UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number	Exact name of registrants as specified in their charters, address of principal executive offices and registrants telephone number	I.R.S. Employer Identification Number
001-08489	**DOMINION RESOURCES, INC.**	**54-1229715**
001-02255	**VIRGINIA ELECTRIC AND POWER COMPANY**	**54-0418825**

120 Tredegar Street

Richmond, Virginia 23219

(804) 819-2000

State or other jurisdiction of incorporation or organization of the registrants: Virginia

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Dominion Resources, Inc. Yes x No ¨ Virginia Electric and Power Company Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Dominion Resources, Inc. Yes x No ¨ Virginia Electric and Power Company Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Dominion Resources, Inc.

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Virginia Electric and Power Company

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Dominion Resources, Inc. Yes ¨ No x Virginia Electric and Power Company Yes ¨ No x

At June 30, 2011, the latest practicable date for determination, Dominion Resources, Inc. had 569,208,521 shares of common stock outstanding and Virginia Electric and Power Company had 274,723 shares of common stock outstanding. Dominion Resources, Inc. is the sole holder of Virginia Electric and Power Company s common stock.

This combined Form 10-Q represents separate filings by Dominion Resources, Inc. and Virginia Electric and Power Company. Information contained herein relating to an individual registrant is filed by that registrant on its own behalf. Virginia Electric and Power Company makes no representations as to the information relating to Dominion Resources, Inc. s other operations.

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COMBINED INDEX

GLOSSARY OF TERMS

The following abbreviations or acronyms used in this Form 10-Q are defined below:

Abbreviation or Acronym	Definition
2009 Base Rate Review	Order entered by the Virginia Commission in January 2009, pursuant to the Regulation Act, initiating reviews of the base rates and terms and conditions of all investor-owned utilities in Virginia
AOCI	Accumulated other comprehensive income (loss)
ARO	Asset retirement obligation
ARP	Acid Rain Program, a market-based initiative for emissions allowance trading, established pursuant to Title IV of the CAA
bcf	Billion cubic feet
Bear Garden	A 580 MW combined cycle, natural gas-fired power station in Buckingham County, Virginia
BP	BP Wind Energy North America Inc.
Brayton Point	Brayton Point power station
BREDL	Blue Ridge Environmental Defense League
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
Carson-to-Suffolk line	An approximately 60-mile 500-kilovolt transmission line in southeastern Virginia
CATR	Clean Air Transport Rule
CEO	Chief Executive Officer
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, commonly known as Superfund
CFO	Chief Financial Officer
CFTC	Commodity Futures Trading Commission
Companies	Dominion and Virginia Power, collectively
CONSOL	CONSOL Energy, Inc.
Cooling degree days	Units measuring the extent to which the average daily temperature is greater than 65 degrees Fahrenheit, calculated as the difference between 65 degrees and the average temperature for that day
Cove Point	Dominion Cove Point LNG, LP
CSAPR	Cross State Air Pollution Rule
CWA	Clean Water Act
DEI	Dominion Energy, Inc.
Dodd-Frank Act	The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010
DOE	Department of Energy
Dominion	The legal entity, Dominion Resources, Inc., one or more of Dominion Resources, Inc. s consolidated subsidiaries (other than Virginia Power) or operating segments or the entirety of Dominion Resources, Inc. and its consolidated subsidiaries
Dominion Direct®	A dividend reinvestment and open enrollment direct stock purchase plan
DRS	Dominion Resources Services, Inc.
DTI	Dominion Transmission, Inc.
DVP	Dominion Virginia Power operating segment
East Ohio	The East Ohio Gas Company, doing business as Dominion East Ohio
E&P	Exploration & production
EPA	Environmental Protection Agency
EPS	Earnings per share

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Abbreviation or Acronym	Definition
Fairless	Fairless power station
FERC	Federal Energy Regulatory Commission
Fowler Ridge	A wind-turbine facility joint venture between Dominion and BP Alternative Energy, Inc. in Benton County, Indiana
FTRs	Financial transmission rights
GAAP	U.S. generally accepted accounting principles
GHG	Greenhouse gas
Heating degree days	Units measuring the extent to which the average daily temperature is less than 65 degrees Fahrenheit, calculated as the difference between 65 degrees and the average temperature for that day
INPO	Institute of Nuclear Power Operations
ISO	Independent system operator
Kewaunee	Kewaunee nuclear power station
Kincaid	Kincaid power station
kWh	Kilowatt-hour
LNG	Liquefied natural gas
Local 310	International Union of Operating Engineers, Local 310
MACT	Maximum Achievable Control Technology
Mcf	Thousand cubic feet
MD&A	Management s Discussion and Analysis of Financial Condition and Results of Operations
Meadow Brook-to-Loudoun line	An approximately 270-mile 500-kilovolt transmission line that begins in southwestern Pennsylvania, crosses West Virginia, and terminates in northern Virginia
Medicare Act	The Medicare Prescription Drug, Improvement and Modernization Act of 2003
Medicare Part D	Prescription drug benefit introduced in the Medicare Act
MGD	Million gallons a day
Millstone	Millstone nuclear power station
Moody s	Moody s Investors Service
MW	Megawatt
MWh	Megawatt hour
NedPower	A wind-turbine facility joint venture between Dominion and Shell WindEnergy Inc. in Grant County, West Virginia
NGLs	Natural gas liquids
NHSM	Non-hazardous secondary material
North Anna	North Anna nuclear power station
NO_x	Nitrogen oxide
NPDES	National Pollutant Discharge Elimination System
Ohio Commission	Public Utilities Commission of Ohio
OPEB	Other Postretirement Employee Benefits
Peoples	The Peoples Natural Gas Company
PIR	Pipeline Infrastructure Replacement program deployed by East Ohio

Abbreviation or Acronym	Definition
PJM	PJM Interconnection, LLC
PNG Companies LLC	An indirect subsidiary of SteelRiver Infrastructure Fund North America
Regulation Act	Legislation effective July 1, 2007, that amended the Virginia Electric Utility Restructuring Act and fuel factor statute, which legislation is also known as the Virginia Electric Utility Regulation Act
Rider B	A rate adjustment clause associated with the recovery of costs related to the proposed conversion of three of Virginia Power s coal-fired power stations to biomass
Rider R	A rate adjustment clause associated with the recovery of costs related to Bear Garden
Rider S	A rate adjustment clause associated with the recovery of costs related to the Virginia City Hybrid Energy Center
Rider T	A rate adjustment clause associated with the recovery of certain electric transmission-related expenditures
Rider W	A rate adjustment clause associated with the recovery of costs related to the proposed Warren County, Virginia power station
ROE	Return on equity
RTO	Regional transmission organization
Salem Harbor	Salem Harbor power station
SEC	Securities and Exchange Commission
SELC	Southern Environmental Law Center
SO_2	Sulfur dioxide
Standard & Poor s	Standard & Poor s Ratings Services, a division of the McGraw-Hill Companies, Inc.
State Line	State Line power station
Surry	Surry nuclear power station
U.S.	United States of America
VIE	Variable interest entity
Virginia City Hybrid Energy Center	A 585 MW baseload carbon-capture compatible, clean coal powered electric generation facility under construction in Wise County, Virginia
Virginia Commission	Virginia State Corporation Commission
Virginia Power	The legal entity, Virginia Electric and Power Company, one or more of its consolidated subsidiaries or operating segments or the entirety of Virginia Power and its consolidated subsidiaries
Virginia Settlement Approval Order	Order issued by the Virginia Commission in March 2010 concluding Virginia Power s 2009 Base Rate Review
VPDES	Virginia Pollutant Discharge Elimination System
VSWCB	Virginia State Water Control Board

