DOMINION RESOURCES INC /VA/
Form 10-Q
November 03, 2015

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 September 30, 2015

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
000-55337	VIRGINIA ELECTRIC AND POWER COMPANY	54-0418825
000-55338	DOMINION GAS HOLDINGS, LLC	46-3639580

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 ¨

Dominion Gas Holdings, LLC 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 ¨

Dominion Gas Holdings, LLC 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 ¨

Dominion Gas Holdings, LLC

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
Dominion Gas Holdings, LLC Yes ¨ No x	

At September 30, 2015, the latest practicable date for determination, Dominion Resources, Inc. had 595,333,610 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. Dominion Resources, Inc. holds all of the membership interests of Dominion Gas Holdings, LLC.

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

VIRGINIA ELECTRIC AND POWER COMPANY AND DOMINION GAS HOLDINGS, LLC MEET THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND ARE FILING THIS FORM 10-Q UNDER THE REDUCED DISCLOSURE FORMAT.

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GLOSSARY OF TERMS

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

Abbreviation or Acronym	Definition
2013 Equity Units	Dominion s 2013 Series A Equity Units and 2013 Series B Equity Units issued in June 2013
2014 Equity Units	Dominion s 2014 Series A Equity Units issued in July 2014
AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income (loss)
AROs	Asset retirement obligations
ARP	Acid Rain Program, a market-based initiative for emissions allowance trading, established pursuant to Title IV of the CAA
ATEX line	Appalachia to Texas Express ethane line
Atlantic Coast Pipeline	Atlantic Coast Pipeline, LLC, a limited liability company owned by Dominion, Duke Energy Corporation, Piedmont Natural Gas Company, Inc. and AGL Resources Inc.
BACT	Best available control technology
bcf	Billion cubic feet
Blue Racer	Blue Racer Midstream, LLC, a joint venture between Dominion and Caiman
BOD	Board of Directors
BP	BP Wind Energy North America Inc.
BREDL	Blue Ridge Environmental Defense League
Bremo	Bremo power station
Brunswick County	A 1,358 MW combined cycle, natural gas-fired power station under construction in Brunswick County, Virginia
CAA	Clean Air Act
Caiman	Caiman Energy II, LLC
CAIR	Clean Air Interstate Rule
CAISO	California independent system operator
CCR	Coal combustion residual
CEO	Chief Executive Officer
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, also known as Superfund
CFO	Chief Financial Officer
Chesapeake	Chesapeake power station

CO_2	Carbon dioxide
COL	Combined Construction Permit and Operating License
Companies	Dominion, Virginia Power and Dominion Gas, collectively
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
CPCN	Certificate of Public Convenience and Necessity
CSAPR	Cross State Air Pollution Rule
CWA	Clean Water Act
D.C.	District of Columbia
DCG	Dominion Carolina Gas Transmission, LLC (successor by statutory conversion to and formerly known as Carolina Gas Transmission Corporation)
DEI	Dominion Energy, Inc.
DOE	Department of Energy
Dominion	The legal entity, Dominion Resources, Inc., one or more of its consolidated subsidiaries (other than Virginia Power and Dominion Gas) or operating segments or the entirety of Dominion Resources, Inc. and its consolidated subsidiaries
Dominion Gas	The legal entity, Dominion Gas Holdings, LLC, one or more of its consolidated subsidiaries or operating segment, or the entirety of Dominion Gas Holdings, LLC and its consolidated subsidiaries
Dominion Iroquois	Dominion Iroquois, Inc., which holds a 24.72% noncontrolling partnership interest in Iroquois
Dominion Midstream	The legal entity, Dominion Midstream Partners, LP, one or more of its consolidated subsidiaries, Cove Point Holdings, Iroquois GP Holding Company, LLC and DCG (beginning April 1, 2015), or the entirety of Dominion Midstream Partners, LP, and its consolidated subsidiaries

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Abbreviation or Acronym	Definition
Dominion NGL Pipelines, LLC	The initial owner of the 58-mile G-150 pipeline project, which is designed to transport approximately 27,000 barrels per day of NGLs from Natrium to an interconnect with the ATEX line of Enterprise near Follansbee, West Virginia
DRS	Dominion Resources Services, Inc.
DSM	Demand-side management
Dth	Dekatherm
DTI	Dominion Transmission, Inc.
DVP	Dominion Virginia Power operating segment
East Ohio	The East Ohio Gas Company, doing business as Dominion East Ohio
Enterprise	Enterprise Product Partners, L.P.
EPA	Environmental Protection Agency
EPC	Engineering, procurement and construction
EPS	Earnings per share
FERC	Federal Energy Regulatory Commission
Four Brothers	Four Brothers Solar, LLC, a limited liability company owned by Dominion and Four Brothers Holdings, LLC, a wholly-owned subsidiary of SunEdison
Fowler Ridge	A wind-turbine facility joint venture between Dominion and BP in Benton County, Indiana
FTRs	Financial transmission rights
GAAP	U.S. generally accepted accounting principles
Gal	Gallon
GHG	Greenhouse gas
Granite Mountain	Granite Mountain Holdings, LLC, a limited liability company owned by Dominion and Granite Mountain Renewables, LLC, a wholly-owned subsidiary of SunEdison
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
Hope	Hope Gas, Inc., doing business as Dominion Hope
INPO	Institute of Nuclear Power Operations
IRCA	Intercompany revolving credit agreement
Iron Springs	Iron Springs Holdings, LLC, a limited liability company owned by Dominion and Iron Springs Renewables, LLC, a wholly-owned subsidiary of SunEdison
Iroquois	Iroquois Gas Transmission System L.P.
ISO	Independent system operator

ISO-NE	ISO New England
Kewaunee	Kewaunee nuclear power station
Keys Energy Project	Project to provide 107,000 Dths/day of firm transportation service from Cove Point s interconnect with Transco in Fairfax County, Virginia to Keys Energy Center, LLC s power generating facility in Prince George s County, Maryland
kV	Kilovolt
LNG	Liquefied natural gas
MATS	Utility Mercury and Air Toxics Standard Rule
MD&A	Management s Discussion and Analysis of Financial Condition and Results of Operations
MGD	Million gallons a day
Millstone	Millstone nuclear power station
MISO	Midcontinent Independent Transmission System Operator, Inc.
Moody s	Moody s Investors Service
Morgans Corner	Morgans Corner Solar Energy, LLC
MW	Megawatt
MWh	Megawatt hour
Natrium	A natural gas and fractionation facility located in Natrium, West Virginia, owned by Blue Racer
NCEMC	North Carolina Electric Membership Corporation
NedPower	A wind-turbine facility joint venture between Dominion and Shell Wind Energy, Inc. in Grant County, West Virginia
NG	Collectively, North East Transmission Co., Inc. and National Grid IGTS Corp.
NGLs	Natural gas liquids

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Abbreviation or Acronym	Definition
NJNR	NJNR Pipeline Company
North Anna	North Anna nuclear power station
North Carolina Commission	North Carolina Utilities Commission
Northern System	Collection of approximately 131 miles of various diameter natural gas pipelines in Ohio
NO_x	Nitrogen oxide
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NYSE	New York Stock Exchange
ODEC	Old Dominion Electric Cooperative
Ohio Commission	Public Utilities Commission of Ohio
Order 1000	Order issued by FERC adopting new requirements for electric transmission planning, cost allocation and development
PIPP	Percentage of Income Payment Plan deployed by East Ohio
PJM	PJM Interconnection, L.L.C.
Possum Point	Possum Point power station
ppb	Parts-per-billion
PREP	Pipeline Replacement and Expansion Program, a program of replacing, upgrading and expanding natural gas utility infrastructure to be deployed by Hope
PSD	Prevention of Significant Deterioration
PSMP	Pipeline Safety and Management Program to be deployed by East Ohio to ensure the continued safe and reliable operation of East Ohio s system and compliance with pipeline safety laws
REIT	Real estate investment trust
Rider BW	A rate adjustment clause associated with the recovery of costs related to Brunswick County
Rider US-1	A rate adjustment clause associated with the recovery of costs related to Remington Solar Facility
Riders C1A and C2A	Rate adjustment clauses associated with the recovery of costs related to certain DSM programs approved in DSM cases
ROE	Return on equity
RTO	Regional transmission organization
SEC	Securities and Exchange Commission
SELC	Southern Environmental Law Center

Shell	Shell WindEnergy, Inc.
SO_2	Sulfur dioxide
St. Charles Transportation Project	Project to provide 132,000 Dths/day of firm transportation service from Cove Point s interconnect with Transco in Fairfax County, Virginia to Competitive Power Venture Maryland, LLC s power generating facility in Charles County, Maryland
Standard & Poor s	Standard & Poor s Ratings Services, a division of McGraw Hill Financial, Inc.
SunEdison	The legal entity, SunEdison, Inc., one or more of its consolidated subsidiaries (including Four Brothers Holdings, LLC, Granite Mountain Renewables, LLC and Iron Springs Renewables, LLC) or operating segments, or the entirety of SunEdison, Inc. and its consolidated subsidiaries
Three Cedars	Granite Mountain and Iron Springs, collectively
U.S.	United States of America
UAO	Unilateral Administrative Order
VDEQ	Virginia Department of Environmental Quality
VEBA	Voluntary Employees Beneficiary Association
VIE	Variable interest entity
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
VOC	Volatile organic compounds
Yorktown	Yorktown power station

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

DOMINION RESOURCES, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions, except per share amounts)				
Operating Revenue	**$ 2,971**	$ 3,050	**$ 9,127**	$ 9,493
Operating Expenses				
Electric fuel and other energy-related purchases	**636**	743	**2,180**	2,710
Purchased electric capacity	**75**	86	**259**	261
Purchased gas	**85**	209	**446**	1,073
Other operations and maintenance	**564**	614	**1,875**	1,972
Depreciation, depletion and amortization	**355**	354	**1,037**	970
Other taxes	**133**	123	**432**	424
Total operating expenses	**1,848**	2,129	**6,229**	7,410
Income from operations	**1,123**	921	**2,898**	2,083
Other income	**11**	69	**127**	166
Interest and related charges	**230**	231	**674**	695
Income from operations including noncontrolling interests before income tax expense	**904**	759	**2,351**	1,554
Income tax expense	**305**	228	**794**	477
Net Income Including Noncontrolling Interests	**599**	531	**1,557**	1,077
Noncontrolling Interests	**6**	2	**15**	10
Net Income Attributable to Dominion	**$ 593**	$ 529	**$ 1,542**	$ 1,067
Earnings Per Common Share				
Net income attributable to Dominion - Basic	**$ 1.00**	$ 0.91	**$ 2.61**	$ 1.83
Net income attributable to Dominion - Diluted	**1.00**	0.90	**2.60**	1.83
Dividends declared per common share	**0.6475**	0.6000	**1.9425**	1.8000

