

Dominion Virginia Power
P.O. Box 26532 Richmond, Virginia 23261



Dominion
VirginiaPower

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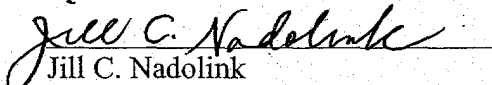
March 1, 2004

**VIRGINIA CASE NO. PUE-2004-00004
APPLICATION OF VIRGINIA ELECTRIC AND POWER COMPANY
TO REVISE ITS COGENERATION TARIFF PURSUANT TO
PURPA Section 210**

To: Local Government Officials

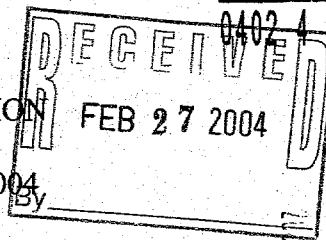
Pursuant to the Virginia State Corporation Commission's February 25, 2004 *Order Establishing Cogeneration Proceeding*, Virginia Electric and Power Company is providing a copy of that Order. Please take notice of its contents.

A copy of Dominion Virginia Power's Application in Case No. PUE-2004-00004 may be obtained in hard copy or electronic (PDF) form from Dominion Virginia Power at no cost by written request to Jill C. Nadolink, Law Department, Dominion Resources Services, Inc., Post Office Box 26532, Richmond, Virginia 23261.


Jill C. Nadolink
Senior Counsel

Enclosure

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, FEBRUARY 25, 2004



APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE-2004-00004

To revise its cogeneration tariff
pursuant to PURPA Section 210

ORDER ESTABLISHING COGENERATION PROCEEDING

On February 17, 2004, Virginia Electric and Power Company ("Virginia Power" or the "Company") filed an application with the State Corporation Commission ("Commission") for approval to modify its cogeneration and small power production payments under the Company's Schedule 19 for 2004 and 2005.

According to the application, Virginia Power's proposed 2004 rates for Qualifying Facilities ("QFs") subject to Schedule 19 have been determined by the market based pricing methodology used to establish the 2002 and 2003 Schedule 19 rates. This method utilizes the market studies and supporting data approved by the Commission in Case No. PUE-2001-00306 for use in determining wires charges. The Company notes that only PJM West data was utilized as the basis for off-peak energy rates because market data from Cinergy was not available for the sample period.

The application included a revised Schedule 19 tariff with rates for 2004, schedules reflecting the calculation of the energy and capacity rates, and the supporting data from Case No. PUE-2001-00306. Further, the application included data required to determine the energy rates under the Differential Revenue Requirement ("DRR") method that Virginia Power formerly used to establish its Schedule 19 rates. This data relates to the three remaining QFs with contracts still tied to the DRR methodology.

Virginia Power states that it will update the Schedule 19 tariff for 2005 prices following the conclusion of this year's wires charges determination.

Virginia Power also indicates that, in accordance with the Commission's January 30, 2004, Order in this proceeding, the Company is currently using its 2003 rates, and that, as soon as the proposed tariff is approved by the Commission, the Company will use the 2004 rates to adjust its payments to those QFs subject to Schedule 19 retroactive to January 1, 2004.

NOW THE COMMISSION, having reviewed the filed documents, is of the opinion and finds that the application should be docketed and that a procedural schedule should be established.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 12.1-31 of the Code of Virginia and Rule 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure ("Commission Rules"), a Hearing Examiner is appointed to conduct all further proceedings in this matter on behalf of the Commission.

(2) On or before March 15, 2004, Virginia Power shall provide copies of this Order, as well as copies of the Company's application unless otherwise already provided, to any existing cogenerator in the Company's service territory and any small power production or cogeneration developer who has contacted the Company within the last year.

(3) On or before March 15, 2004, Virginia Power shall serve a copy of this Order on the chairman of the board of supervisors of each affected county and on the mayor or manager of every affected city or town (or equivalent officials in counties, cities, or towns having alternate forms of government) in which the Company offers service. Service shall be made by either personal delivery or by first-class mail to the customary place of business or residence of the person served.

(4) On or before March 19, 2004, Virginia Power shall file with the Clerk of the Commission proof of notice as required herein.