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DOMINION RESOURCES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(millions, except per share amounts)				
Operating Revenue	**$ 3,341**	$ 3,333	**$ 7,398**	$ 7,501
Operating Expenses				
Electric fuel and other energy-related purchases	**978**	956	**2,027**	1,984
Purchased electric capacity	**116**	109	**235**	217
Purchased gas	**365**	391	**1,007**	1,183
Other operations and maintenance	**777**	853	**1,638**	1,921
Depreciation, depletion and amortization	**255**	262	**517**	531
Other taxes	**125**	119	**286**	288
Total operating expenses	**2,616**	2,690	**5,710**	6,124
Gain on sale of Appalachian E&P operations		2,467		2,467
Income from operations	**725**	3,110	**1,688**	3,844
Other income (loss)	**39**	(25)	**96**	46
Interest and related charges	**216**	188	**443**	371
Income from continuing operations including noncontrolling interests before income tax expense	**548**	2,897	**1,341**	3,519
Income tax expense	**208**	1,134	**518**	1,429
Income from continuing operations including noncontrolling interests	**340**	1,763	**823**	2,090
Income (loss) from discontinued operations[(1)]		2		(147)
Net Income Including Noncontrolling Interests	**340**	1,765	**823**	1,943
Noncontrolling Interests	**4**	4	**8**	8
Net Income Attributable to Dominion	**$ 336**	$ 1,761	**$ 815**	$ 1,935
Amounts Attributable to Dominion:				
Income from continuing operations, net of tax	**$ 336**	$ 1,759	**$ 815**	$ 2,082
Income (loss) from discontinued operations, net of tax		2		(147)
Net income attributable to Dominion	**$ 336**	$ 1,761	**$ 815**	$ 1,935
Earnings Per Common Share Basic				
Income from continuing operations	**$ 0.59**	$ 2.98	**$ 1.41**	$ 3.50
Loss from discontinued operations				(0.25)

Net income attributable to Dominion	**$ 0.59**	$ 2.98	**$ 1.41**	$ 3.25
Earnings Per Common Share Diluted				
Income from continuing operations	**$ 0.58**	$ 2.98	**$ 1.41**	$ 3.50
Loss from discontinued operations				(0.25)
Net income attributable to Dominion	**$ 0.58**	$ 2.98	**$ 1.41**	$ 3.25
Dividends declared per common share	**$ 0.4925**	$ 0.4575	**$ 0.9850**	$ 0.9150

(1) Includes income tax expense of $1 million and $13 million for the three and six months ended June 30, 2010, respectively.

The accompanying notes are an integral part of Dominion s Consolidated Financial Statements.

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DOMINION RESOURCES, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(millions)	June 30, 2011	December 31, 2010[1]
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 80**	$ 62
Customer receivables (less allowance for doubtful accounts of $28 and $26)	**1,695**	2,158
Other receivables (less allowance for doubtful accounts of $10 and $9)	**303**	88
Inventories	**1,194**	1,163
Derivative assets	**476**	739
Other	**1,214**	1,190
Total current assets	**4,962**	5,400
Investments		
Nuclear decommissioning trust funds	**3,040**	2,897
Investment in equity method affiliates	**560**	571
Restricted cash equivalents	**301**	400
Other	**293**	283
Total investments	**4,194**	4,151
Property, Plant and Equipment		
Property, plant and equipment	**41,163**	39,855
Accumulated depreciation, depletion and amortization	**(13,512)**	(13,142)
Total property, plant and equipment, net	**27,651**	26,713
Deferred Charges and Other Assets		
Goodwill	**3,141**	3,141
Regulatory assets	**1,473**	1,446
Other	**1,990**	1,966
Total deferred charges and other assets	**6,604**	6,553
Total assets	**$ 43,411**	$ 42,817

(1) Dominion s Consolidated Balance Sheet at December 31, 2010 has been derived from the audited Consolidated Financial Statements at that date.

The accompanying notes are an integral part of Dominion s Consolidated Financial Statements.

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DOMINION RESOURCES, INC.

CONSOLIDATED BALANCE SHEETS (Continued)

(Unaudited)

(millions)	June 30, 2011	December 31, 2010[1]
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities		
Securities due within one year	**$ 813**	$ 497
Short-term debt	**1,786**	1,386
Accounts payable	**1,125**	1,562
Accrued interest, payroll and taxes	**582**	849
Other	**1,208**	1,479
Total current liabilities	**5,514**	5,773
Long-Term Debt		
Long-term debt	**14,765**	14,023
Junior subordinated notes payable to affiliates	**268**	268
Enhanced junior subordinated notes	**1,467**	1,467
Total long-term debt	**16,500**	15,758
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	**5,081**	4,708
Asset retirement obligations	**1,633**	1,577
Regulatory liabilities	**1,421**	1,392
Other	**1,325**	1,355
Total deferred credits and other liabilities	**9,460**	9,032
Total liabilities	**31,474**	30,563
Commitments and Contingencies (see Note 15)		
Subsidiary Preferred Stock Not Subject to Mandatory Redemption	**257**	**257**
Common Shareholders Equity		
Common stock no par[2]	**5,150**	5,715
Other paid-in capital	**194**	194
Retained earnings	**6,665**	6,418
Accumulated other comprehensive loss	**(329)**	(330)
Total common shareholders equity	**11,680**	11,997
Total liabilities and shareholders equity	**$ 43,411**	$ 42,817

(1) Dominion s Consolidated Balance Sheet at December 31, 2010 has been derived from the audited Consolidated Financial Statements at that date.

(2) 1 billion shares authorized; 569 million and 581 million shares outstanding at June 30, 2011 and December 31, 2010, respectively.

The accompanying notes are an integral part of Dominion s Consolidated Financial Statements.

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DOMINION RESOURCES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Six Months Ended June 30, (millions)	2011	2010
Operating Activities		
Net income including noncontrolling interests	$ 823	$ 1,943
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Gain from sale of Appalachian E&P operations		(2,467)
Loss from sale of Peoples		113
Charges related to workforce reduction program		288
Impairment of merchant generation facility	55	163
Depreciation, depletion and amortization (including nuclear fuel)	627	629
Deferred income taxes and investment tax credits	454	(210)
Contribution to employee pension plans		(250)
Rate refunds	(45)	(203)
Other adjustments	(135)	7
Changes in:		
Accounts receivable	276	312
Inventories	(31)	91
Deferred fuel and purchased gas costs	(90)	(46)
Prepayments	(10)	299
Accounts payable	(394)	(131)
Accrued interest, payroll and taxes	(267)	791
Margin deposit assets and liabilities	(142)	5
Other operating assets and liabilities	166	72
Net cash provided by operating activities	1,287	1,406
Investing Activities		
Plant construction and other property additions	(1,635)	(1,654)
Proceeds from the sale of Appalachian E&P operations		3,450
Proceeds from the sale of Peoples		741
Proceeds from sale of securities	938	1,140
Purchases of securities	(983)	(2,064)
Restricted cash equivalents	99	
Other	46	48
Net cash provided by (used in) investing activities	(1,535)	1,661
Financing Activities		
Issuance (repayment) of short-term debt, net	401	(1,295)
Issuance and remarketing of long-term debt	1,060	
Repayment of long-term debt	(38)	(411)
Issuance of common stock	32	48
Repurchase of common stock	(601)	(500)
Common dividend payments	(568)	(544)
Subsidiary preferred dividend payments	(8)	(8)
Other	(12)	4
Net cash provided by (used in) financing activities	266	(2,706)

Increase in cash and cash equivalents	**18**	361
Cash and cash equivalents at beginning of period	**62**	50
Cash and cash equivalents at end of period	**$ 80**	$ 411
Supplemental Cash Flow Information		
Significant noncash investing activities:		
Accrued capital expenditures	**$ 197**	$ 215

The accompanying notes are an integral part of Dominion s Consolidated Financial Statements.

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VIRGINIA ELECTRIC AND POWER COMPANY

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
(millions)				
Operating Revenue	**$ 1,757**	$ 1,711	**$ 3,514**	$ 3,450
Operating Expenses				
Electric fuel and other energy-related purchases	**583**	589	**1,176**	1,221
Purchased electric capacity	**116**	108	**234**	215
Other operations and maintenance:				
Affiliated suppliers	**77**	88	**150**	208
Other	**279**	229	**508**	628
Depreciation and amortization	**175**	165	**349**	328
Other taxes	**56**	53	**115**	117
Total operating expenses	**1,286**	1,232	**2,532**	2,717
Income from operations	**471**	479	**982**	733
Other income	**10**	28	**39**	42
Interest and related charges	**84**	83	**176**	171
Income before income tax expense	**397**	424	**845**	604
Income tax expense	**156**	157	**326**	242
Net Income	**241**	267	**519**	362
Preferred dividends	**4**	4	**8**	8
Balance available for common stock	**$ 237**	$ 263	**$ 511**	$ 354

The accompanying notes are an integral part of Virginia Power s Consolidated Financial Statements.