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

DOMINION RESOURCES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Net income including noncontrolling interests	**$ 599**	$ 531	**$ 1,557**	$ 1,077
Other comprehensive income (loss), net of taxes:				
Net deferred gains (losses) on derivatives-hedging activities(1)	**(7)**	(58)	**25**	(267)
Changes in unrealized net gains (losses) on investment securities(2)	**(59)**	2	**(55)**	80
Changes in unrecognized pension and other postretirement benefit costs(3)	**(9)**		**(6)**	
Amounts reclassified to net income:				
Net derivative (gains) losses-hedging activities(4)	**(53)**	(31)	**(53)**	113
Net realized gains on investment securities(5)	**(2)**	(21)	**(35)**	(39)
Net pension and other postretirement benefit costs(6)	**14**	8	**39**	25
Changes in other comprehensive income (loss) from equity method investees(7)	**1**			(5)
Total other comprehensive loss	**(115)**	(100)	**(85)**	(93)
Comprehensive income including noncontrolling interests	**484**	431	**1,472**	984
Comprehensive income attributable to noncontrolling interests	**6**	2	**15**	10
Comprehensive income attributable to Dominion	**$ 478**	$ 429	**$ 1,457**	$ 974

(1) Net of $ million and $36 million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $(20) million and $163 million tax for the nine months ended September 30, 2015 and 2014, respectively.
(2) Net of $55 million and $(2) million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $50 million and $(30) million tax for the nine months ended September 30, 2015 and 2014, respectively.
(3) Net of $(9) million and $ million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $(6) million and $ million tax for the nine months ended September 30, 2015 and 2014, respectively.
(4) Net of $30 million and $22 million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $34 million and $(72) million tax for the nine months ended September 30, 2015 and 2014, respectively.
(5) Net of $ million and $13 million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $20 million and $24 million tax for the nine months ended September 30, 2015 and 2014, respectively.
(6) Net of $(7) million and $(6) million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $(25) million and $(18) million tax for the nine months ended September 30, 2015 and 2014,

respectively.

(7) Net of $(1) million and $ million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $ million and $3 million tax for the nine months ended September 30, 2015 and 2014, 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)	**September 30, 2015**	December 31, 2014[1]
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 238**	$ 318
Customer receivables (less allowance for doubtful accounts of $36 and $34)	**1,289**	1,514
Other receivables (less allowance for doubtful accounts of $2 and $3)	**144**	119
Inventories	**1,310**	1,410
Prepayments	**142**	167
Derivative assets	**243**	536
Deferred income taxes	**288**	800
Other	**469**	751
Total current assets	**4,123**	5,615
Investments		
Nuclear decommissioning trust funds	**4,033**	4,196
Investment in equity method affiliates	**1,322**	1,081
Other	**269**	284
Total investments	**5,624**	5,561
Property, Plant and Equipment		
Property, plant and equipment	**55,848**	51,406
Accumulated depreciation, depletion and amortization	**(16,067)**	(15,136)
Total property, plant and equipment, net	**39,781**	36,270
Deferred Charges and Other Assets		
Goodwill	**3,294**	3,044
Pension and other postretirement benefit assets	**1,025**	956
Regulatory assets	**1,593**	1,642
Other	**1,159**	1,239
Total deferred charges and other assets	**7,071**	6,881
Total assets	**$ 56,599**	$ 54,327

(1) Dominion s Consolidated Balance Sheet at December 31, 2014 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)	September 30, 2015	December 31, 2014[1]
LIABILITIES AND EQUITY		
Current Liabilities		
Securities due within one year	**$ 1,528**	$ 1,375
Short-term debt	**2,555**	2,775
Accounts payable	**705**	952
Accrued interest, payroll and taxes	**553**	566
Other[2]	**1,405**	1,530
Total current liabilities	**6,746**	7,198
Long-Term Debt		
Long-term debt	**19,790**	18,348
Junior subordinated notes	**1,370**	1,374
Remarketable subordinated notes	**2,085**	2,083
Total long-term debt	**23,245**	21,805
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	**7,551**	7,444
Asset retirement obligations	**1,824**	1,633
Regulatory liabilities	**2,173**	1,991
Other	**1,784**	2,299
Total deferred credits and other liabilities	**13,332**	13,367
Total liabilities	**43,323**	42,370
Commitments and Contingencies (see Note 16)		
Equity		
Common stock no par[3]	**6,606**	5,876
Retained earnings	**6,487**	6,095
Accumulated other comprehensive loss	**(501)**	(416)
Total common shareholders equity	**12,592**	11,555
Noncontrolling interests	**684**	402

Total equity		**13,276**		11,957
Total liabilities and equity	**$**	**56,599**	$	54,327

(1) Dominion s Consolidated Balance Sheet at December 31, 2014 has been derived from the audited Consolidated Financial Statements at that date.
(2) See Note 3 for amounts attributable to related parties.
(3) 1 billion shares authorized; 595 million shares and 585 million shares outstanding at September 30, 2015 and December 31, 2014, 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)

Nine Months Ended September 30, (millions)	**2015**	2014
Operating Activities		
Net income including noncontrolling interests	**$ 1,557**	$ 1,077
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities:		
Depreciation, depletion and amortization (including nuclear fuel)	**1,250**	1,171
Deferred income taxes and investment tax credits	**703**	444
Gains on the sale of assets and businesses	**(123)**	(160)
Charges associated with North Anna and offshore wind legislation		330
Other adjustments	**(1)**	(104)
Changes in:		
Accounts receivable	**229**	300
Inventories	**(3)**	(39)
Deferred fuel and purchased gas costs, net (including write-off)	**70**	(252)
Prepayments	**45**	14
Accounts payable	**(222)**	(291)
Accrued interest, payroll and taxes	**(13)**	(9)
Margin deposit assets and liabilities	**205**	55
Other operating assets and liabilities	**(244)**	(126)
Net cash provided by operating activities	**3,453**	2,410
Investing Activities		
Plant construction and other property additions (including nuclear fuel)	**(3,632)**	(3,742)
Acquisition of solar development projects	**(278)**	(66)
Acquisition of DCG	**(497)**	
Proceeds from sales of securities	**937**	1,524
Purchases of securities	**(921)**	(1,562)
Proceeds from the sale of electric retail energy marketing business		187
Proceeds from the sale of assets to Blue Racer		86
Proceeds from assignments of shale development rights	**80**	
Other	**(39)**	40
Net cash used in investing activities	**(4,350)**	(3,533)
Financing Activities		
Issuance (repayment) of short-term debt, net	**(220)**	702
Issuance of long-term debt	**2,262**	2,150

Repayment and repurchase of long-term debt	**(675)**	(725)
Subsidiary preferred stock redemption		(125)
Issuance of common stock	**717**	138
Common dividend payments	**(1,150)**	(1,048)
Subsidiary preferred dividend payments		(9)
Other	**(117)**	(58)
Net cash provided by financing activities	**817**	1,025
Decrease in cash and cash equivalents	**(80)**	(98)
Cash and cash equivalents at beginning of period	**318**	316
Cash and cash equivalents at end of period	**$ 238**	$ 218
Supplemental Cash Flow Information		
Significant noncash investing activities:[1]		
Accrued capital expenditures	**$ 389**	$ 309
Dominion Midstream s acquisition of a noncontrolling partnership interest in Iroquois in exchange for issuance of Dominion Midstream common units	**216**	

(1) See Note 3 for noncash activities related to the acquisitions of Four Brothers and Three Cedars.

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 September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Operating Revenue[1]	**$ 2,058**	$ 2,053	**$ 6,008**	$ 5,765
Operating Expenses				
Electric fuel and other energy-related purchases[1]	**554**	649	**1,861**	1,817
Purchased electric capacity	**75**	86	**259**	261
Other operations and maintenance:				
Affiliated suppliers	**64**	70	**208**	211
Other	**311**	331	**1,008**	1,164
Depreciation and amortization	**244**	260	**713**	695
Other taxes	**69**	63	**212**	205
Total operating expenses	**1,317**	1,459	**4,261**	4,353
Income from operations	**741**	594	**1,747**	1,412
Other income	**13**	24	**49**	60
Interest and related charges	**116**	101	**332**	311
Income before income tax expense	**638**	517	**1,464**	1,161
Income tax expense	**253**	203	**564**	454
Net Income	**385**	314	**900**	707
Preferred dividends		2		10
Balance available for common stock	**$ 385**	$ 312	**$ 900**	$ 697

(1) See Note 18 for amounts attributable to affiliates.

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 COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Net income	**$ 385**	$ 314	**$ 900**	$ 707
Other comprehensive income (loss), net of taxes:				
Net deferred losses on derivatives-hedging activities(1)	**(6)**	(1)	**(3)**	
Changes in unrealized net gains (losses) on nuclear decommissioning trust funds(2)	**(11)**	2	**(10)**	10
Amounts reclassified to net income:				
Net derivative (gains) losses-hedging activities(3)		1	**1**	(3)
Net realized gains on nuclear decommissioning trust funds(4)	**(1)**	(3)	**(4)**	(5)
Other comprehensive income (loss)	**(18)**	(1)	**(16)**	2
Comprehensive income	**$ 367**	$ 313	**$ 884**	$ 709

(1) Net of $3 million and $ million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $1 million and $ million tax for the nine months ended September 30, 2015 and 2014, respectively.

(2) Net of $5 million and $(1) million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $5 million and $(6) million tax for the nine months ended September 30, 2015 and 2014, respectively.

(3) Net of $ million tax for both the three months ended September 30, 2015 and 2014, and net of $ million and $2 million tax for the nine months ended September 30, 2015 and 2014, respectively.

(4) Net of $2 million tax for both the three months ended September 30, 2015 and 2014, and net of $3 million tax for both the nine months ended September 30, 2015 and 2014.

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)	**September 30, 2015**	December 31, 2014[1]
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 39**	$ 15
Customer receivables (less allowance for doubtful accounts of $27 and $25)	**955**	986
Other receivables (less allowance for doubtful accounts of $1 at both dates)	**96**	65
Inventories (average cost method)	**842**	853
Prepayments	**24**	252
Regulatory assets	**328**	298
Other[2]	**43**	82
Total current assets	**2,327**	2,551
Investments		
Nuclear decommissioning trust funds	**1,875**	1,930
Other	**3**	4
Total investments	**1,878**	1,934
Property, Plant and Equipment		
Property, plant and equipment	**37,016**	35,180
Accumulated depreciation and amortization	**(11,622)**	(11,080)
Total property, plant and equipment, net	**25,394**	24,100
Deferred Charges and Other Assets		
Regulatory assets	**422**	439
Other[2]	**538**	485
Total deferred charges and other assets	**960**	924
Total assets	**$ 30,559**	$ 29,509

(1)

Virginia Power s Consolidated Balance Sheet at December 31, 2014 has been derived from the audited Consolidated Financial Statements at that date.

