

Dominion Nuclear Connecticut, Inc.
5000 Dominion Boulevard, Glen Allen, Virginia 23060
Web Address: www.dom.com



January 13, 2006

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Serial No.: 05-782
NL&OS/PRW: Rev. 1
Docket Nos.: 50-245
50-336
50-423
License Nos.: DPR-21
DPR-65
NPF-49

DOMINION NUCLEAR CONNECTICUT, INC.
MILLSTONE POWER STATION UNITS 1, 2 AND 3
REALIGNMENT OF INTERMEDIATE SUBSIDIARIES

Dominion Nuclear Connecticut, Inc. (DNC) hereby notifies the U. S. Nuclear Regulatory Commission (NRC) of planned changes to certain intermediate subsidiaries of Dominion Resources, Inc. (Dominion Resources), affecting the chain of ownership of DNC. These changes reflect an internal realignment and consolidation of energy marketing functions within the Dominion companies. DNC will remain a wholly-owned, indirect subsidiary of Dominion Resources and a wholly-owned, indirect subsidiary of Dominion Energy, Inc. (DEI).

DNC does not believe that this realignment constitutes a transfer of control. No new subsidiary will acquire a direct or indirect interest in DNC. Instead, an intermediate subsidiary – Dominion Energy Marketing, Inc. (DEMI) – that currently holds a 95% interest in DNC will hold a 100% interest after the realignment.

In a letter dated April 2, 2004,⁽¹⁾ the NRC issued an order approving the indirect transfer of control of licenses for Millstone Power Station Units 1, 2, and 3 as requested by DNC in its letter of October 8, 2003, and supplemented in a letter dated November 7, 2003. As was described in the April 2, 2004 order, ninety-five percent (95%) of DNC's outstanding stock is directly owned by DEMI and the remaining five percent (5%) of DNC's outstanding stock is directly owned by Dominion Nuclear Marketing III, L.L.C. (DNM III). DEMI is a wholly-owned, direct subsidiary of DEI, which in turn is a wholly-owned, direct subsidiary of Dominion Resources. Seventy-five percent (75%) of DNM III's membership interests are directly owned by Dominion Nuclear Holdings, Inc. (DNH) and the remaining twenty-five percent (25%) of DNM III's outstanding membership interests are directly owned by Dominion Retail, Inc. (Dominion Retail). DNH is a wholly-owned, direct subsidiary of DEI. Dominion Retail is a wholly-owned, direct subsidiary of Consolidated Natural Gas Company (CNG), which in turn is a wholly-owned, direct subsidiary of Dominion Resources. This chain of ownership described in the April 2, 2004 order is shown in Exhibit A.

⁽¹⁾ Letter from Victor Nerses, U.S. Nuclear Regulatory Commission, to David A. Christian, "Order Approving Indirect Transfer of Control of Licenses Re: Millstone Power Station, Units 1, 2, and 3 (TAC Nos. MC0999, MC1000 and MC1001)," dated April 2, 2004.

The further realignment now proposed will transfer the 5 percent interest in DNC currently held by DNM III to DEMI, the wholly-owned, direct subsidiary of DEI. This will increase DEMI's ownership interest in DNC from 95 percent to 100 percent. Thus DNC will become a wholly-owned, direct subsidiary of DEMI. The corporate ownership of DNC after the transfer is shown in Exhibit B.⁽²⁾

The purpose of these internal changes is to centralize energy marketing of non-system assets and simplify the corporate structure. These changes will not result in any direct transfer or amendment of the facility licenses for the Millstone units which are and will remain held by DNC and, in the case of Millstone Unit 3, certain unaffiliated co-owners. Following the restructuring, DNC will continue to operate and (in conjunction with the unaffiliated co-owners of Unit 3) own the Millstone units.

These corporate changes will not affect or alter the management or technical qualifications of DNC. The change will not affect or alter DNC's organization, staff, officers, or directors, or any of DNC's programs, procedures, or conduct of operations. The corporate changes described in this letter do not involve any changes to the nuclear plant operations or equipment of the Millstone units.

DNC's directors and principal officers are and will remain U.S. citizens. DNC is not now and will not after restructuring be owned, controlled, or dominated by an alien, foreign corporation, or foreign government.

Likewise, the corporate changes will not affect or alter the financial qualifications of DNC. This change will not affect or alter DNC's costs, revenues, or decommissioning funding. The financial qualifications of DNC as described in DNC's November 7, 2003 letter and the NRC's Safety Evaluation regarding the previous realignment of intermediate subsidiaries will not be affected. In addition, the restructuring will not affect or alter the decommissioning funding, which is currently provided by the prepayment method for all three units. Similarly, the restructuring will not affect or alter the support agreement between Dominion Resources and DNC. The support agreement is and will continue to be provided by Dominion Resources as the ultimate parent of the subsidiaries that are being realigned.

DNC expects to complete this realignment of subsidiaries on or after February 15, 2006, subject to receipt of approval from the Federal Energy Regulatory Commission and any other necessary regulatory approvals.

⁽²⁾ This corporate realignment is expected to occur in a number of steps that will be executed essentially simultaneously. First, Dominion Retail's 25% interest in DNM III will be transferred to DNH. Then DNM III's 5% interest in DNC will be transferred to DNH. DNH will then be merged into DEI. Finally, DEI will contribute its 5% direct interest in DNC to DEMI. It is possible that the realignment could be implemented by other essentially simultaneous steps that result in the final realignment described in this letter.