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VIRGINIA ELECTRIC AND POWER COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(millions)	June 30, 2011	December 31, 2010[1]
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 53**	$ 5
Customer receivables (less allowance for doubtful accounts of $10 and $11)	**887**	905
Other receivables (less allowance for doubtful accounts of $7 and $6)	**186**	54
Inventories (average cost method)	**689**	597
Prepayments	**47**	65
Other	**380**	355
Total current assets	**2,242**	1,981
Investments		
Nuclear decommissioning trust funds	**1,379**	1,319
Restricted cash equivalents	**106**	169
Other	**4**	4
Total investments	**1,489**	1,492
Property, Plant and Equipment		
Property, plant and equipment	**28,490**	27,607
Accumulated depreciation and amortization	**(9,941)**	(9,712)
Total property, plant and equipment, net	**18,549**	17,895
Deferred Charges and Other Assets		
Intangible assets	**217**	212
Regulatory assets	**444**	370
Other	**219**	312
Total deferred charges and other assets	**880**	894
Total assets	**$ 23,160**	$ 22,262

(1) Virginia Power s Consolidated Balance Sheet at December 31, 2010 has been derived from the audited Consolidated Financial Statements at that date.

The accompanying notes are an integral part of Virginia Power s Consolidated Financial Statements.

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VIRGINIA ELECTRIC AND POWER COMPANY

CONSOLIDATED BALANCE SHEETS (Continued)

(Unaudited)

(millions)	June 30, 2011	December 31, 2010[1]
LIABILITIES AND SHAREHOLDER S EQUITY		
Current Liabilities		
Securities due within one year	**$ 15**	$ 15
Short-term debt	**933**	600
Accounts payable	**410**	499
Payables to affiliates	**78**	76
Affiliated current borrowings	**58**	103
Accrued interest, payroll and taxes	**201**	214
Other	**527**	571
Total current liabilities	**2,222**	2,078
Long-Term Debt	**6,854**	6,702
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	**2,958**	2,672
Asset retirement obligations	**697**	669
Regulatory liabilities	**1,199**	1,174
Other	**201**	203
Total deferred credits and other liabilities	**5,055**	4,718
Total liabilities	**14,131**	13,498
Commitments and Contingencies (see Note 15)		
Preferred Stock Not Subject to Mandatory Redemption	**257**	257
Common Shareholder s Equity		
Common stock no par[2]	**5,738**	5,738
Other paid-in capital	**1,111**	1,111
Retained earnings	**1,897**	1,634
Accumulated other comprehensive income	**26**	24
Total common shareholder s equity	**8,772**	8,507
Total liabilities and shareholder s equity	**$ 23,160**	$ 22,262

(1) Virginia Power s Consolidated Balance Sheet at December 31, 2010 has been derived from the audited Consolidated Financial Statements at that date.

(2)

500,000 shares and 300,000 shares authorized at June 30, 2011 and December 31, 2010, respectively; 274,723 shares outstanding at both June 30, 2011 and December 31, 2010.

The accompanying notes are an integral part of Virginia Power s Consolidated Financial Statements.

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VIRGINIA ELECTRIC AND POWER COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Six Months Ended June 30, (millions)	**2011**	2010
Operating Activities		
Net income	**$ 519**	$ 362
Adjustments to reconcile net income to net cash provided by operating activities:		
Charges related to workforce reduction program		114
Depreciation and amortization (including nuclear fuel)	**410**	383
Deferred income taxes and investment tax credits	**328**	129
Rate refunds	**(45)**	(203)
Other adjustments	**(55)**	(29)
Changes in:		
Accounts receivable	**(114)**	28
Affiliated accounts receivable and payable	**2**	18
Inventories	**(92)**	23
Deferred fuel expenses	**(105)**	(51)
Accounts payable	**(57)**	20
Accrued interest, payroll and taxes	**(15)**	(24)
Prepayments	**19**	(119)
Other operating assets and liabilities	**42**	(92)
Net cash provided by operating activities	**837**	559
Investing Activities		
Plant construction and other property additions	**(898)**	(1,041)
Purchases of nuclear fuel	**(118)**	(63)
Purchases of securities	**(616)**	(724)
Proceeds from sales of securities	**596**	711
Restricted cash equivalents	**63**	
Other		5
Net cash used in investing activities	**(973)**	(1,112)
Financing Activities		
Issuance (repayment) of short-term debt, net	**333**	(442)
Issuance (repayment) of affiliated current borrowings, net	**(44)**	1,194
Remarketing of long-term debt	**160**	
Repayment of long-term debt	**(8)**	(9)
Common dividend payments	**(249)**	(189)
Preferred dividend payments	**(8)**	(8)
Other		3
Net cash provided by financing activities	**184**	549
Increase (decrease) in cash and cash equivalents	**48**	(4)
Cash and cash equivalents at beginning of period	**5**	19
Cash and cash equivalents at end of period	**$ 53**	$ 15

Supplemental Cash Flow Information		
Significant noncash investing and financing activities:		
Accrued capital expenditures	**$ 104**	$ 160
Settlement of debt and issuance of common stock to Dominion		433

The accompanying notes are an integral part of Virginia Power s Consolidated Financial Statements.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1. Nature of Operations

Dominion, headquartered in Richmond, Virginia, is one of the nation s largest producers and transporters of energy. Dominion s operations are conducted through various subsidiaries, including Virginia Power, a regulated public utility that generates, transmits and distributes electricity for sale in Virginia and northeastern North Carolina.

Note 2. Significant Accounting Policies

As permitted by the rules and regulations of the SEC, Dominion s and Virginia Power s accompanying unaudited Consolidated Financial Statements contain certain condensed financial information and exclude certain footnote disclosures normally included in annual audited consolidated financial statements prepared in accordance with GAAP. These unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes in Dominion s and Virginia Power s Annual Report on Form 10-K for the year ended December 31, 2010 and their Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.

In Dominion s and Virginia Power s opinion, the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary to present fairly their financial position as of June 30, 2011, their results of operations for the three and six months ended June 30, 2011 and 2010 and their cash flows for the six months ended June 30, 2011 and 2010. Such adjustments are normal and recurring in nature unless otherwise noted.

The Companies make certain estimates and assumptions in preparing their Consolidated Financial Statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the periods presented. Actual results may differ from those estimates.

Dominion s and Virginia Power s accompanying unaudited Consolidated Financial Statements include, after eliminating intercompany transactions and balances, their accounts and those of their respective majority-owned subsidiaries.

The results of operations for interim periods are not necessarily indicative of the results expected for the full year. Information for quarterly periods is affected by seasonal variations in sales, rate changes, electric fuel and other energy-related purchases, purchased gas expenses and other factors.

Certain amounts in Dominion s and Virginia Power s 2010 Consolidated Financial Statements and Notes have been reclassified to conform to the 2011 presentation for comparative purposes. The reclassifications did not affect the Companies net income, total assets, liabilities, shareholders equity or cash flows.

Amounts disclosed for Dominion are inclusive of Virginia Power, where applicable.

Note 3. Dispositions

Sale of Appalachian E&P Operations

In April 2010, Dominion completed the sale of substantially all of its Appalachian E&P operations to a newly-formed subsidiary of CONSOL for approximately $3.5 billion. The transaction included the mineral rights to approximately 491,000 acres in the Marcellus Shale formation. Dominion retained certain oil and natural gas wells located on or near its natural gas storage fields. The transaction generated after-tax proceeds of approximately $2.2 billion and resulted in an after-tax gain of approximately $1.4 billion, which included a $134 million write-off of goodwill, recorded in the second quarter of 2010.

The results of operations for Dominion's Appalachian E&P business are not reported as discontinued operations in the Consolidated Statements of Income since Dominion did not sell its entire U.S. cost pool.

Due to the sale, hedge accounting was discontinued for certain cash flow hedges since it became probable that the forecasted sales of natural gas would not occur. In connection with the discontinuance of hedge accounting for these contracts, Dominion recognized a $42 million ($25 million after-tax) benefit, recorded in operating revenue in its Consolidated Statement of Income, reflecting the reclassification of gains from AOCI to earnings for these contracts in March 2010.

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Sale of Peoples

In February 2010, Dominion completed the sale of Peoples to PNG Companies LLC and netted after-tax proceeds of approximately $542 million. The sale resulted in an after-tax loss of approximately $140 million, including post-closing adjustments, and a $79 million write-off of goodwill. The sale also resulted in after-tax expenses of approximately $27 million, including transaction and benefit-related costs. Prior to the sale, Peoples had income from operations of $12 million after-tax during 2010.