(2) See Note 18 for amounts attributable to affiliates.

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)	September 30, 2015	December 31, 2014[1]
LIABILITIES AND SHAREHOLDER S EQUITY		
Current Liabilities		
Securities due within one year	**$ 677**	$ 211
Short-term debt	**1,362**	1,361
Accounts payable	**372**	458
Payables to affiliates	**59**	92
Affiliated current borrowings		427
Accrued interest, payroll and taxes	**336**	199
Other[2]	**666**	528
Total current liabilities	**3,472**	3,276
Long-Term Debt	**8,952**	8,726
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	**4,323**	4,415
Asset retirement obligations	**1,030**	848
Regulatory liabilities	**1,822**	1,683
Other[2]	**436**	506
Total deferred credits and other liabilities	**7,611**	7,452
Total liabilities	**20,035**	19,454
Commitments and Contingencies (see Note 16)		
Common Shareholder s Equity		
Common stock no par[3]	**5,738**	5,738
Other paid-in capital	**1,113**	1,113
Retained earnings	**3,639**	3,154
Accumulated other comprehensive income	**34**	50
Total common shareholder s equity	**10,524**	10,055
Total liabilities and shareholder s equity	**$ 30,559**	$ 29,509

(1) Virginia Power s Consolidated Balance Sheet at December 31, 2014 has been derived from the audited Consolidated Financial Statements at that date.
(2) See Note 18 for amounts attributable to affiliates.
(3) 500,000 shares authorized; 274,723 shares outstanding at September 30, 2015 and December 31, 2014.

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)

Nine Months Ended September 30, (millions)	**2015**	2014
Operating Activities		
Net income	**$ 900**	$ 707
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including nuclear fuel)	**844**	824
Deferred income taxes and investment tax credits	**9**	235
Charges associated with North Anna and offshore wind legislation		330
Other adjustments	**20**	(28)
Changes in:		
Accounts receivable	**10**	20
Inventories	**11**	(33)
Prepayments	**228**	11
Deferred fuel expenses, net (including write-off)	**40**	(284)
Accounts payable	**(62)**	(24)
Accrued interest, payroll and taxes	**137**	60
Other operating assets and liabilities	**37**	(98)
Net cash provided by operating activities	**2,174**	1,720
Investing Activities		
Plant construction and other property additions	**(1,840)**	(2,120)
Purchases of nuclear fuel	**(100)**	(140)
Proceeds from sales of securities	**407**	415
Purchases of securities	**(423)**	(421)
Other	**(38)**	(18)
Net cash used in investing activities	**(1,994)**	(2,284)
Financing Activities		
Issuance of short-term debt, net	**1**	562
Repayment of affiliated current borrowings, net	**(427)**	(80)
Issuance of long-term debt	**1,112**	750
Repayment of long-term debt	**(421)**	(52)
Preferred stock redemption		(125)
Common dividend payments	**(416)**	(466)
Preferred dividend payments		(9)
Other	**(5)**	(11)
Net cash provided by (used in) financing activities	**(156)**	569

Increase in cash and cash equivalents		**24**		5
Cash and cash equivalents at beginning of period		**15**		16
Cash and cash equivalents at end of period	**$**	**39**	$	21
Supplemental Cash Flow Information				
Significant noncash investing activities:				
Accrued capital expenditures	**$**	**139**	$	176

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

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DOMINION GAS HOLDINGS, LLC

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Operating Revenue[(1)]	**$ 365**	$ 391	**$ 1,291**	$ 1,388
Operating Expenses				
Purchased gas[(1)]	**8**	34	**103**	247
Other energy-related purchases	**4**	8	**17**	29
Other operations and maintenance:				
Affiliated suppliers	**12**	12	**50**	49
Other[(2)]	**51**	79	**211**	204
Depreciation and amortization	**53**	50	**157**	146
Other taxes	**35**	31	**127**	117
Total operating expenses	**163**	214	**665**	792
Income from operations	**202**	177	**626**	596
Other income	**4**	5	**17**	18
Interest and related charges	**18**	7	**53**	19
Income from operations before income taxes	**188**	175	**590**	595
Income tax expense	**77**	68	**233**	231
Net Income	**$ 111**	$ 107	**$ 357**	$ 364

(1) See Note 18 for amounts attributable to related parties.
(2) Includes gains on the sales of assets to related parties of $59 million for the nine months ended September 30, 2014. See Note 10 for more information.

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

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DOMINION GAS HOLDINGS, LLC

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Net income	**$ 111**	$ 107	**$ 357**	$ 364
Other comprehensive income (loss), net of taxes:				
Net deferred gains (losses) on derivatives-hedging activities(1)	**3**	(7)	**2**	(33)
Amounts reclassified to net income:				
Net derivative (gains) losses-hedging activities(2)	**(2)**	4	**(3)**	11
Net pension and other postretirement benefit costs(3)	**1**	1	**3**	3
Other comprehensive income (loss)	**2**	(2)	**2**	(19)
Comprehensive income	**$ 113**	$ 105	**$ 359**	$ 345

(1) Net of $(1) million and $4 million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $ million and $22 million tax for the nine months ended September 30, 2015 and 2014, respectively.

(2) Net of $1 million million and $(2) million tax for the three months ended September 30, 2015 and 2014, respectively, and net of $1 million and $(7) million tax for the nine months ended September 30, 2015 and 2014, respectively.

(3) Net of $(1) million tax for both the three months ended September 30, 2015 and 2014, and net of $(3) million and $(2) million tax for the nine months ended September 30, 2015 and 2014, respectively.

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

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DOMINION GAS HOLDINGS, LLC

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(millions)	**September 30, 2015**	December 31, 2014[1]
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 18**	$ 9
Customer receivables (less allowance for doubtful accounts of $5 and $4)[2]	**180**	322
Other receivables (less allowance for doubtful accounts of $1 at both dates)[2]	**11**	19
Affiliated receivables	**6**	12
Inventories	**80**	65
Prepayments	**42**	166
Other[2]	**141**	217
Total current assets	**478**	810
Investments	**100**	108
Property, Plant and Equipment		
Property, plant and equipment	**9,429**	8,902
Accumulated depreciation and amortization	**(2,641)**	(2,538)
Total property, plant and equipment, net	**6,788**	6,364
Deferred Charges and Other Assets		
Goodwill	**542**	542
Pension and other postretirement benefit assets[2]	**1,577**	1,486
Other[2]	**540**	538
Total deferred charges and other assets	**2,659**	2,566
Total assets	**$ 10,025**	$ 9,848

(1) Dominion Gas Consolidated Balance Sheet at December 31, 2014 has been derived from the audited Consolidated Financial Statements at that date.
(2) See Note 18 for amounts attributable to related parties.
The accompanying notes are an integral part of Dominion Gas Consolidated Financial Statements.

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DOMINION GAS HOLDINGS, LLC

CONSOLIDATED BALANCE SHEETS (Continued)

(Unaudited)

(millions)	**September 30, 2015**	December 31, 2014[1]
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	**$ 382**	$
Accounts payable	**139**	247
Payables to affiliates	**13**	41
Affiliated current borrowings	**198**	384
Accrued interest, payroll and taxes	**149**	194
Other[2]	**160**	172
Total current liabilities	**1,041**	1,038
Long-Term Debt	**2,595**	2,594
Deferred Credits and Other Liabilities		
Deferred income taxes and investment tax credits	**2,222**	2,158
Other[2]	**486**	492
Total deferred credits and other liabilities	**2,708**	2,650
Total liabilities	**6,344**	6,282
Commitments and Contingencies (see Note 16)		
Equity		
Membership interests	**3,765**	3,652
Accumulated other comprehensive loss[2]	**(84)**	(86)
Total equity	**3,681**	3,566
Total liabilities and equity	**$ 10,025**	$ 9,848

(1) Dominion Gas Consolidated Balance Sheet at December 31, 2014 has been derived from the audited Consolidated Financial Statements at that date.

(2) See Note 18 for amounts attributable to related parties.

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

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DOMINION GAS HOLDINGS, LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Nine Months Ended September 30, (millions)	**2015**	2014
Operating Activities		
Net income	**$ 357**	$ 364
Adjustments to reconcile net income to net cash provided by operating activities:		
Gains on sales of assets	**(123)**	(64)
Depreciation and amortization	**157**	146
Deferred income taxes and investment tax credits	**75**	80
Other adjustments	**4**	(12)
Changes in:		
Accounts receivable	**150**	60
Deferred purchased gas costs, net	**19**	33
Prepayments	**145**	29
Inventories	**(15)**	(28)
Accounts payable	**(112)**	(113)
Payables to affiliates	**(28)**	(8)
Accrued interest, payroll and taxes	**(45)**	(56)
Other operating assets and liabilities	**(88)**	(83)
Net cash provided by operating activities	**496**	348
Investing Activities		
Plant construction and other property additions	**(514)**	(467)
Proceeds from sale of assets to an affiliate		47
Proceeds from assignments of shale development rights	**80**	
Other	**(5)**	(1)
Net cash used in investing activities	**(439)**	(421)
Financing Activities		
Issuance of short-term debt, net	**382**	
Issuance (repayment) of affiliated current borrowings, net	**(186)**	288
Distribution payments	**(244)**	(206)
Other		(1)
Net cash provided by (used in) financing activities	**(48)**	81
Increase in cash and cash equivalents	**9**	8
Cash and cash equivalents at beginning of period	**9**	8

Cash and cash equivalents at end of period	**$**	**18**	$	16
Supplemental Cash Flow Information				
Significant noncash investing and financing activities:				
Accrued capital expenditures	**$**	**46**	$	63
Extinguishment of affiliated long-term debt in exchange for assets sold to affiliate				67

The accompanying notes are an integral part of Dominion Gas 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 and Dominion Gas. Virginia Power is a regulated public utility that generates, transmits and distributes electricity for sale in Virginia and northeastern North Carolina. Dominion Gas is a holding company that conducts business activities through a regulated interstate natural gas transmission pipeline and underground storage system in the Northeast, mid-Atlantic and Midwest states, regulated gas transportation and distribution operations in Ohio, and gas gathering and processing activities primarily in West Virginia, Ohio and Pennsylvania. Dominion Gas principal wholly-owned subsidiaries are DTI, East Ohio and Dominion Iroquois.

Note 2. Significant Accounting Policies

As permitted by the rules and regulations of the SEC, the Companies 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 the Companies Annual Report on Form 10-K for the year ended December 31, 2014.

