a special auditor's report and reconciling schedule annually within 90 days of the close of the succeeding calendar years.
 - 4. If Guarantor fails to meet the financial test criteria contained in appendix A to 10 CFR Part 30 for an amount equal to or exceeding seventy-four million dollars (\$74,000,000.00), then Guarantor will send notice of cancellation by certified mail to Virginia Electric and Power Company, Dominion Nuclear Connecticut and the NRC. Cancellation may not occur, however, during the 120 days beginning on the date of receipt of the notice of cancellation by Virginia Electric and Power Company, Dominion Nuclear Connecticut and the NRC, as evidenced by the return receipts.
 - 5. If Virginia Electric and Power Company and/or Dominion Nuclear Connecticut fail to provide alternate financial assurance as specified in 10 CFR §50.75 within 90 days after receipt of a notice of cancellation of this Guaranty, Guarantor agrees to provide such alternative financial assurance in the name of Virginia Electric and Power Company and/or Dominion Nuclear Connecticut prior to cancellation of this Guaranty or make full payment under this Guaranty.
 - 6. This Guaranty shall remain in effect until the NRC terminates the licenses of the Reactors or until such time as alternative financial assurance meeting the requirements of 10 CFR §50.75 is provided by either Guarantor, Virginia Electric and Power Company or Dominion Nuclear Connecticut, as appropriate.
 - 7. All notices and communications under this Guaranty, until the parties are notified to the contrary in writing, shall be addressed to:

Virginia Electric and Power Company:

5000 Dominion Boulevard
Glen Allen, Virginia 23060
Attn: David A. Christian
Senior Vice President – Nuclear Operations and Chief Nuclear Officer

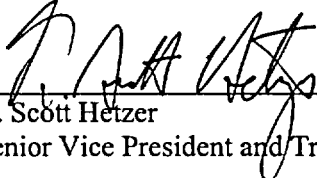
Dominion Nuclear Connecticut:

5000 Dominion Boulevard
Glen Allen, Virginia 23060
Attn: David A. Christian
Senior Vice President – Nuclear Operations and Chief Nuclear Officer

Guarantor: Dominion Resources, Inc.
P. O. Box 26532
Richmond, Virginia 23261
Attn: G. Scott Hetzer, Senior Vice President and Treasurer

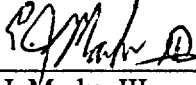
8. This Guaranty shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia, without regard to principles of conflicts of laws.
9. The provisions of this Guaranty may not be waived, changed, modified or discharged orally, but only by an agreement in writing signed by Guarantor, Virginia Electric and Power Company and Dominion Nuclear Connecticut.
10. Any delay by Virginia Electric and Power Company and/or Dominion Nuclear Connecticut in exercising, or any failure of Virginia Electric and Power Company and/or Dominion Nuclear Connecticut to exercise, any right hereunder shall not constitute either a waiver of the right of Virginia Electric and Power Company and/or Dominion Nuclear Connecticut to exercise such option or a waiver of any other remedy to which Virginia Electric and Power Company and/or Dominion Nuclear Connecticut may be entitled hereunder or under applicable law.
11. The provisions of this Guaranty shall be binding upon Guarantor and its successors and assigns. Guarantor shall not assign its rights nor delegate its obligations under this Guaranty in whole or part, without written consent of Virginia Electric and Power Company and Dominion Nuclear Connecticut, which shall not be unreasonably withheld, and proper notice to the NRC.
12. A determination that any provision of this Guaranty is unenforceable shall not affect the enforceability of any other specific provision herein or of this Guaranty generally.
13. This Guaranty is the entire and only agreement between Guarantor, Virginia Electric and Power Company and Dominion Nuclear Connecticut with respect to the guarantee of the nuclear decommissioning financial assurance obligations of Virginia Electric and Power Company and Dominion Nuclear Connecticut by Guarantor. All representations, warranties, agreements, or undertakings heretofore or contemporaneously made, which are not set forth herein, are superseded hereby.

Dominion Resources, Inc.

By: 
G. Scott Hetzer
Senior Vice President and Treasurer

Date: 3/24/2003

I hereby certify that G. Scott Hetzer is the duly elected and incumbent Senior Vice President and Treasurer of Dominion Resources, Inc., and that the signature set forth above is his genuine signature.

By: 
E. J. Marks, III
Assistant Corporate Secretary

Date: 3/24/2003