The following table presents selected information regarding the results of operations of Peoples, which are reported as discontinued operations in Dominion's Consolidated Statements of Income:

	Three Months Ended June 30, 2010	Six Months Ended June 30, 2010
(millions)		
Operating revenue	$	$ 67
Income (loss) before income taxes	3	(134)

Note 4. Ceiling Test

Dominion follows the full cost method of accounting for its gas and oil E&P activities, which subjects capitalized costs to a quarterly ceiling test using hedge-adjusted prices. Due to the April 2010 sale of substantially all of its Appalachian E&P operations, as of June 30, 2011, Dominion no longer has any significant gas and oil properties subject to the ceiling test calculation.

At March 31, 2010, Dominion recorded a ceiling test impairment charge of $21 million ($13 million after-tax) in other operations and maintenance expense in its Consolidated Statement of Income primarily due to a decline in hedge-adjusted prices reflecting the discontinuance of hedge accounting for certain cash flow hedges, as discussed in Note 3.

Note 5. Operating Revenue

The Companies operating revenue consists of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(millions)				
Dominion				
Electric sales:				
Regulated	**$ 1,728**	$ 1,688	**$ 3,458**	$ 3,405
Nonregulated	**794**	840	**1,735**	1,785
Gas sales:				
Regulated	**44**	39	**183**	184
Nonregulated	**337**	345	**939**	1,127
Gas transportation and storage	**322**	316	**860**	781
Other	**116**	105	**223**	219
Total operating revenue	**$ 3,341**	$ 3,333	**$ 7,398**	$ 7,501
Virginia Power				
Regulated electric sales	**$ 1,728**	$ 1,688	**$ 3,458**	$ 3,405
Other	**29**	23	**56**	45
Total operating revenue	**$ 1,757**	$ 1,711	**$ 3,514**	$ 3,450

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Note 6. Income Taxes

Continuing Operations

For continuing operations, including noncontrolling interests, the statutory U.S. federal income tax rate reconciles to Dominion s and Virginia Power s effective income tax rate as follows:

	Dominion		Virginia Power	
Six Months Ended June 30,	**2011**	2010	**2011**	2010
U.S. statutory rate	**35.0%**	35.0%	**35.0%**	35.0%
Increases (reductions) resulting from:				
State taxes, net of federal benefit	**3.7**	4.5	**3.9**	3.9
Legislative changes		1.6		2.6
Other, net	**(0.1)**	(0.5)	**(0.3)**	(1.4)
Effective tax rate	**38.6%**	40.6%	**38.6%**	40.1%

Dominion s and Virginia Power s effective tax rates in 2010 reflect the reduction of deferred tax assets resulting from the enactment of the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act of 2010 which eliminated the employer s deduction, beginning in 2013, for that portion of its retiree prescription drug coverage cost that is being reimbursed by the Medicare Part D subsidy. In addition, Dominion s effective tax rate in 2010 reflects higher state income taxes due to the sale of its Appalachian E&P operations.

During the quarter ended June 30, 2011, the Companies unrecognized tax benefits decreased $26 million to reflect resolution of several issues with tax authorities, including a recent Internal Revenue Service decision not to appeal rulings by the U.S. Tax Court in favor of two other taxpayers that street lighting assets are depreciable for tax purposes over seven years. See Note 6 to the Consolidated Financial Statements in Dominion s and Virginia Power s Annual Report on Form 10-K for the year ended December 31, 2010, for a discussion of the Companies unrecognized tax benefits, including possible changes that could reasonably occur during the next twelve months.

Discontinued Operations

Income tax expense in 2010 for Dominion s discontinued operations primarily reflects the impact of goodwill written off in the sale of Peoples that is not deductible for tax purposes and the reversal of deferred taxes for which the benefit was offset by the reversal of income tax-related regulatory assets.

Note 7. Earnings Per Share

The following table presents the calculation of Dominion s basic and diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(millions, except EPS)				
Net income attributable to Dominion	**$ 336**	$ 1,761	**$ 815**	$ 1,935
Average shares of common stock outstanding Basic	**573.4**	590.4	**576.6**	595.1
Net effect of potentially dilutive securities[1]	**1.8**	1.0	**1.3**	1.0
Average shares of common stock outstanding Diluted	**575.2**	591.4	**577.9**	596.1
Earnings Per Common Share Basic	**$ 0.59**	$ 2.98	**$ 1.41**	$ 3.25
Earnings Per Common Share Diluted	**$ 0.58**	$ 2.98	**$ 1.41**	$ 3.25

(1) Potentially dilutive securities consist of options, goal-based stock and contingently convertible senior notes.

There were no potentially dilutive securities excluded from the calculation of diluted EPS for the three and six months ended June 30, 2011 and 2010.

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Note 8. Comprehensive Income

The following table presents Dominion s total comprehensive income:

(millions)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net income including noncontrolling interests	**$ 340**	$ 1,765	**$ 823**	$ 1,943
Other comprehensive income (loss):				
Net other comprehensive loss associated with effective portion of changes in fair value of derivatives designated as cash flow hedges, net of taxes and amounts reclassified to earnings	**(6)**	(111)(1)	**(78)(2)**	(5)
Other, net of tax	**4**	(48)(3)	**79(4)**	16
Other comprehensive income (loss)	**(2)**	(159)	**1**	11
Comprehensive income including noncontrolling interests	**338**	1,606	**824**	1,954
Noncontrolling interests	**4**	4	**8**	8
Total comprehensive income attributable to Dominion	**$ 334**	$ 1,602	**$ 816**	$ 1,946

(1) Reflects the impact of changes in commodity prices and the reclassification of gains related to interest rate derivatives to earnings.
(2) Primarily reflects an increase in commodity prices.
(3) Primarily represents a net reduction in unrealized gains on investments held in nuclear decommissioning trusts.
(4) Primarily reflects a net increase in unrealized gains on investments held in nuclear decommissioning trusts and changes in net unrecognized amounts related to pension and OPEB.

The following table presents Virginia Power s total comprehensive income:

(millions)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Net income	**$ 241**	$ 267	**$ 519**	$ 362
Other comprehensive income (loss):				
Net other comprehensive loss associated with effective portion of changes in fair value of derivatives designated as cash flow hedges, net of taxes and amounts reclassified to earnings		(3)	**(1)**	(8)
Other, net of tax		(6)	**3**	(4)
Other comprehensive income (loss)		(9)	**2**	(12)
Total comprehensive income	**$ 241**	$ 258	**$ 521**	$ 350

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Note 9. Fair Value Measurements

Dominion s and Virginia Power s fair value measurements are made in accordance with the policies discussed in Note 7 to the Consolidated Financial Statements in their Annual Report on Form 10-K for the year ended December 31, 2010. See Note 10 in this report for further information about their derivatives and hedge accounting activities.

At June 30, 2011, Dominion s and Virginia Power s net balance of commodity derivatives categorized as Level 3 fair value measurements was a net liability of $122 million and $18 million, respectively. A hypothetical 10% increase in commodity prices would increase Dominion s and Virginia Power s Level 3 net liability by $112 million and $11 million, respectively, while a hypothetical 10% decrease in commodity prices would decrease Dominion s and Virginia Power s Level 3 net liability by $113 million and $11 million, respectively.

Non-recurring Fair Value Measurements

During March 2011, Dominion determined that it was unlikely that State Line would participate in the May 2011 PJM capacity base residual auction that would commit State Line s capacity from June 2014 through May 2015. This determination reflected an expectation that margins for coal-fired generation will remain compressed in the 2014 and 2015 period in combination with the expectation that State Line may be impacted during the same time period by environmental regulations that would likely require significant capital expenditures. As a result, Dominion evaluated State Line for impairment since it was more likely than not that State Line would be retired before the end of its previously estimated useful life. As a result of this evaluation, Dominion recorded an impairment charge of $55 million ($39 million after-tax) reflected in other operations and maintenance expense in its Consolidated Statement of Income, to write down State Line s long-lived assets to their estimated fair value of less than $1 million. As management was not aware of any recent market transactions for comparable assets with sufficient transparency to develop a market approach to fair value, Dominion used the income approach (discounted cash flows) to estimate the fair value of State Line s long-lived assets. This was considered a Level 3 fair value measurement due to the use of significant unobservable inputs including estimates of future power and other commodity prices.