In the Companies opinion, the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary to present fairly their financial position as of September 30, 2015, their results of operations for the three and nine months ended September 30, 2015 and 2014, and their cash flows for the nine months ended September 30, 2015 and 2014. 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.

The Companies accompanying unaudited Consolidated Financial Statements include, after eliminating intercompany transactions and balances, their accounts, those of their respective majority-owned subsidiaries and non-wholly-owned entities in which they have a controlling financial interest. For certain partnership structures, income is allocated based on the liquidation value of the underlying contractual arrangements. As of September 30, 2015, Dominion owns the general partner and 63.1% of the limited partner interests in Dominion Midstream. The public s ownership interest in Dominion Midstream is reflected as noncontrolling interest in Dominion s Consolidated Financial Statements. Also, as of September 30, 2015, Dominion owns 50% of the units in and consolidates Four Brothers and Three Cedars. SunEdison s ownership interest in these projects is reflected as noncontrolling interest in Dominion s Consolidated Financial Statements. See Note 3 for more details regarding the nature and purpose of Four Brothers and Three Cedars.

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 the Companies 2014 Consolidated Financial Statements and Notes have been reclassified to conform to the 2015 presentation for comparative purposes. The reclassifications did not affect the Companies net income, total assets, liabilities, equity or cash flows.

Amounts disclosed for Dominion are inclusive of Virginia Power and/or Dominion Gas, where applicable.

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Note 3. Acquisitions and Dispositions

Dominion

Wholly-Owned Merchant Solar Projects

Acquisitions

The following table presents significant completed acquisitions of wholly-owned merchant solar projects by Dominion in 2014 and 2015. Long-term power purchase, interconnection and operation and maintenance agreements have been executed for all of the projects. Dominion has claimed and/or expects to claim federal investment tax credits on the projects. These projects are included in the Dominion Generation operating segment.

Completed Acquisition Date	Seller	Number of Projects	Project Location	Project Name(s)	Initial Acquisition Cost (millions)(1)	Project Cost (millions)(2)	Date of Commercial Operations	MW Capacity
March 2014	Recurrent Energy Development Holdings, LLC	6	California	Camelot, Kansas, Kent South, Old River One, Adams East, Columbia 2	$ 50	$ 428	Fourth quarter 2014	139
November 2014	CSI Project Holdco, LLC	1	California	West Antelope	79	79	November 2014	20
December 2014	EDF Renewable Development, Inc.	1	California	CID	71	71	January 2015	20
April 2015	EC&R NA Solar PV, LLC	1	California	Alamo	66	66	May 2015	20
April 2015	EDF Renewable Development, Inc.	3	California	City of Corcoran, Goose Lake, Marin Carport(3)	106	109	May 2015	24
June 2015	EDF Renewable Development, Inc.	1	California	Catalina 2	68	68	July 2015	18
July 2015	SunPeak Solar, LLC	1	California	Imperial Valley 2	42	69	August 2015	20

(1) The purchase price was primarily allocated to Property, Plant and Equipment.
(2) Includes acquisition cost.
(3) Marin Carport is expected to begin commercial operations in 2016.

In June 2015, Dominion entered into an agreement to acquire 100% of the equity interests in the Maricopa West solar project in California from EC&R NA Solar PV, LLC for approximately $65 million in cash. The project is expected to close in the fourth quarter of 2015 and cost approximately $66 million once constructed, including the initial acquisition cost. Upon completion, the facility is expected to generate approximately 20 MW.

Expected Sale of Interest in Merchant Solar Projects

In September 2015, Dominion signed an agreement to sell a noncontrolling interest (consisting of 33% of the equity interests) in all of its currently wholly-owned merchant solar projects to SunEdison for approximately $300 million. The potential sale relates to a total of 24 solar projects totaling approximately 425 MW. The sales of these interests are expected to close by the end of the first quarter of 2016.

Non-Wholly-Owned Merchant Solar Projects

Acquisitions of Four Brothers and Three Cedars

In June 2015, Dominion acquired 50% of the units in Four Brothers from SunEdison for approximately $64 million of consideration, consisting of $2 million in cash and a $62 million payable. As of September 30, 2015, a $56 million payable is included in other current liabilities in Dominion s Consolidated Balance Sheets. Four Brothers purpose is to develop and operate four solar projects located in Utah, which will produce and sell electricity and renewable energy credits. The projects are expected to cost approximately $730 million to construct, including the initial acquisition cost. Dominion is obligated to contribute $445 million of capital to fund the construction of the projects. As of September 30, 2015, Dominion has contributed approximately $38 million. The facilities are expected to begin commercial operations in the third quarter of 2016, generating approximately 320 MW.

In September 2015, Dominion acquired 50% of the units in Three Cedars from SunEdison for approximately $43 million of consideration, consisting of $6 million in cash and a $37 million payable, which is included in other current liabilities in Dominion s Consolidated Balance Sheets as of September 30, 2015. Three Cedars purpose is to develop and operate three solar projects located in Utah, which will produce and sell electricity and renewable energy credits. The projects are expected to cost approximately $425 million to construct. Dominion is obligated to contribute $276 million of capital to fund the construction of the projects. The facilities are expected to begin commercial operations in the third quarter of 2016, generating approximately 210 MW.

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Long-term power purchase, interconnection and operation and maintenance agreements have been executed for both Four Brothers and Three Cedars. Dominion expects to claim 99% of the federal investment tax credits on the projects.

Dominion owns 50% of the voting interests in Four Brothers and Three Cedars and has a controlling financial interest over the entities through its rights to control operations. The allocation of the $64 million purchase price for Four Brothers resulted in approximately $89 million of property, plant and equipment and $25 million of noncontrolling interest. The allocation of the $43 million purchase price for Three Cedars resulted in approximately $65 million of property, plant and equipment and $22 million of noncontrolling interest. The noncontrolling interest for each entity was measured at fair value using the discounted cash flow method, with the primary components of the valuation being future cash flows (both incoming and outgoing) and the discount rate. Dominion determined its discount rate based on the cost of capital a utility-scale investor would expect, as well as the cost of capital an individual project developer could achieve via a combination of non-recourse project financing and outside equity partners. The acquired assets of Four Brothers and Three Cedars are included in the Dominion Generation operating segment.

Four Brothers and Three Cedars have entered into agreements with SunEdison to provide administrative and support services in connection with the construction of the projects, operation and maintenance of the facilities, and administrative and technical management services of the solar facilities. In addition, Dominion has entered into contracts with SunEdison to provide services related to construction project management and oversight. Costs related to services to be provided under these agreements were immaterial for the nine months ended September 30, 2015.

Dominion Midstream Acquisition of Interest in Iroquois

In September 2015, Dominion Midstream acquired from NG and NJNR a 25.93% noncontrolling partnership interest in Iroquois, which owns and operates a 416-mile, FERC-regulated natural gas transmission pipeline in New York and Connecticut. In exchange for this partnership interest, Dominion Midstream issued approximately 8.6 million common units representing limited partnership interests in Dominion Midstream (approximately 6.8 million common units to NG for its 20.4% interest and approximately 1.8 million common units to NJNR for its 5.53% interest). The investment was recorded at approximately $216 million based on the value of Dominion Midstream s common units at closing. These common units are reflected as noncontrolling interest in Dominion s Consolidated Financial Statements. Dominion Midstream s noncontrolling partnership interest is reflected in the Dominion Energy operating segment. In addition to this acquisition, Dominion Gas currently holds a 24.72% partnership interest in Iroquois. Dominion Midstream and Dominion Gas each account for their interest in Iroquois as an equity method investment. See Notes 10 and 14 for more information regarding Iroquois.

Acquisition of DCG

In January 2015, Dominion completed the acquisition of 100% of the equity interests of DCG from SCANA Corporation for approximately $497 million in cash, as adjusted for working capital. DCG owns and operates nearly 1,500 miles of FERC-regulated interstate natural gas pipeline in South Carolina and southeastern Georgia. This acquisition supports Dominion s natural gas expansion into the Southeast. The allocation of the purchase price resulted in approximately $277 million of net property, plant and equipment, $250 million of goodwill, of which approximately $225 million is expected to be deductible for income tax purposes, and approximately $38 million of regulatory liabilities. The goodwill reflects the value associated with enhancing Dominion s regulated gas position, economic value attributable to future expansion projects as well as increased opportunities for synergies. The acquired assets of DCG are included in the Dominion Energy operating segment.

On March 24, 2015, DCG converted to a limited liability company under the laws of South Carolina and changed its name from Carolina Gas Transmission Corporation to DCG. On April 1, 2015, Dominion contributed 100% of the issued and outstanding membership interests of DCG to Dominion Midstream in exchange for total consideration of $501 million, as adjusted for working capital. Total consideration to Dominion consisted of the issuance of a two-year, approximately $301 million senior unsecured promissory note payable by Dominion Midstream at an annual interest rate of 0.6%, and 5,112,139 common units, valued at $200 million, representing limited partner interests in Dominion Midstream. The number of units was based on the volume weighted average trading price of Dominion Midstream s common units for the ten trading days prior to April 1, 2015, or $39.12 per unit. Since Dominion consolidates Dominion Midstream for financial reporting purposes, this transaction was eliminated upon consolidation and did not impact Dominion s financial position or cash flows.

Sale of Electric Retail Energy Marketing Business

In March 2014, Dominion completed the sale of its electric retail energy marketing business. The proceeds were approximately $187 million, net of transaction costs. The sale resulted in a gain, subject to post-closing adjustments, of approximately $100 million ($57 million after-tax) net of a $31 million write-off of goodwill, and is included in other operations and maintenance expense in Dominion s Consolidated Statements of Income. The sale of the electric retail energy marketing business did not qualify for discontinued operations classification.

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Virginia Power

Acquisition of Solar Project

In September 2015, Virginia Power entered into an agreement to acquire 100% of a solar development project in North Carolina from Morgans Corner for approximately $47 million. The acquisition is expected to close in the fourth quarter of 2015. The project is expected to be placed into service by the end of the first quarter of 2016 and cost approximately $50 million once constructed, including the initial acquisition cost. Upon completion, the facility is expected to generate approximately 20 MW. The output generated by Morgans Corner will be used to meet a ten year non-jurisdictional supply agreement with the U.S. Navy, which has the unilateral option to extend for an additional ten years. In October 2015, the North Carolina Commission granted the transfer of the existing CPCN from Morgans Corner to Virginia Power. The acquired assets will be included in the Virginia Power Generation operating segment.

