

VIRGINIA ELECTRIC AND POWER COMPANY
RICHMOND, VIRGINIA 23261

May 28, 1999

United States Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555-0001

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Docket Nos.: 50-280/281
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Gentlemen:

VIRGINIA ELECTRIC AND POWER COMPANY
NORTH ANNA POWER STATION UNITS 1 AND 2
SURRY POWER STATION UNITS 1 AND 2
EFFECT OF CORPORATE RESTRUCTURING ON NUCLEAR OPERATIONS

In a telecon between the NRC staff and Virginia Electric and Power Company (Virginia Power) on May 13, 1999, the NRC requested Virginia Power provide formal notification of the effect of recent organizational restructuring on the operational licenses of North Anna and Surry Power Stations. The purpose of this letter is to provide that information.

On April 19, 1999, Dominion Resources, Inc., the parent company of Virginia Power, announced a major organizational restructuring that took effect on May 1, 1999. The restructuring separates Virginia Power functionally into two businesses: a generation business and a transmission and distribution business. As a practical manner, however this restructuring did not affect the status of Virginia Power as a separate legal entity or in the way which Virginia Power conducts business.

In the short term, the functional division of Virginia Power into generation and transmission & distribution components does not involve the transfer of assets or the assignment of staff to new or different corporate entities. Virginia Power's nuclear power stations remain under the ownership of Virginia Power and will be managed and operated exclusively by Virginia Power. Virginia Power continues to exist as a public utility, maintaining all current restrictions on dealings and arrangements with the unregulated parent company.

Future changes which may occur are contingent upon statutory and regulatory events which have yet to take place. As an example, deregulation of generation in Virginia does not occur until January 1, 2002. Consequently, discussion of future events at this time is premature and speculative.

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In summary, although the reorganization may present a corporate "statement of intent" toward the future, it does not presently affect or change the legal status or conduct of business of Virginia Power. In that regard, docketed correspondence with the NRC will remain with officers and representatives of Virginia Electric and Power Company. If you have any additional questions regarding how the organization affects our nuclear stations, please contact us.

Very truly yours,



James P. O'Hanlon
President, Chief Operating Officer and
Chief Nuclear Officer

cc: U. S. Nuclear Regulatory Commission
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