In June 2010, Dominion evaluated State Line for impairment due to the station s relatively low level of profitability combined with the EPA s issuance of a new stringent 1-hour primary National Ambient Air Quality Standard for SO_2 that would likely require significant environmental capital expenditures in the future. As a result of this evaluation, Dominion recorded an impairment charge of $163 million ($95 million after-tax) in other operations and maintenance expense in its Consolidated Statement of Income, to write down State Line s long-lived assets to their estimated fair value of $59 million. As management was not aware of any recent market transactions for comparable assets with sufficient transparency to develop a market approach to fair value, Dominion relied on the income approach (discounted cash flows) to estimate the fair value of State Line s long-lived assets. This was considered a Level 3 fair value measurement due to the use of significant unobservable inputs including estimates of future power and other commodity prices.

Recurring Fair Value Measurements

Dominion

The following table presents Dominion s assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

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(millions)	Level 1	Level 2	Level 3	Total
At June 30, 2011				
Assets				
Derivatives:				
Commodity	**$ 37**	**$ 469**	**$ 82**	**$ 588**
Interest rate		**85**		**85**
Investments[(1)]:				
Equity securities:				
U.S.:				
Large cap	**1,819**			**1,819**
Other	**58**			**58**
Non-U.S.:				
Large cap	**12**			**12**
Fixed Income:				
Corporate debt instruments		**291**		**291**
U.S. Treasury securities and agency debentures	**348**	**164**		**512**
State and municipal		**268**		**268**
Other		**22**		**22**
Cash equivalents and other		**70**		**70**
Restricted cash equivalents		**301**		**301**
Total assets	**$ 2,274**	**$ 1,670**	**$ 82**	**$ 4,026**
Liabilities				
Derivatives:				
Commodity	**$ 9**	**$ 529**	**$ 204**	**$ 742**
Interest Rate		**34**		**34**
Total liabilities	**$ 9**	**$ 563**	**$ 204**	**$ 776**
At December 31, 2010				
Assets				
Derivatives:				
Commodity	$ 62	$ 734	$ 47	$ 843
Interest rate		54		54
Investments[(1)]:				
Equity securities:				
U.S.:				
Large cap	1,709			1,709
Other	56			56
Non-U.S.:				
Large cap	12			12
Fixed Income:				
Corporate debt instruments		327		327
U.S. Treasury securities and agency debentures	228	165		393
State and municipal		286		286
Other		19		19
Cash equivalents and other	25	97		122
Restricted cash equivalents		400		400
Total assets	$ 2,092	$ 2,082	$ 47	$ 4,221
Liabilities				
Derivatives:				
Commodity	$ 12	$ 716	$ 97	$ 825
Interest rate		5		5

Total liabilities	$ 12	$ 721	$ 97	$ 830

(1) Includes investments held in the nuclear decommissioning and rabbi trusts.

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The following table presents the net change in Dominion s net derivative assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category:

(millions)	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Beginning balance	**$ (163)**	$ (60)	**$ (50)**	$ (66)
Total realized and unrealized gains (losses):				
Included in earnings	**(22)**	12	**(8)**	13
Included in other comprehensive income (loss)	**35**	61	**(59)**	85
Included in regulatory assets/liabilities	**(11)**	19	**(32)**	14
Settlements	**39**	(3)	**23**	(18)
Transfers out of Level 3		3	**4**	4
Ending balance	**$ (122)**	$ 32	**$ (122)**	$ 32
The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at the reporting date	**$ 27**	$ 3	**$ 31**	$ (11)

The following table presents Dominion s gains and losses included in earnings in the Level 3 fair value category:

(millions)	Operating revenue	Electric fuel and other energy-related purchases	Purchased gas	Total
Three Months Ended June 30, 2011				
Total gains (losses) included in earnings	**$ 2**	**$ (24)**	**$**	**$ (22)**
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at the reporting date	**27**			**27**
Three Months Ended June 30, 2010				
Total gains (losses) included in earnings	$ 6	$ 6	$	$ 12
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at the reporting date	3			3
Six Months Ended June 30, 2011				
Total gains (losses) included in earnings	**$**	**$ (8)**	**$**	**$ (8)**
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at the reporting date	**31**			**31**
Six Months Ended June 30, 2010				
Total gains (losses) included in earnings	$ (10)	$ 26	$ (3)	$ 13
The amount of total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) relating to assets/liabilities still held at the reporting date	(9)		(2)	(11)

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Virginia Power

The following table presents Virginia Power s assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

(millions)	Level 1	Level 2	Level 3	Total
At June 30, 2011				
Assets				
Derivatives:				
Commodity	**$**	**$ 1**	**$ 5**	**$ 6**
Interest rate		**2**		**2**
Investments[1]:				
Equity securities:				
U.S.:				
Large cap	**718**			**718**
Other	**26**			**26**
Fixed income:				
Corporate debt instruments		**175**		**175**
U.S. Treasury securities and agency debentures	**170**	**65**		**235**
State and municipal		**78**		**78**
Other		**17**		**17**
Cash equivalents and other		**48**		**48**
Restricted cash equivalents		**106**		**106**
Total assets	**$ 914**	**$ 492**	**$ 5**	**$ 1,411**
Liabilities				
Derivatives:				
Commodity	**$**	**$ 5**	**$ 23**	**$ 28**
Total liabilities	**$**	**$ 5**	**$ 23**	**$ 28**
At December 31, 2010				
Assets				
Derivatives:				
Commodity	$	$ 12	$ 15	$ 27
Investments[1]:				
Equity securities:				
U.S.:				
Large cap	676			676
Other	25			25
Fixed Income:				
Corporate debt instruments		215		215
U.S. Treasury securities and agency debentures	80	63		143
State and municipal		102		102
Other		15		15
Cash equivalents and other	10	61		71
Restricted cash equivalents		169		169
Total assets	$ 791	$ 637	$ 15	$ 1,443
Liabilities				
Derivatives:				

Commodity	$	$ 5	$ 1	$ 6
Total liabilities	$	$ 5	$ 1	$ 6

(1) Includes investments held in the nuclear decommissioning and rabbi trusts.

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The following table presents the net change in Virginia Power s assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(millions)				
Beginning balance	**$ (7)**	$ (15)	**$ 14**	$ (10)
Total realized and unrealized gains (losses):				
Included in earnings	**(24)**	6	**(8)**	26
Included in regulatory assets/liabilities	**(11)**	20	**(32)**	15
Settlements	**24**	(6)	**8**	(26)
Ending balance	**$ (18)**	$ 5	**$ (18)**	$ 5

The gains and losses included in earnings in the Level 3 fair value category were classified in electric fuel and other energy-related purchases in Virginia Power s Consolidated Statements of Income for the three and six months ended June 30, 2011 and 2010. There were no unrealized gains and losses included in earnings in the Level 3 fair value category relating to assets/liabilities still held at the reporting date for the three and six months ended June 30, 2011 and 2010.

Fair Value of Financial Instruments

Substantially all of Dominion s and Virginia Power s financial instruments are recorded at fair value, with the exception of the instruments described below that are reported at historical cost. Estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. The carrying amount of cash and cash equivalents, customer and other receivables, short-term debt and accounts payable are representative of fair value because of the short-term nature of these instruments. For Dominion s and Virginia Power s financial instruments that are not recorded at fair value, the carrying amounts and estimated fair values are as follows:

	June 30, 2011		December 31, 2010	
	Carrying Amount	**Estimated Fair Value(1)**	Carrying Amount	Estimated Fair Value(1)
(millions)				
Dominion				
Long-term debt, including securities due within one year(2)	**$ 15,578**	**$ 17,323**	$ 14,520	$ 16,112
Junior subordinated notes payable to affiliates	**268**	**275**	268	261
Enhanced junior subordinated notes	**1,467**	**1,576**	1,467	1,560
Subsidiary preferred stock(3)	**257**	**264**	257	249
Virginia Power				
Long-term debt, including securities due within one year(2)	**$ 6,869**	**$ 7,782**	$ 6,717	$ 7,489
Preferred stock(3)	**257**	**264**	257	249

(1) Fair value is estimated using market prices, where available, and interest rates currently available for issuance of debt with similar terms and remaining maturities. The carrying amount of debt issues with short-term maturities and variable rates refinanced at current market rates is a reasonable estimate of their fair value.
(2) Includes amounts which represent the unamortized discount and premium. At June 30, 2011 and December 31, 2010, includes the valuation of certain fair value hedges associated with Dominion s fixed rate debt of approximately $81 million and $49 million, respectively.
(3) Includes issuance expenses of $2 million at June 30, 2011 and December 31, 2010.