Dominion Gas

Assignments of Shale Development Rights

In December 2013, DTI closed an agreement with a natural gas producer to convey over time approximately 79,000 acres of Marcellus Shale development rights underneath one of its natural gas storage fields. The agreement provided for payments to DTI, subject to customary adjustments, of up to approximately $200 million over a period of nine years, and an overriding royalty interest in gas produced from the acreage. In 2013 and 2014, DTI received approximately $98 million in cash proceeds. At December 31, 2014, deferred revenue totaled approximately $85 million. In March 2015, DTI and the natural gas producer closed on an amendment to the agreement, which included the immediate conveyance of approximately 9,000 acres of Marcellus Shale development rights and a two year extension of the term of the original agreement. The conveyance of development rights resulted in the recognition of $43 million ($27 million after-tax) of previously deferred revenue to operations and maintenance expense in Dominion Gas Consolidated Statements of Income. At September 30, 2015, deferred revenue totaled approximately $38 million, which is expected to be recognized over the remaining term of the agreement.

In March 2015, DTI conveyed to a natural gas producer approximately 11,000 acres of Marcellus Shale development rights underneath one of its natural gas storage fields and received proceeds of approximately $27 million and an overriding royalty interest in gas produced from the acreage. This transaction resulted in a $27 million ($16 million after-tax) gain, included in other operations and maintenance expense in Dominion Gas Consolidated Statements of Income.

In September 2015, DTI closed on an agreement with a natural gas producer to convey approximately 16,000 acres of Utica and Point Pleasant Shale development rights underneath one of its natural gas storage fields. The agreement provided for a payment to DTI, subject to customary adjustments, of approximately $52 million and an overriding royalty interest in gas produced from the acreage. In September 2015, DTI received proceeds of $52 million associated with the conveyance of the acreage, resulting in a $52 million ($29 million after-tax) gain, included in other operations and maintenance expense in Dominion Gas Consolidated Statements of Income.

Dominion and Dominion Gas

Blue Racer

See Note 10 for a discussion of transactions related to Blue Racer.

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Note 4. Operating Revenue

The Companies operating revenue consists of the following:

(millions)	Three Months Ended September 30, **2015**	2014	Nine Months Ended September 30, **2015**	2014
Dominion				
Electric sales:				
Regulated	**$ 2,020**	$ 2,026	**$ 5,911**	$ 5,674
Nonregulated	**388**	353	**1,145**	1,527
Gas sales:				
Regulated	**21**	25	**168**	242
Nonregulated	**66**	187	**361**	532
Gas transportation and storage	**365**	343	**1,221**	1,138
Other	**111**	116	**321**	380
Total operating revenue	**$ 2,971**	$ 3,050	**$ 9,127**	$ 9,493
Virginia Power				
Regulated electric sales	**$ 2,020**	$ 2,026	**$ 5,911**	$ 5,674
Other	**38**	27	**97**	91
Total operating revenue	**$ 2,058**	$ 2,053	**$ 6,008**	$ 5,765
Dominion Gas				
Gas sales:				
Regulated	**$ 9**	$ 15	**$ 87**	$ 152
Nonregulated	**1**	3	**5**	16
Gas transportation and storage	**302**	296	**1,035**	996
NGL revenue	**20**	54	**71**	155
Other	**33**	23	**93**	69
Total operating revenue	**$ 365**	$ 391	**$ 1,291**	$ 1,388

Note 5. Income Taxes

For continuing operations, including noncontrolling interests, the statutory U.S. federal income tax rate reconciles to the Companies effective income tax rate as follows:

Nine Months Ended September 30,	Dominion **2015**	2014	Virginia Power **2015**	2014	Dominion Gas **2015**	2014

U.S. statutory rate	**35.0%**	35.0%	**35.0%**	35.0%	**35.0%**	35.0%
Increases (reductions) resulting from:						
State taxes, net of federal benefit	**4.0**	2.7	**4.2**	3.9	**4.1**	3.7
Investment tax credits	**(3.5)**	(6.0)				
Production tax credits	**(0.8)**	(1.1)	**(0.5)**	(0.6)		
Other, net	**(0.9)**	0.1	**(0.2)**	0.8	**0.4**	0.1
Effective tax rate	**33.8%**	30.7%	**38.5%**	39.1%	**39.5%**	38.8%

As of September 30, 2015, there have been no material changes in the Companies unrecognized tax benefits or possible changes that could reasonably be expected to occur during the next twelve months. See Note 5 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014 for a discussion of these unrecognized tax benefits.

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Note 6. Earnings Per Share

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

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
(millions, except EPS)				
Net income attributable to Dominion	**$ 593**	$ 529	**$ 1,542**	$ 1,067
Average shares of common stock outstanding Basic	**594.6**	583.1	**591.3**	582.2
Net effect of dilutive securities(1)	**0.9**	1.5	**1.4**	1.6
Average shares of common stock outstanding Diluted	**595.5**	584.6	**592.7**	583.8
Earnings Per Common Share Basic	**$ 1.00**	$ 0.91	**$ 2.61**	$ 1.83
Earnings Per Common Share Diluted	**$ 1.00**	$ 0.90	**$ 2.60**	$ 1.83

(1) Dilutive securities consist primarily of the 2013 Equity Units for 2015 and contingently convertible senior notes and the 2013 Equity Units for 2014. See Note 15 in this report and Note 17 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014 for more information.

The 2014 Equity Units are potentially dilutive securities but were excluded from the calculation of diluted EPS for the three and nine months ended September 30, 2015 and 2014, as the dilutive stock price threshold was not met.

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Note 7. Accumulated Other Comprehensive Income

Dominion

The following table presents Dominion s changes in AOCI by component, net of tax:

(millions)	Deferred gains and losses on derivatives-hedging activities	Unrealized gains and losses on investment securities	Unrecognized pension and other postretirement benefit costs	Other comprehensive income (loss) from equity method investee	Total
Three Months Ended September 30, 2015					
Beginning balance	**$ (146)**	**$ 519**	**$ (754)**	**$ (5)**	**$ (386)**
Other comprehensive income before reclassifications: gains (losses)	**(7)**	**(59)**	**(9)**	**1**	**(74)**
Amounts reclassified from AOCI[1]: (gains) losses	**(53)**	**(2)**	**14**		**(41)**
Net current-period other comprehensive income (loss)	**(60)**	**(61)**	**5**	**1**	**(115)**
Ending balance	**$ (206)**	**$ 458**	**$ (749)**	**$ (4)**	**$ (501)**
Three Months Ended September 30, 2014					
Beginning balance	$ (353)	$ 534	$ (493)	$ (5)	$ (317)
Other comprehensive income before reclassifications: gains (losses)	(58)	2			(56)
Amounts reclassified from AOCI[1]: (gains) losses	(31)	(21)	8		(44)
Net current-period other comprehensive income (loss)	(89)	(19)	8		(100)
Ending balance	$ (442)	$ 515	$ (485)	$ (5)	$ (417)
Nine Months Ended September 30, 2015					
Beginning balance	**$ (178)**	**$ 548**	**$ (782)**	**$ (4)**	**$ (416)**
Other comprehensive income before reclassifications: gains (losses)	**25**	**(55)**	**(6)**		**(36)**
	(53)	**(35)**	**39**		**(49)**

Amounts reclassified from AOCI[1]: (gains) losses					
Net current-period other comprehensive income (loss)	**(28)**	**(90)**	**33**		**(85)**
Ending balance	**$ (206)**	**$ 458**	**$ (749)**	**$ (4)**	**$ (501)**
Nine Months Ended September 30, 2014					
Beginning balance	$ (288)	$ 474	$ (510)	$	$ (324)
Other comprehensive income before reclassifications: gains (losses)	(267)	80		(5)	(192)
Amounts reclassified from AOCI[1]: (gains) losses	113	(39)	25		99
Net current-period other comprehensive income (loss)	(154)	41	25	(5)	(93)
Ending balance	$ (442)	$ 515	$ (485)	$ (5)	$ (417)

(1) See table below for details about these reclassifications.

The following table presents Dominion s reclassifications out of AOCI by component:

Details about AOCI components	Amounts reclassified from AOCI	Affected line item in the Consolidated Statements of Income
(millions)		
Three Months Ended September 30, 2015		
Deferred (gains) and losses on derivatives-hedging activities:		
Commodity contracts	**$ (87)**	Operating revenue
	2	Purchased gas
Interest rate contracts	**2**	Interest and related charges
	(83)	
Tax	**30**	Income tax expense
	$ (53)	

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Unrealized (gains) and losses on investment securities:		
Realized (gain) loss on sale of securities	**$ (18)**	Other income
Impairment	**16**	Other income
	(2)	
Tax		Income tax expense
	$ (2)	
Unrecognized pension and other postretirement benefit costs:		
Prior service (credit) costs	**$ (3)**	Other operations and maintenance
Actuarial (gains) losses	**24**	Other operations and maintenance
	21	
Tax	**(7)**	Income tax expense
	$ 14	
Three Months Ended September 30, 2014		
Deferred (gains) and losses on derivatives-hedging activities:		
Commodity contracts	$ (66)	Operating revenue
	3	Purchased gas
	5	Electric fuel and other energy-related purchases
Interest rate contracts	5	Interest and related charges
	(53)	
Tax	22	Income tax expense
	$ (31)	
Unrealized (gains) and losses on investment securities:		
Realized (gain) loss on sale of securities	$ (38)	Other income
Impairment	4	Other income
	(34)	
Tax	13	Income tax expense
	$ (21)	

Unrecognized pension and other postretirement benefit costs:		
Prior service (credit) costs	$ (4)	Other operations and maintenance
Actuarial (gains) losses	18	Other operations and maintenance
	14	
Tax	(6)	Income tax expense
	$ 8	
Nine Months Ended September 30, 2015		
Deferred (gains) and losses on derivatives-hedging activities:		
Commodity contracts	**$ (103)**	Operating revenue
	9	Purchased gas
Interest rate contracts	**7**	Interest and related charges
	(87)	
Tax	**34**	Income tax expense
	$ (53)	
Unrealized (gains) and losses on investment securities:		
Realized (gain) loss on sale of securities	**$ (82)**	Other income

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Impairment	**27**	Other income
	(55)	
Tax	**20**	Income tax expense
	$ (35)	
Unrecognized pension and other postretirement benefit costs:		
Prior service (credit) costs	**$ (9)**	Other operations and maintenance
Actuarial (gains) losses	**73**	Other operations and maintenance
	64	
Tax	**(25)**	Income tax expense
	$ 39	
Nine Months Ended September 30, 2014		
Deferred (gains) and losses on derivatives-hedging activities:		
Commodity contracts	$ 175	Operating revenue
	7	Purchased gas
	(8)	Electric fuel and other energy-related purchases
Interest rate contracts	11	Interest and related charges
	185	
Tax	(72)	Income tax expense
	$ 113	
Unrealized (gains) and losses on investment securities:		
Realized (gain) loss on sale of securities	$ (71)	Other income
Impairment	8	Other income
	(63)	
Tax	24	Income tax expense
	$ (39)	
Unrecognized pension and other postretirement benefit costs:		
Prior service (credit) costs	$ (9)	Other operations and maintenance
Actuarial (gains) losses	52	Other operations and maintenance