(5) Any interested person may obtain a copy of Virginia Power's application by contacting Jill C. Nadolink, Counsel, Dominion Virginia Power, P.O. Box 26532, Richmond, Virginia 23261.

(6) On or before March 26, 2004, any interested person may comment or request a hearing on Virginia Power's application by filing an original and fifteen (15) copies of such comments or requests with Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Any request for hearing shall state with specificity why the issues raised in the request for hearing cannot be adequately addressed in written comments. If no sufficient request for hearing is received, the Commission may consider the application based upon the papers filed herein without convening a hearing at which oral testimony is received. Interested parties shall refer in their requests to Case No. PUE-2004-00004 and shall serve a copy upon counsel for Virginia Power at the address set forth in Ordering Paragraph (5) above.

(7) On or before March 26, 2004, persons filing a request for hearing and expecting to participate as a respondent in any hearing that may be scheduled in this matter shall file an original and fifteen (15) copies of a notice of participation as required by 5 VAC 5-20-80 of the Commission Rules, as well as an original and fifteen (15) copies of any prepared testimony and exhibits the respondent intends to present. All notices of participation and prepared testimony and exhibits shall be filed with the Clerk of the Commission at the address set forth in Ordering Paragraph (6) above. Copies of any notice of participation or prepared testimony and exhibits

shall simultaneously be served on counsel for Virginia Power at the address set forth in Ordering Paragraph (5) above.

(8) On or before April 16, 2004, the Staff shall investigate the reasonableness of Virginia Power's application and shall file a report, or testimony if appropriate, with the Clerk of the Commission and send a copy to counsel for Virginia Power and each respondent.

(9) On or before April 23, 2004, Virginia Power shall file with the Clerk of the Commission at the address set forth in Paragraph (6) above an original and fifteen (15) copies of any response, or testimony if appropriate, the Company expects to introduce in rebuttal. The Company also shall serve a copy of such rebuttal testimony upon the Staff and each respondent.

(10) Virginia Power and each respondent shall respond to all interrogatories and other data requests to written interrogatories within ten (10) calendar days after receipt of the same. Any objections must be filed within five (5) days after receipt of the interrogatory or data request by the party to whom it is directed. Except as modified above, discovery shall be in accordance with Part IV of the Rules.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter, as well as the Commission's Office of General Counsel and Divisions of Economics and Finance and Energy Regulation. The Service List is available from Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218 the Clerk of the State Corporation Commission.

A True Copy
Teste:

Joel H. Peck
Clerk of the
State Corporation Commission

Owens, Donald G.
Troutman Sanders Mays & Valenti
1111 E Main St
POB 1122

Richmond VA 23218-1122
Westvaco Corporation
John J. Carrara, Esquire
299 Park Avenue

New York NY 10171
Kinnane, Thomas W.
Esquire
Kinnane & Associates, Ltd.
100 Ridgely Ave

Annapolis MD 21401
Scott, William
Scott Wood, Inc.
PO Box 728

Amelia VA 23002
LaFratta, Mark J.
Esquire
McGuireWoods LLP
One James Center
901 East Cary Street
Richmond VA 23219-4030
Robb, Cliona M.
Christian Barton LLP
909 E Main St Ste 1200

Richmond VA 23219-3095
Gary, Richard D.
Hunton & Williams
Riverfront Plaza, East Tower
951 E Byrd St

Richmond VA 23219-4074

Considine, Frank A.
P.O. Box 100
19th & Main Street

West Point VA 23181
Anderegg, Scott M.
Esquire
PennStuart
PO Box 617

Richmond VA 23218-0617
Chau, Andrew N.
Esquire
Tractebel North America
1177 W Loop S
Suite 900

Houston TX 77027
Nolte, JoAnne L.
Esquire
The Conrad Firm
1508 W Main St

Richmond VA 23220
Nadolink, Jill C.
Esquire
Dominion Virginia Power
PO Box 26532

Richmond VA 23261
Walker, Pamela A.
Deputy General Counsel
Dominion Resources Services Inc
Law Department PH-1
POB 26532

Richmond VA 23219-6532
Browder, C. M.
Sr. Assistant Attorney General
Office of the Attorney General
Division of Consumer Counsel
900 East Main St., Flr. 2

Richmond VA 23219