Note 10. Derivatives and Hedge Accounting Activities

Dominion s and Virginia Power s accounting policies and objectives and strategies for using derivative instruments are discussed in Note 2 to the Consolidated Financial Statements in their Annual Report on Form 10-K for the year ended December 31, 2010. See Note 9 in this report for further information about fair value measurements and associated valuation methods for derivatives.

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The following table presents the volume of Dominion s derivative activity as of June 30, 2011. These volumes are based on open derivative positions and represent the combined absolute value of their long and short positions, except in the case of offsetting deals, for which they represent the absolute value of the net volume of their long and short positions.

	Current	Noncurrent
Natural Gas (bcf):		
Fixed price(1)	**245**	**60**
Basis	**1,019**	**458**
Electricity (MWh):		
Fixed price(1)	**19,363,209**	**24,512,834**
FTRs	**108,707,777**	**1,074,048**
Capacity (MW)	**201,416**	**297,985**
Liquids (gallons)(2)	**143,136,000**	**300,006,000**
Interest rate	**$ 600,000,000**	**$ 3,100,000,000**

(1) Includes options.
(2) Includes NGLs and oil.

For the three and six months ended June 30, 2011 and 2010, gains or losses on hedging instruments determined to be ineffective were not material. Amounts excluded from the assessment of effectiveness include gains or losses attributable to changes in the time value of options and changes in the differences between spot prices and forward prices and were not material for the three and six months ended June 30, 2011 and 2010.

The following table presents selected information related to gains (losses) on cash flow hedges included in AOCI in Dominion s Consolidated Balance Sheet at June 30, 2011:

(millions)	AOCI After-Tax	Amounts Expected to be Reclassified to Earnings during the next 12 Months After-Tax	Maximum Term
Commodities:			
Gas	**$ (14)**	**$ (5)**	**42 months**
Electricity	**42**	**30**	**54 months**
NGLs	**(75)**	**(32)**	**42 months**
Other	**6**	**2**	**47 months**
Interest rate	**14**	**(6)**	**378 months**
Total	**$ (27)**	**$ (11)**	

The amounts that will be reclassified from AOCI to earnings will generally be offset by the recognition of the hedged transactions (e.g., anticipated sales) in earnings, thereby achieving the realization of prices contemplated by the underlying risk management strategies and will vary from the expected amounts presented above as a result of changes in market prices and interest rates.

The sale of the majority of Dominion s remaining E&P operations during 2010 resulted in the discontinuance of hedge accounting for certain cash flow hedges, as discussed in Note 3.

In addition, changes to Dominion s financing needs during the first and second quarters of 2010 resulted in the discontinuance of hedge accounting for certain cash flow hedges, since it became probable that forecasted interest payments would not occur. In connection with the discontinuance of hedge accounting for these contracts, Dominion recognized a benefit recorded to interest and related charges reflecting the reclassification of gains from AOCI to earnings of $70 million ($43 million after-tax) in the three months ended June 30, 2010 and $110 million

($67 million after-tax) in the six months ended June 30, 2010. The reclassification of gains from AOCI to earnings was partially offset by subsequent changes in fair value of $37 million ($23 million after-tax) for the three and six months ended June 30, 2010.

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Fair Value and Gains and Losses on Derivative Instruments

The following table presents the fair values of Dominion s derivatives and where they are presented in its Consolidated Balance Sheets:

(millions)	Fair Value Derivatives under Hedge Accounting	Fair Value Derivatives not under Hedge Accounting	Total Fair Value
June 30, 2011			
ASSETS			
Current Assets			
Commodity	**$ 163**	**$ 273**	**$ 436**
Interest rate	**40**		**40**
Total current derivative assets	**203**	**273**	**476**
Noncurrent Assets			
Commodity	**82**	**70**	**152**
Interest rate	**45**		**45**
Total noncurrent derivative assets(1)	**127**	**70**	**197**
Total derivative assets	**$ 330**	**$ 343**	**$ 673**
LIABILITIES			
Current Liabilities			
Commodity	**$ 172**	**$ 344**	**$ 516**
Interest rate	**27**		**27**
Total current derivative liabilities(2)	**199**	**344**	**543**
Noncurrent Liabilities			
Commodity	**146**	**80**	**226**
Interest rate	**7**		**7**
Total noncurrent derivative liabilities(3)	**153**	**80**	**233**
Total derivative liabilities	**$ 352**	**$ 424**	**$ 776**
December 31, 2010			
ASSETS			
Current Assets			
Commodity	$ 291	$ 425	$ 716
Interest rate	23		23
Total current derivative assets	314	425	739
Noncurrent Assets			
Commodity	44	83	127
Interest rate	31		31
Total noncurrent derivative assets(1)	75	83	158

Total derivative assets	$ 389	$ 508	$ 897
LIABILITIES			
Current Liabilities			
Commodity	$ 178	$ 455	$ 633
Total current derivative liabilities(2)	178	455	633
Noncurrent Liabilities			
Commodity	86	106	192
Interest rate	5		5
Total noncurrent derivative liabilities(3)	91	106	197
Total derivative liabilities	$ 269	$ 561	$ 830

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(1) Noncurrent derivative assets are presented in other deferred charges and other assets in Dominion s Consolidated Balance Sheets.
(2) Current derivative liabilities are presented in other current liabilities in Dominion s Consolidated Balance Sheets.
(3) Noncurrent derivative liabilities are presented in other deferred credits and other liabilities in Dominion s Consolidated Balance Sheets.

The following tables present the gains and losses on Dominion s derivatives, as well as where the associated activity is presented in its Consolidated Balance Sheets and Statements of Income:

Derivatives in cash flow hedging relationships (millions)	**Amount of Gain (Loss) Recognized in AOCI on Derivatives - Effective Portion[(1)]**	**Amount of Gain (Loss) Reclassified from AOCI to Income**	**Increase (Decrease) in Derivatives Subject to Regulatory Treatment[(2)]**
Three Months Ended June 30, 2011			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		**$ 32**	
Purchased gas		**(7)**	
Electric fuel and other energy-related purchases		**1**	
Purchased electric capacity		**1**	
Total commodity	**$ 49**	**27**	**$ (4)**
Interest rate[(3)]	**(31)**		**1**
Total	**$ 18**	**$ 27**	**$ (3)**
Three Months Ended June 30, 2010			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		$ 114	
Purchased gas		(19)	
Electric fuel and other energy-related purchases		(5)	
Purchased electric capacity		1	
Total commodity	$ (16)	91	$ 2
Interest rate[(3)]		70	(23)
Foreign currency[(4)]		(1)	(1)
Total	$ (16)	$ 160	$ (22)
Six Months Ended June 30, 2011			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		**$ 60**	
Purchased gas		**(55)**	
Electric fuel and other energy-related purchases		**2**	
Purchased electric capacity		**2**	
Total commodity	**$ (93)**	**9**	**$ (9)**

Interest rate(3)		**(32)**				
Total	**$**	**(125)**	**$**	**9**	**$**	**(9)**
Six Months Ended June 30, 2010						
Derivative Type and Location of Gains (Losses)						
Commodity:						
Operating revenue			$	295		
Purchased gas				(116)		
Electric fuel and other energy-related purchases				(8)		
Purchased electric capacity				2		
Total commodity	$	283		173	$	(11)
Interest rate(3)		(3)		110		(24)
Foreign currency(4)						(2)
Total	$	280	$	283	$	(37)

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(1) Amounts deferred into AOCI have no associated effect in Dominion s Consolidated Statements of Income.
(2) Represents net derivative activity deferred into and amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in Dominion s Consolidated Statements of Income.
(3) Amounts recorded in Dominion s Consolidated Statements of Income are classified in interest and related charges.
(4) Amounts recorded in Dominion s Consolidated Statements of Income are classified in electric fuel and other energy-related purchases.

Derivatives not designated as hedging instruments	Amount of Gain (Loss) Recognized in Income on Derivatives[1] Three Months Ended June 30, 2011	2010	Six Months Ended June 30, 2011	2010
(millions)				
Derivative Type and Location of Gains (Losses)				
Commodity				
Operating revenue	**$ 23**	$ (14)	**$ 42**	$ 26
Purchased gas	**(7)**	2	**(18)**	(29)
Electric fuel and other energy-related purchases	**(24)**	5	**(8)**	26
Interest rate[2]		(37)		(37)
Total	**$ (8)**	$ (44)	**$ 16**	$ (14)

(1) Includes derivative activity amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in Dominion s Consolidated Statements of Income.
(2) Amounts recorded in Dominion s Consolidated Statements of Income are classified in interest and related charges.