	43	
Tax	(18)	Income tax expense
	$ 25	

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Dominion Gas

The following table presents Dominion Gas changes in AOCI by component, net of tax:

(millions)	Deferred gains and losses on derivatives-hedging activities	Unrecognized pension and other postretirement benefit costs	Total
Three Months Ended September 30, 2015			
Beginning balance	**$ (22)**	**$ (64)**	**$ (86)**
Other comprehensive income before reclassifications: gains (losses)	**3**		**3**
Amounts reclassified from AOCI[1]: (gains) losses	**(2)**	**1**	**(1)**
Net current-period other comprehensive income	**1**	**1**	**2**
Ending balance	**$ (21)**	**$ (63)**	**$ (84)**
Three Months Ended September 30, 2014			
Beginning balance	$ (16)	$ (59)	$ (75)
Other comprehensive income before reclassifications: gains (losses)	(7)		(7)
Amounts reclassified from AOCI[1]: (gains) losses	4	1	5
Net current-period other comprehensive income (loss)	(3)	1	(2)
Ending balance	$ (19)	$ (58)	$ (77)
Nine Months Ended September 30, 2015			
Beginning balance	**$ (20)**	**$ (66)**	**$ (86)**
Other comprehensive income before reclassifications: gains (losses)	**2**		**2**
Amounts reclassified from AOCI[1]: (gains) losses	**(3)**	**3**	
Net current-period other comprehensive income (loss)	**(1)**	**3**	**2**
Ending balance	**$ (21)**	**$ (63)**	**$ (84)**

Nine Months Ended September 30, 2014			
Beginning balance	$ 3	$ (61)	$ (58)
Other comprehensive income before reclassifications: gains (losses)	(33)		(33)
Amounts reclassified from AOCI[1]: (gains) losses	11	3	14
Net current-period other comprehensive income (loss)	(22)	3	(19)
Ending balance	$ (19)	$ (58)	$ (77)

(1) See table below for details about these reclassifications.

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The following table presents Dominion Gas reclassifications out of AOCI by component:

Details about AOCI components	**Amounts reclassified from AOCI**	**Affected line item in the Consolidated Statements of Income**
(millions)		
Three Months Ended September 30, 2015		
Deferred (gains) and losses on derivatives-hedging activities:		
Commodity contracts	**$ (3)**	Operating revenue
	(3)	
Tax	**1**	Income tax expense
	$ (2)	
Unrecognized pension and other postretirement benefit costs:		
Actuarial (gains) losses	**$ 2**	Other operations and maintenance
	2	
Tax	**(1)**	Income tax expense
	$ 1	
Three Months Ended September 30, 2014		
Deferred (gains) and losses on derivatives-hedging activities:		
Commodity contracts	$ 1	Operating revenue
	5	Purchased gas
	6	
Tax	(2)	Income tax expense
	$ 4	
Unrecognized pension and other postretirement benefit costs:		
Actuarial (gains) losses	$ 2	Other operations and maintenance
	2	
Tax	(1)	Income tax expense
	$ 1	

Nine Months Ended September 30, 2015			
Deferred (gains) and losses on derivatives-hedging activities:			
Commodity contracts	**$**	**(4)**	Operating revenue
		(4)	
Tax		**1**	Income tax expense
	$	**(3)**	
Unrecognized pension and other postretirement benefit costs:			
Actuarial (gains) losses	**$**	**6**	Other operations and maintenance
		6	
Tax		**(3)**	Income tax expense
	$	**3**	
Nine Months Ended September 30, 2014			
Deferred (gains) and losses on derivatives-hedging activities:			
Commodity contracts	$	8	Operating revenue
		10	Purchased gas
		18	
Tax		(7)	Income tax expense
	$	11	
Unrecognized pension and other postretirement benefit costs:			
Actuarial (gains) losses	$	5	Other operations and maintenance
		5	
Tax		(2)	Income tax expense
	$	3	

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Note 8. Fair Value Measurements

The Companies fair value measurements are made in accordance with the policies discussed in Note 6 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014. See Note 9 in this report for further information about the Companies derivatives and hedge accounting activities.

The Companies enter into certain physical and financial forwards, futures, options and swaps, which are considered Level 3 as they have one or more inputs that are not observable and are significant to the valuation. The discounted cash flow method is used to value Level 3 physical and financial forwards and futures contracts. An option model is used to value Level 3 physical and financial options. The discounted cash flow model for forwards and futures calculates mark-to-market valuations based on forward market prices, original transaction prices, volumes, risk-free rate of return, and credit spreads. The option model calculates mark-to-market valuations using variations of the Black-Scholes option model. The inputs into the models are the forward market prices, implied price volatilities, risk-free rate of return, the option expiration dates, the option strike prices, the original sales prices, and volumes. For Level 3 fair value measurements, forward market prices, credit spreads and implied price volatilities are considered unobservable. The unobservable inputs are developed and substantiated using historical information, available market data, third-party data, and statistical analysis. Periodically, inputs to valuation models are reviewed and revised as needed, based on historical information, updated market data, market liquidity and relationships, and changes in third-party pricing sources.

The following table presents Dominion s quantitative information about Level 3 fair value measurements at September 30, 2015. The range and weighted average are presented in dollars for market price inputs and percentages for credit spreads and price volatility.

	Fair Value (millions)	Valuation Techniques	Unobservable Input	Range	Weighted Average(1)
Assets:					
Physical and Financial Forwards and Futures:					
Natural Gas(2)	$ 99	Discounted Cash Flow	Market Price (per Dth) (4)	(2) - 4	(1)
			Credit spread (5)	1% - 6%	3%
Liquids(3)	5	Discounted Cash Flow	Market Price (per Gal) (4)	0 - 2	1
Electric	4	Discounted Cash Flow	Market Price (per MWh) (4)	26 - 47	45
FTRs	23	Discounted Cash Flow	Market Price (per MWh) (4)	(3) - 12	2
Physical and Financial Options:					
Natural Gas	6	Option Model	Market Price (per Dth) (4)	2 - 6	4
			Price Volatility (6)	23% - 75%	44%
Total assets	$ 137				
Liabilities:					
Physical and Financial Forwards and Futures:					
Natural Gas(2)	$ 10	Discounted Cash Flow	Market Price (per Dth) (4)	(2) - 4	1

FTRs	2	Discounted Cash Flow	Market Price (per MWh) (4)	(12) - 12	1
Physical and Financial Options:					
Natural Gas	2	Option Model	Market Price (per Dth) (4)	2 - 4	3
			Price Volatility (6)	23% - 50%	34%
Total liabilities	$ 14				

(1) Averages weighted by volume.
(2) Includes basis.
(3) Includes NGLs and oil.
(4) Represents market prices beyond defined terms for Levels 1 and 2.
(5) Represents credit spreads unrepresented in published markets.
(6) Represents volatilities unrepresented in published markets.

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Sensitivity of the fair value measurements to changes in the significant unobservable inputs is as follows:

Significant Unobservable Inputs	Position	Change to Input	Impact on Fair Value Measurement
Market Price	Buy	Increase (decrease)	Gain (loss)
Market Price	Sell	Increase (decrease)	Loss (gain)
Price Volatility	Buy	Increase (decrease)	Gain (loss)
Price Volatility	Sell	Increase (decrease)	Loss (gain)
Credit spread	Asset	Increase (decrease)	Loss (gain)

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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:

(millions)	Level 1	Level 2	Level 3	Total
At September 30, 2015				
Assets:				
Derivatives:				
Commodity	**$ 1**	**$ 237**	**$ 137**	**$ 375**
Interest rate		**31**		**31**
Investments[1]:				
Equity securities:				
U.S.:				
Large cap	**2,401**			**2,401**
Other	**5**			**5**
REIT	**59**			**59**
Non-U.S.:				
Large cap	**10**			**10**
Fixed income:				
Corporate debt instruments		**463**		**463**
U.S. Treasury securities and agency debentures	**431**	**184**		**615**
State and municipal		**395**		**395**
Other		**97**		**97**
Cash equivalents and other	**6**	**1**		**7**
Total assets	**$ 2,913**	**$ 1,408**	**$ 137**	**$ 4,458**
Liabilities:				
Derivatives:				
Commodity	**$ 1**	**$ 117**	**$ 14**	**$ 132**
Interest rate		**214**		**214**
Total liabilities	**$ 1**	**$ 331**	**$ 14**	**$ 346**
At December 31, 2014				
Assets:				
Derivatives:				
Commodity	$ 3	$ 567	$ 125	$ 695
Interest rate		24		24
Investments[1]:				
Equity securities:				

U.S.:				
Large cap	2,669			2,669
Other	6			6
Non-U.S.:				
Large cap	12			12
Fixed income:				
Corporate debt instruments		441		441
U.S. Treasury securities and agency debentures	419	190		609
State and municipal		395		395
Other		74		74
Cash equivalents and other	3	10		13
Total assets	$ 3,112	$ 1,701	$ 125	$ 4,938
Liabilities:				
Derivatives:				
Commodity	$ 3	$ 571	$ 18	$ 592
Interest rate		202		202
Total liabilities	$ 3	$ 773	$ 18	$ 794

(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 assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Beginning balance	**$ 71**	$ 3	**$ 107**	$ (16)
Total realized and unrealized gains (losses):				
Included in earnings	**(9)**	(2)	**1**	98
Included in other comprehensive income (loss)	**5**	4	**(7)**	7
Included in regulatory assets/liabilities	**47**	39	**18**	53
Settlements	**10**	5	**1**	(94)
Transfers out of Level 3[1]	**(1)**	(2)	**3**	(1)
Ending balance	**$ 123**	$ 47	**$ 123**	$ 47
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	**$ 1**	$ 1	**$ 1**	$ 2

(1) In March 2015, Dominion changed the classification of certain short term NGL derivatives from Level 3 to Level 2 due to an increase in liquidity in financial forward markets. The transfers out of Level 3 that relate to NGLs for the three and nine months ended September 30, 2015 are $ million and $9 million, respectively.

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

(millions)	Operating revenue	Purchased Gas	Electric fuel and other energy-related purchases	Total
Three Months Ended September 30, 2015				
Total gains (losses) included in earnings	**$**	**$**	**$ (9)**	**$ (9)**
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			**1**	**1**
Three Months Ended September 30, 2014				
Total gains (losses) included in earnings	$ 3	$ (3)	$ (2)	$ (2)
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	(2)		1
Nine Months Ended September 30, 2015				
Total gains (losses) included in earnings	**$ 2**	**$**	**$ (1)**	**$ 1**
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	**1**			**1**
Nine Months Ended September 30, 2014				
Total gains (losses) included in earnings	$ (7)	$ (4)	$ 109	$ 98
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	4	(2)		2

Virginia Power

The following table presents Virginia Power s quantitative information about Level 3 fair value measurements at September 30, 2015. The range and weighted average are presented in dollars for market price inputs and percentages for credit spreads and price volatility.