If you have any questions or concerns about this realignment, please contact Mr. Paul R. Willoughby at (804) 273-3572.

There are no regulatory commitments contained within this letter.

Very truly yours,

A handwritten signature in black ink, appearing to read "WR Matthews". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

William R. Matthews
Senior Vice President – Nuclear Operations

cc: U.S. Nuclear Regulatory Commission
Region I
475 Allendale Road
King of Prussia, PA 19406-1415

Mr. A. B. Wang
NRC Project Manager – Millstone Unit 1
U.S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Mail Stop 7 E1
Rockville, MD 20852-2738

Mr. V. Nerses
Senior Project Manager – Millstone Units 2&3
U.S. Nuclear Regulatory Commission
One White Flint North
11555 Rockville Pike
Mail Stop O8 C 2
Rockville, MD 20852-2738

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

Director
Bureau of Air Management
Monitoring and Radiation Division
Department of Environmental Protection
79 Elm Street
Hartford, CT 06106-5127

COMMONWEALTH OF VIRGINIA)
)
COUNTY OF HENRICO)

The foregoing document was acknowledged before me, in and for the County and Commonwealth aforesaid, today by William R. Matthews who is Senior Vice President - Nuclear Operations of Dominion Nuclear Connecticut, Inc. He has affirmed before me that he is duly authorized to execute and file the foregoing document in behalf of that Company, and that the statements in the document are true to the best of his knowledge and belief.

Acknowledged before me this 13 day of January, 2006.

My Commission Expires: ~~My Commission Expires July 31, 2007~~

Vera F. Thoms
Notary Public

(SEAL)

EXHIBIT A

Current Corporate Ownership of Dominion Nuclear Connecticut

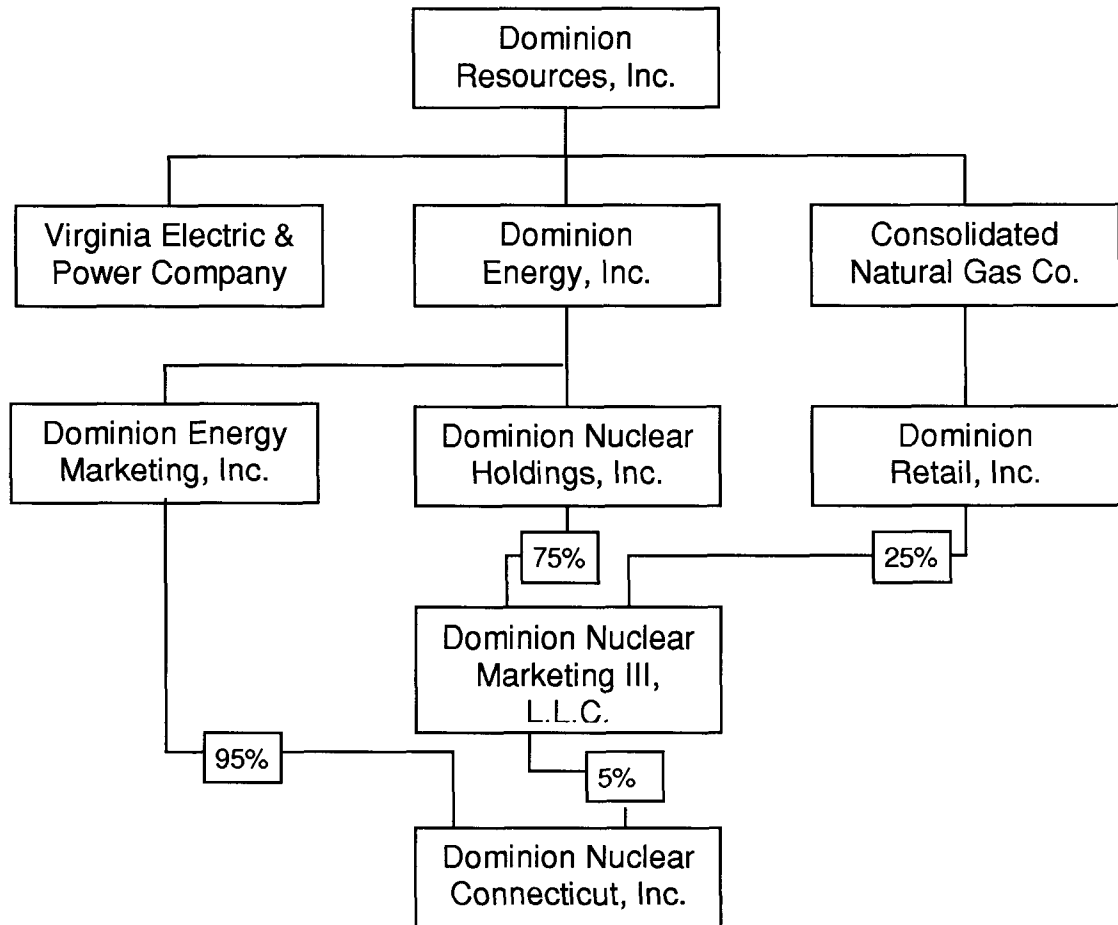


EXHIBIT B

Corporate Ownership of Dominion Nuclear Connecticut
After Proposed Realignment