Note 11. Investments

Dominion

Equity and Debt Securities

Rabbi Trust Securities

Marketable equity and debt securities and cash equivalents held in Dominion s rabbi trusts and classified as trading totaled $98 million and $93 million at June 30, 2011 and December 31, 2010, respectively. Net unrealized gains on trading securities totaled $1 million and $4 million for the three and six months ended June 30, 2011, respectively. Net unrealized losses on trading securities totaled $3 million and $1 million for the three and six months ended June 30, 2010, respectively. Cost-method investments held in Dominion s rabbi trusts totaled $17 million and $18 million at June 30, 2011 and December 31, 2010, respectively.

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Decommissioning Trust Securities

Dominion holds marketable equity and debt securities (classified as available-for-sale), cash equivalents and cost method investments in nuclear decommissioning trust funds to fund future decommissioning costs for its nuclear plants. Dominion s decommissioning trust funds are summarized below.

(millions)	Amortized Cost	Total Unrealized Gains(1)	Total Unrealized Losses (1)	Fair Value
June 30, 2011				
Marketable equity securities				
U.S.:				
Large Cap	**$ 1,187**	**$ 597**	**$**	**$ 1,784**
Other	**41**	**11**		**52**
Marketable debt securities:				
Corporate bonds	**274**	**18**	**(1)**	**291**
U.S. Treasury securities and agency debentures	**499**	**14**	**(1)**	**512**
State and municipal	**213**	**13**	**(1)**	**225**
Other	**22**			**22**
Cost method investments	**110**			**110**
Cash equivalents and other(2)	**44**			**44**
Total	**$ 2,390**	**$ 653**	**$ (3)(3)**	**$ 3,040**
December 31, 2010				
Marketable equity securities:				
U.S.:				
Large Cap	$ 1,161	$ 515	$	$ 1,676
Other	39	11		50
Marketable debt securities:				
Corporate bonds	310	18	(1)	327
U.S. Treasury securities and agency debentures	380	12	(1)	391
State and municipal	244	7	(4)	247
Other	19			19
Cost method investments	108			108
Cash equivalents and other(2)	79			79
Total	$ 2,340	$ 563	$ (6)(3)	$ 2,897

(1) Included in AOCI and the decommissioning trust regulatory liability.
(2) Includes pending purchases of securities of $25 million and $43 million at June 30, 2011 and December 31, 2010, respectively.
(3) The fair value of securities in an unrealized loss position was $235 million and $252 million at June 30, 2011 and December 31, 2010, respectively.

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The fair value of Dominion s marketable debt securities held in nuclear decommissioning trust funds at June 30, 2011 by contractual maturity is as follows:

(millions)	Amount
Due in one year or less	**$ 100**
Due after one year through five years	**300**
Due after five years through ten years	**316**
Due after ten years	**334**
Total	**$ 1,050**

Presented below is selected information regarding Dominion s marketable equity and debt securities held in nuclear decommissioning trust funds.

	Three Months Ended June 30,		Six Months Ended June 30,	
(millions)	**2011**	2010	**2011**	2010
Proceeds from sales	**$ 437**	$ 627	**$ 939**	$ 1,140
Realized gains[(1)]	**18**	17	**32**	73
Realized losses[(1)]	**12**	28	**20**	54

(1) Includes realized gains or losses recorded to the decommissioning trust regulatory liability.

Dominion recorded other-than-temporary impairment losses on investments held in nuclear decommissioning trust funds as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(millions)	**2011**	2010	**2011**	2010
Total other-than-temporary impairment losses[(1)]	**$ 10**	$ 41	**$ 15**	$ 48
Losses recorded to decommissioning trust regulatory liability	**(4)**	(13)	**(6)**	(16)
Losses recognized in other comprehensive income (before taxes)	**(1)**	(1)	**(1)**	(2)
Net impairment losses recognized in earnings	**$ 5**	$ 27	**$ 8**	$ 30

(1) Amount includes other-than-temporary impairment losses for debt securities of $1 million for the three months ended June 30, 2011 and 2010, and $2 million and $3 million for the six months ended June 30, 2011 and 2010, respectively.

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Virginia Power

Decommissioning Trust Securities

Virginia Power holds marketable equity and debt securities (classified as available-for-sale), cash equivalents and cost method investments in nuclear decommissioning trust funds to fund future decommissioning costs for its nuclear plants. Virginia Power s decommissioning trust funds are summarized below.

(millions)	Amortized Cost	Total Unrealized Gains[(1)]	Total Unrealized Losses[(1)]	Fair Value
June 30, 2011				
Marketable equity securities:				
U.S.:				
Large Cap	**$ 474**	**$ 243**	**$**	**$ 717**
Other	**20**	**6**		**26**
Marketable debt securities:				
Corporate bonds	**166**	**10**	**(1)**	**175**
U.S. Treasury securities and agency debentures	**232**	**4**	**(1)**	**235**
State and municipal	**76**	**2**		**78**
Other	**17**			**17**
Cost method investments	**110**			**110**
Cash equivalents and other[(2)]	**21**			**21**
Total	**$ 1,116**	**$ 265**	**$ (2)[(3)]**	**$ 1,379**
December 31, 2010				
Marketable equity securities				
U.S.:				
Large Cap	$ 469	$ 207	$	$ 676
Other	20	5		25
Marketable debt securities:				
Corporate bonds	205	10		215
U.S. Treasury securities and agency debentures	141	2		143
State and municipal	103	1	(2)	102
Other	15			15
Cost method investments	108			108
Cash equivalents and other[(2)]	35			35
Total	$ 1,096	$ 225	$ (2)[(3)]	$ 1,319

(1) Included in AOCI and the decommissioning trust regulatory liability.
(2) Includes pending purchases of securities of $27 million and $35 million at June 30, 2011 and December 31, 2010, respectively.
(3) The fair value of securities in an unrealized loss position was $134 million and $159 million at June 30, 2011, and December 31, 2010, respectively.

The fair value of Virginia Power s debt securities at June 30, 2011, by contractual maturity is as follows:

(millions)	Amount

Due in one year or less	**$ 11**
Due after one year through five years	**157**
Due after five years through ten years	**199**
Due after ten years	**138**
Total	**$ 505**

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Presented below is selected information regarding Virginia Power s marketable equity and debt securities.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(millions)				
Proceeds from sales	**$ 253**	$ 407	**$ 596**	$ 711
Realized gains(1)	**6**	8	**11**	37
Realized losses(1)	**4**	2	**8**	20

(1) Includes realized gains or losses recorded to the decommissioning trust regulatory liability.

Virginia Power recorded other-than-temporary impairment losses on investments as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	**2011**	2010
(millions)				
Total other-than-temporary impairment losses(1)	**$ 5**	$ 16	**$ 7**	$ 19
Losses recorded to decommissioning trust regulatory liability	**(4)**	(13)	**(6)**	(16)
Net impairment losses recognized in earnings	**$ 1**	$ 3	**$ 1**	$ 3

(1) Amount includes other-than-temporary impairment losses for debt securities of $1 million for the three months ended June 30, 2011 and 2010, and $2 million for the six months ended June 30, 2011 and 2010.

Note 12. Regulatory Matters

Other than the following matters, there have been no significant developments regarding the pending regulatory matters disclosed in Note 14 to the Consolidated Financial Statements in Dominion s and Virginia Power s Annual Report on Form 10-K for the year ended December 31, 2010 and Note 12 to the Consolidated Financial Statements in Dominion s and Virginia Power s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.

Virginia Fuel Expenses

In May 2011, Virginia Power submitted its annual fuel factor filing to the Virginia Commission, proposing an annual increase for the rate year beginning July 1, 2011. This revised factor included a projected $434 million balance of prior year under-recovered fuel expenses. To reduce the impact to customers, as an alternative, Virginia Power proposed to

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recover this projected prior year deferred fuel balance over a two-year period beginning July 1, 2011. In June 2011, the Virginia Commission approved the two-year recovery proposal, resulting in an increase of approximately $319 million.