	Valuation Techniques	Unobservable Input	Range

	Fair Value (millions)				Weighted Average[1]
Assets:					
Physical and Financial Forwards and Futures:					
FTRs	$ 23	Discounted Cash Flow	Market Price (per MWh) [3]	(3) - 12	2
Natural Gas[2]	93	Discounted Cash Flow	Market Price (per Dth) [3]	(2) - 3	(1)
			Credit spread [4]	1% - 6%	3%
Electric	4	Discounted Cash Flow	Market Price (per MWh) [3]	44 - 47	45
Physical and Financial Options:					
Natural Gas	2	Discounted Cash Flow	Market Price (per Dth) [3]	2 - 6	5
			Price Volatility [5]	50% - 75%	66%
Total assets	$ 122				
Liabilities:					
Physical and Financial Forwards and Futures:					
FTRs	$ 2	Discounted Cash Flow	Market Price (per MWh) [3]	(12) - 12	1
Total liabilities	$ 2				

(1) Averages weighted by volume.
(2) Includes basis.
(3) Represents market prices beyond defined terms for Levels 1 and 2.
(4) Represents credit spreads unrepresented in published markets.
(5) Represents volatilities unrepresented in published markets.

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Sensitivity of the fair value measurements to changes in the significant unobservable inputs is as follows:

Significant Unobservable Inputs	Position	Change to Input	Impact on Fair Value Measurement
Market Price	Buy	Increase (decrease)	Gain (loss)
Market Price	Sell	Increase (decrease)	Loss (gain)
Credit spread	Asset	Increase (decrease)	Loss (gain)
Price Volatility	Buy	Increase (decrease)	Gain (loss)
Price Volatility	Sell	Increase (decrease)	Loss (gain)

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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 September 30, 2015				
Assets:				
Derivatives:				
Commodity	**$**	**$ 20**	**$ 122**	**$ 142**
Interest rate		**8**		**8**
Investments[1]:				
Equity securities:				
U.S. large cap	**1,037**			**1,037**
REIT	**59**			**59**
Fixed income:				
Corporate debt instruments		**252**		**252**
U.S. Treasury securities and agency debentures	**164**	**61**		**225**
State and municipal		**199**		**199**
Other		**30**		**30**
Total assets	**$ 1,260**	**$ 570**	**$ 122**	**$ 1,952**
Liabilities:				
Derivatives:				
Commodity	**$**	**$ 4**	**$ 2**	**$ 6**
Interest rate		**67**		**67**
Total liabilities	**$**	**$ 71**	**$ 2**	**$ 73**
At December 31, 2014				
Assets:				
Derivatives:				
Commodity	$	$ 7	$ 106	$ 113
Investments[1]:				
Equity securities:				
U.S. large cap	1,157			1,157
Fixed income:				
Corporate debt instruments		250		250
U.S. Treasury securities and agency debentures	137	61		198
State and municipal		211		211
Other		23		23
Total assets	$ 1,294	$ 552	$ 106	$ 1,952
Liabilities:				
Derivatives:				

Commodity	$	$ 11	$ 4	$ 15
Interest rate		72		72
Total liabilities	$	$ 83	$ 4	$ 87

(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 September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Beginning balance	**$ 73**	$ 7	**$ 102**	$ (7)
Total realized and unrealized gains (losses):				
Included in earnings	**(10)**	(2)	**(1)**	109
Included in regulatory assets/liabilities	**47**	39	**18**	53
Settlements	**10**	2	**1**	(109)
Ending balance	**$ 120**	$ 46	**$ 120**	$ 46

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 nine months ended September 30, 2015 and 2014. There were no unrealized gains or 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 nine months ended September 30, 2015 and 2014.

Dominion Gas

The following table presents Dominion Gas quantitative information about Level 3 fair value measurements at September 30, 2015. The range and weighted average are presented in dollars for market price inputs and percentages for credit spreads.

	Fair Value (millions)	Valuation Techniques	Unobservable Input	Range	Weighted Average[(1)]
Assets:					
Physical and Financial Forwards and Futures:					
NGLs	$ 4	Discounted Cash Flow	Market Price (per Gal) [(2)]	0 - 2	1
Total assets	$ 4				

(1) Averages weighted by volume.
(2) Represents market prices beyond defined terms for Levels 1 and 2.

Sensitivity of the fair value measurements to changes in the significant unobservable inputs is as follows:

Significant Unobservable Inputs	Position	Change to Input	Impact on Fair Value Measurement
Market Price	Buy	Increase (decrease)	Gain (loss)
Market Price	Sell	Increase (decrease)	Loss (gain)

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The following table presents Dominion Gas   assets and liabilities for derivatives 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 September 30, 2015				
Assets:				
Commodity	**$**	**$ 5**	**$ 4**	**$ 9**
Total Assets	**$**	**$ 5**	**$ 4**	**$ 9**
Liabilities:				
Commodity	**$**	**$ 1**	**$**	**$ 1**
Interest rate		**17**		**17**
Total liabilities	**$**	**$ 18**	**$**	**$ 18**
At December 31, 2014				
Assets:				
Commodity	$	$	$ 2	$ 2
Total Assets	$	$	$ 2	$ 2
Liabilities:				
Interest rate	$	$ 9	$	$ 9
Total liabilities	$	$ 9	$	$ 9

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(millions)	**2015**	2014	**2015**	2014
Beginning balance	**$ (1)**	$ (3)	**$ 2**	$ (6)
Total realized and unrealized gains (losses):				
Included in earnings		(1)	**1**	(8)
Included in other comprehensive income (loss)	**5**	5	**(7)**	8
Settlements			**(1)**	7
Transfers out of Level 3[1]			**9**	
Ending balance	**$ 4**	$ 1	**$ 4**	$ 1

(1) In March 2015, Dominion Gas changed the classification of certain short term NGL derivatives from Level 3 to Level 2 due to an increase in liquidity in financial forward markets. The transfers out of Level 3 that relate to NGLs for the three and nine months ended September 30, 2015 are $ million and $9 million, respectively.

The gains and losses included in earnings in the Level 3 fair value category were classified in operating revenue in Dominion Gas Consolidated Statements of Income for the three and nine months ended September 30, 2015 and 2014. There were no unrealized gains or 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 nine months ended September 30, 2015 and 2014.

Fair Value of Financial Instruments

Substantially all of the Companies financial instruments are recorded at fair value, with the exception of the instruments described below, which 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, restricted cash (which is recorded in other current assets), customer and other receivables, short-term debt, affiliated current borrowings, payables to affiliates and accounts payable are representative of fair value because of the short-term nature of these instruments. For the Companies financial instruments that are not recorded at fair value, the carrying amounts and estimated fair values are as follows:

	September 30, 2015		December 31, 2014	
(millions)	**Carrying Amount**	**Estimated Fair Value(1)**	Carrying Amount	Estimated Fair Value(1)
Dominion				
Long-term debt, including securities due within one year(2)(3)	**$ 21,318**	**$ 22,923**	$ 19,723	$ 21,881
Junior subordinated notes(3)	**1,370**	**1,290**	1,374	1,396
Remarketable subordinated notes(3)	**2,085**	**2,214**	2,083	2,362
Virginia Power				
Long-term debt, including securities due within one year(3)	**$ 9,629**	**$ 10,764**	$ 8,937	$ 10,293
Dominion Gas				
Long-term debt(3)	**$ 2,595**	**$ 2,618**	$ 2,594	$ 2,672

(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. All fair value measurements are classified as Level 2. 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) At both September 30, 2015 and December 31, 2014, includes the valuation of certain fair value hedges associated with fixed rate debt of approximately $19 million.
(3) Carrying amount includes amounts which represent the unamortized discount and/or premium.

Note 9. Derivatives and Hedge Accounting Activities

The Companies accounting policies and objectives and strategies for using derivative instruments are discussed in Note 2 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014. See Note 8 in this report for further information about fair value measurements and associated valuation methods for derivatives.

Derivative assets and liabilities are presented gross on the Companies Consolidated Balance Sheets. Dominion s derivative contracts include both over-the-counter transactions and those that are executed on an exchange or other trading platform (exchange contracts) and centrally cleared. Dominion Gas and Virginia Power s derivative contracts consist of over-the-counter transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a counterparty. Exchange contracts utilize a financial intermediary, exchange, or clearinghouse to enter, execute, or clear the transactions. Certain over-the-counter and exchange contracts contain contractual rights of setoff through master netting arrangements, derivative clearing agreements, and contract default provisions. In addition, the contracts are subject to conditional rights of setoff through counterparty nonperformance, insolvency, or other conditions.

In general, most over-the-counter transactions and all exchange contracts are subject to collateral requirements. Types of collateral for over-the-counter and exchange contracts include cash, letters of credit, and in some cases other forms of security, none of which are subject to restrictions. Cash collateral is used in the table below to offset derivative assets and liabilities. Certain accounts receivable and accounts payable recognized on the Companies Consolidated Balance Sheets, as well as letters of credit and other forms of security, all of which are not included in the tables below, are subject to offset under master netting or similar arrangements and would reduce the net exposure.