Generation Riders R and S

In connection with the Bear Garden and Virginia City Hybrid Energy Center projects, in June 2011, Virginia Power filed annual updates for Riders R and S with the Virginia Commission. Virginia Power proposed an approximately $81 million revenue requirement for Rider R and an approximately $249 million revenue requirement for Rider S for the April 1, 2012 to March 31, 2013 rate year. The filings utilize a 12.5% placeholder ROE (inclusive of a 100 basis point performance incentive), pending the Virginia Commission s ROE determination in the 2011 biennial review, plus a 100 basis point statutory enhancement for certain generation facilities. These requested revenue requirements for Riders R and S represent increases of approximately $3 million and $50 million, respectively, over the revenue requirements associated with the customer rates currently in effect for Riders R and S. Construction of Bear Garden was completed and the facility commenced commercial operations in the second quarter of 2011.

Transmission Rider T

In May 2011, Virginia Power filed its annual update to Rider T with the Virginia Commission. The proposed $481 million annual revenue requirement, effective September 1, 2011, represented an increase of approximately $144 million over the revenue requirement associated with the Rider T customer rates currently in effect. In July 2011, the Virginia Commission issued an order approving a revenue requirement of $466 million for the September 1, 2011 to August 31, 2012 rate year.

Generation Rider W

In May 2011, Virginia Power requested approval from the Virginia Commission to construct and operate an intermediate, combined-cycle, natural gas-fired power station in Warren County, Virginia. Subject to the receipt of regulatory approvals, the project is expected to generate more than 1,300 MW of electricity, with commercial operations expected to commence by late 2014. The facility is expected to cost approximately $1.1 billion, excluding financing costs. In connection with the proposed Warren County power station, in May 2011, Virginia Power requested Virginia Commission approval of Rider W. Virginia Power proposed an approximately $39 million revenue requirement for Rider W for the April 1, 2012 to March 31, 2013 rate year. The filing utilizes a 12.5% placeholder ROE (inclusive of a 100 basis point performance incentive), pending the Virginia Commission s ROE determination in the 2011 biennial review, plus a 100 basis point statutory enhancement for certain generation facilities.

Generation Rider B

In June 2011, Virginia Power filed applications with the Virginia Commission seeking regulatory approval to convert three of its coal-fired power stations to biomass. The expected cost of converting the Altavista, Hopewell and Southampton County power stations is approximately $166 million, excluding financing costs. The applications included a request for approval of Rider B. Virginia Power proposed an approximately $7 million revenue requirement for the April 1, 2012 to March 31, 2013 rate year. The filing utilizes a 12.5% placeholder ROE (inclusive of a 100 basis point performance incentive), pending the Virginia Commission s ROE determination in the 2011 biennial review, plus a 200 basis point statutory enhancement for renewable generation facilities. To qualify for federal production tax credits associated with renewable energy generation, the power stations must commence operation as biomass generation facilities by December 31, 2013. Virginia Power has requested Virginia Commission approval of the biomass conversions on a schedule that will enable qualification for these tax credits.

Electric Transmission Projects

In October 2008, the Virginia Commission authorized construction of the Meadow Brook-to-Loudoun line and Carson-to-Suffolk line. The Meadow Brook-to-Loudoun line was energized in April 2011 and the Carson-to-Suffolk line was energized in May 2011.

FERC Gas Regulation

DTI Appalachian Gateway Project

In June 2011, FERC approved DTI s $634 million Appalachian Gateway Project. The project is expected to provide approximately 484,000 dekatherms per day of firm transportation services for new Appalachian gas supplies from the supply areas in the Appalachian Basin in West Virginia and southwestern Pennsylvania to an interconnection with Texas Eastern Transmission, LP at Oakford, Pennsylvania. Subject to receipt of FERC approval to commence construction, transportation services are scheduled to begin by September 2012.

Cove Point

In May 2011, Cove Point filed a general rate case for its FERC-jurisdictional services, with proposed rates to be effective July 1, 2011. Cove Point proposed an annual cost of service of approximately $150 million. In June 2011, FERC accepted a July 1, 2011 effective date for all proposed rates but two which were suspended to be effective December 1, 2011.

Ohio Regulation

In March 2011, East Ohio filed a request with the Ohio Commission to accelerate the PIR program by nearly doubling its PIR spending to more than $200 million annually. East Ohio plans to accelerate the pace of the program by investing more resources in its infrastructure in the near term, in an effort to promote ongoing public safety and reduce operating costs over the longer term. In July 2011, East Ohio, the Staff of the Ohio Commission and other interested parties filed a stipulation and recommendation and requested approval from the Ohio Commission. The stipulation provides for an increase in annual PIR capital investment from the current level of approximately $120 million to approximately $160 million. In addition, the stipulation provides for cost recovery over a five-year period commencing upon the approval of the Ohio Commission.

Note 13. Variable Interest Entities

As discussed in Note 16 to the Consolidated Financial Statements in Dominion s and Virginia Power s Annual Report on Form 10-K for the year ended December 31, 2010, certain variable pricing terms in some of the Companies long-term power and capacity contracts cause them to be considered variable interests in the counterparties.

Virginia Power has long-term power and capacity contracts with four non-utility generators with an aggregate summer generation capacity of approximately 870 MW. These contracts contain certain variable pricing mechanisms in the form of partial fuel reimbursement that Virginia Power considers to be variable interests. After an evaluation of the information provided by these entities, Virginia Power was unable to determine whether they were VIEs. However, the information they provided, as well as Virginia Power s knowledge of generation facilities in Virginia, enabled Virginia Power to conclude that, if they were VIEs, it would not be the primary beneficiary. This conclusion reflects Virginia Power s determination that its variable interests do not convey the power to direct the most significant activities that impact the economic performance of the entities during the remaining terms of Virginia Power s contracts and for the years the entities are expected to operate after its contractual relationships expire. The contracts expire at various dates ranging from 2015 to 2021. Virginia Power is not subject to any risk of loss from these potential VIEs other than its remaining purchase commitments which totaled $1.4 billion as of June 30, 2011. Virginia Power paid $52 million and $53 million for electric capacity and $26 million and $34 million for electric energy to these entities in the three months ended June 30, 2011 and 2010, respectively. Virginia Power paid $105 million and $107 million for electric capacity and $65 million and $75 million for electric energy to these entities in the six months ended June 30, 2011 and 2010, respectively.

Virginia Power purchased shared services from DRS, an affiliated VIE, of approximately $99 million and $107 million for the three months ended June 30, 2011 and 2010, respectively, and $192 million and $248 million for the six months ended June 30, 2011 and 2010, respectively. Virginia Power determined that it is not the most closely associated entity with DRS and therefore not the primary beneficiary. DRS provides accounting, legal, finance and certain administrative and technical services to all Dominion subsidiaries, including Virginia Power. Virginia Power has no obligation to absorb more than its allocated share of DRS costs.

Note 14. Significant Financing Transactions

Credit Facilities and Short-term Debt

Dominion and Virginia Power use short-term debt to fund working capital requirements and as a bridge to long-term debt financings. The levels of borrowing may vary significantly during the course of the year, depending upon the timing and amount of cash requirements not satisfied by cash from operations. In addition, Dominion utilizes cash and letters of credit to fund collateral requirements. Collateral requirements are impacted by commodity prices, hedging levels, Dominion s credit ratings and the credit quality of its counterparties.

At June 30, 2011, Dominion s commercial paper and letters of credit outstanding, as well as capacity available under credit facilities, were as follows:

(millions)	**Facility Limit**	**Outstanding Commercial Paper**	**Outstanding Letters of Credit**	**Facility Capacity Available**
Three-year joint revolving credit facility(1)	**$ 3,000**	**$ 1,786**	**$ 1**	**$ 1,213**
Three-year joint revolving credit facility(2)	**500**		**54**	**446**
Total	**$ 3,500**	**$ 1,786**	**$ 55**	**$ 1,659**

(1) This credit facility was entered into in September 2010 and terminates in September 2013. This credit facility can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to $1.5 billion of letters of credit.

(2) This credit facility was entered into in September 2010 and terminates in September 2013. This credit facility can be used to support bank borrowings, commercial paper and letter of credit issuances.

Virginia Power s short-term financing is supported by two three-year joint revolving credit facilities with Dominion. These credit facilities are being used for working capital, as support for the combined commercial paper programs of Dominion and Virginia Power and for other general corporate purposes.

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At June 30, 2011, Virginia Power s share of commercial paper and letters of credit outstanding, as well as its capacity available under its joint credit facilities with Dominion were as follows:

(millions)	Facility Sub-limit	Outstanding Commercial Paper	Outstanding Letters of Credit	Facility Capacity Available
Three-year joint revolving credit facility(1)	$ 1,000	$ 933	$ 1	$ 66
Three-year joint revolving credit facility(2)	250		30	