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Dominion

Balance Sheet Presentation

The tables below present Dominion s derivative asset and liability balances by type of financial instrument, before and after the effects of offsetting:

	September 30, 2015			December 31, 2014		
(millions)	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Consolidated Balance Sheet**	**Net Amounts of Assets Presented in the Consolidated Balance Sheet**	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets Presented in the Consolidated Balance Sheet
Interest rate contracts:						
Over-the-counter	**$ 31**	**$**	**$ 31**	$ 24	$	$ 24
Commodity contracts:						
Over-the-counter	**270**		**270**	382		382
Exchange	**95**		**95**	298		298
Total derivatives, subject to a master netting or similar arrangement	**396**		**396**	704		704
Total derivatives, not subject to a master netting or similar arrangement	**10**		**10**	15		15
Total	**$ 406**	**$**	**$ 406**	$ 719	$	$ 719

	September 30, 2015				December 31, 2014			
		Gross Amounts Not Offset in the Consolidated Balance Sheet				Gross Amounts Not Offset in the Consolidated Balance Sheet		
(millions)	**Net Amounts of Assets Presented in the Consolidated Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amounts**	Net Amounts of Assets Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amounts
Interest rate contracts:								

Over-the-counter	**$ 31**	**$ 29**	**$**	**$ 2**	$ 24	$ 16	$	$ 8
Commodity contracts:								
Over-the-counter	**270**	**16**	**23**	**231**	382	34	34	314
Exchange	**95**	**74**		**21**	298	298		
Total	**$ 396**	**$ 119**	**$ 23**	**$ 254**	$ 704	$ 348	$ 34	$ 322

	September 30, 2015			December 31, 2014		
(millions)	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset in the Consolidated Balance Sheet**	**Net Amounts of Liabilities Presented in the Consolidated Balance Sheet**	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet
Interest rate contracts:						
Over-the-counter	**$ 214**	**$**	**$ 214**	$ 202	$	$ 202
Commodity contracts:						
Over-the-counter	**39**		**39**	87		87
Exchange	**84**		**84**	493		493
Total derivatives, subject to a master netting or similar arrangement	**337**		**337**	782		782
Total derivatives, not subject to a master netting or similar arrangement	**9**		**9**	12		12
Total	**$ 346**	**$**	**$ 346**	$ 794	$	$ 794

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	September 30, 2015				December 31, 2014			
		Gross Amounts Not Offset in the Consolidated Balance Sheet				Gross Amounts Not Offset in the Consolidated Balance Sheet		
(millions)	**Net Amounts of Liabilities Presented in the Consolidated Balance Sheet**	**Financial Instruments**	**Cash Collateral Paid**	**Net Amounts**	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Paid	Net Amounts
Interest rate contracts:								
Over-the-counter	**$ 214**	**$ 29**	**$**	**$ 185**	$ 202	$ 16	$	$ 186
Commodity contracts:								
Over-the-counter	**39**	**16**		**23**	87	34	1	52
Exchange	**84**	**74**	**10**		493	298	195	
Total	**$ 337**	**$ 119**	**$ 10**	**$ 208**	$ 782	$ 348	$ 196	$ 238

Volumes

The following table presents the volume of Dominion s derivative activity as of September 30, 2015. 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 transactions, 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)]	**57**	**14**
Basis	**267**	**605**
Electricity (MWh):		
Fixed price	**13,869,299**	**3,399,889**
FTRs	**49,967,941**	
Capacity (MW)	**12,200**	
Liquids (Gal)[(2)]	**65,772,000**	**18,774,000**
Interest rate	**$ 2,250,000,000**	**$ 3,000,000,000**

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

Ineffectiveness and AOCI

For the three and nine months ended September 30, 2015 and 2014, gains or losses on hedging instruments determined to be ineffective and amounts excluded from the assessment of effectiveness 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.

The following table presents selected information related to gains (losses) on cash flow hedges included in AOCI in Dominion s Consolidated Balance Sheet at September 30, 2015:

(millions)	AOCI After-Tax	Amounts Expected to be Reclassified to Earnings during the next 12 Months After-Tax	Maximum Term
Commodities:			
Gas	$ (8)	$ (7)	25 months
Electricity	67	50	15 months
Other	5	4	18 months
Interest rate	(270)	(9)	387 months
Total	$ (206)	$ 38	

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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.

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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
At September 30, 2015			
ASSETS			
Current Assets			
Commodity	**$ 63**	**$ 169**	**$ 232**
Interest rate	**11**		**11**
Total current derivative assets	**74**	**169**	**243**
Noncurrent Assets			
Commodity	**10**	**133**	**143**
Interest rate	**20**		**20**
Total noncurrent derivative assets(1)	**30**	**133**	**163**
Total derivative assets	**$ 104**	**$ 302**	**$ 406**
LIABILITIES			
Current Liabilities			
Commodity	**$ 20**	**$ 90**	**$ 110**
Interest rate	**144**		**144**
Total current derivative liabilities(2)	**164**	**90**	**254**
Noncurrent Liabilities			
Commodity	**6**	**16**	**22**
Interest Rate	**70**		**70**
Total noncurrent derivative liabilities(3)	**76**	**16**	**92**
Total derivative liabilities	**$ 240**	**$ 106**	**$ 346**
At December 31, 2014			
ASSETS			
Current Assets			
Commodity	$ 281	$ 242	$ 523
Interest rate	13		13

Total current derivative assets		294		242		536
Noncurrent Assets						
Commodity		71		101		172
Interest rate		11				11
Total noncurrent derivative assets(1)		82		101		183
Total derivative assets	$	376	$	343	$	719
LIABILITIES						
Current Liabilities						
Commodity	$	224	$	267	$	491
Interest rate		100				100
Total current derivative liabilities(2)		324		267		591
Noncurrent Liabilities						
Commodity		55		46		101
Interest rate		102				102
Total noncurrent derivative liabilities(3)		157		46		203
Total derivative liabilities	$	481	$	313	$	794

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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	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)
(millions)			
Three Months Ended September 30, 2015			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		**$ 87**	
Purchased gas		**(2)**	
Total commodity	**$ 64**	**$ 85**	**$**
Interest rate(3)	**(71)**	**(2)**	**(69)**
Total	**$ (7)**	**$ 83**	**$ (69)**
Three Months Ended September 30, 2014			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		$ 66	
Purchased gas		(3)	
Electric fuel and other energy-related purchases		(5)	
Total commodity	$ (74)	$ 58	$
Interest rate(3)	(20)	(5)	(7)
Total	$ (94)	$ 53	$ (7)
Nine Months Ended September 30, 2015			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		**$ 103**	
Purchased gas		**(9)**	

Total commodity	**$ 117**	**$ 94**	**$ 3**
Interest rate[3]	**(72)**	**(7)**	**(27)**
Total	**$ 45**	**$ 87**	**$ (24)**
Nine Months Ended September 30, 2014			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Operating revenue		$ (175)	
Purchased gas		(7)	
Electric fuel and other energy-related purchases		8	
Total commodity	$ (291)	$ (174)	$ (1)
Interest rate[3]	(139)	(11)	(38)
Total	$ (430)	$ (185)	$ (39)

(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.

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Derivatives not designated as hedging instruments	Amount of Gain (Loss) Recognized in Income on Derivatives[1] Three Months Ended September 30, 2015	2014	Nine Months Ended September 30, 2015	2014
(millions)				
Derivative Type and Location of Gains (Losses)				
Commodity				
Operating revenue	**$ 2**	$ 35	**$ 20**	$ (327)
Purchased gas	**(3)**	(39)	**(12)**	(33)
Electric fuel and other energy-related purchases	**(4)**		**5**	125
Interest rate[2]	**(1)**		**(1)**	
Total	**$ (6)**	$ (4)	**$ 12**	**$ (235)**

(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.

Virginia Power

Balance Sheet Presentation

The tables below present Virginia Power s derivative asset and liability balances by type of financial instrument, before and after the effects of offsetting:

	September 30, 2015 Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets Presented in the Consolidated Balance Sheet	December 31, 2014 Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets Presented in the Consolidated Balance Sheet
(millions)						
Interest rate contracts:						
Over-the-counter	**$ 8**	**$**	**$ 8**	$	$	$
Commodity contracts:						
Over-the-counter	**120**		**120**	106		106
Total derivatives, subject to a master netting or similar arrangement	**128**		**128**	106		106
Total derivatives, not subject to a master netting or similar	**22**		**22**	7		7

arrangement

Total	**$ 150**	**$**	**$**	**150**	$ 113	$	$ 113

	September 30, 2015				December 31, 2014			
		Gross Amounts Not Offset in the Consolidated Balance Sheet				Gross Amounts Not Offset in the Consolidated Balance Sheet		
(millions)	**Net Amounts of Assets Presented in the Consolidated Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amounts**	Net Amounts of Assets Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amounts
Interest rate contracts:								
Over-the-counter	**$ 8**	**$ 7**	**$**	**$ 1**	$	$	$	$
Commodity contracts:								
Over-the-counter	**120**	**2**		**118**	106	4		102
Total	**$ 128**	**$ 9**	**$**	**$ 119**	$ 106	$ 4	$	$ 102

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(millions)	September 30, 2015 Gross Amounts of Recognized Liabilities	September 30, 2015 Gross Amounts Offset in the Consolidated Balance Sheet	September 30, 2015 Net Amounts of Liabilities Presented in the Consolidated Balance Sheet	December 31, 2014 Gross Amounts of Recognized Liabilities	December 31, 2014 Gross Amounts Offset in the Consolidated Balance Sheet	December 31, 2014 Net Amounts of Liabilities Presented in the Consolidated Balance Sheet
Interest rate contracts:						
Over-the-counter	**$ 67**	**$**	**$ 67**	$ 72	$	$ 72
Commodity contracts:						
Over-the-counter	**2**		**2**	8		8
Total derivatives, subject to a master netting or similar arrangement	**69**		**69**	80		80
Total derivatives, not subject to a master netting or similar arrangement	**4**		**4**	7		7
Total	**$ 73**	**$**	**$ 73**	$ 87	$	$ 87

	September 30, 2015	Gross Amounts Not Offset in the Consolidated Balance Sheet			December 31, 2014	Gross Amounts Not Offset in the Consolidated Balance Sheet		
(millions)	**Net Amounts of Liabilities Presented in the Consolidated Balance Sheet**	**Financial Instruments**	**Cash Collateral Paid**	**Net Amounts**	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Paid	Net Amounts
Interest rate contracts:								
Over-the-counter	**$ 67**	**$ 7**	**$**	**$ 60**	$ 72	$	$	$ 72
Commodity contracts:								
Over-the-counter	**2**	**2**			8	4		4
Total	**$ 69**	**$ 9**	**$**	**$ 60**	$ 80	$ 4	$	$ 76

Volumes

The following table presents the volume of Virginia Power s derivative activity as of September 30, 2015. 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 transactions, 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)]	**12**	
Basis	**130**	**539**
Electricity (MWh):		
FTRs	**49,069,990**	
Capacity (MW)	**12,200**	
Interest rate	**$ 450,000,000**	**$ 750,000,000**

(1) Includes options.

Ineffectiveness

For the three and nine months ended September 30, 2015 and 2014, gains or losses on hedging instruments determined to be ineffective were not material.

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Fair Value and Gains and Losses on Derivative Instruments

The following table presents the fair values of Virginia Power 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	
At September 30, 2015						
ASSETS						
Current Assets						
Commodity	**$**		**$**	**40**	**$**	**40**
Total current derivative assets(1)				**40**		**40**
Noncurrent Assets						
Commodity				**102**		**102**
Interest rate		**8**				**8**
Total noncurrent derivative assets(2)		**8**		**102**		**110**
Total derivative assets	**$**	**8**	**$**	**142**	**$**	**150**
LIABILITIES						
Current Liabilities						
Commodity	**$**		**$**	**6**	**$**	**6**
Interest rate		**39**				**39**
Total current derivative liabilities(3)		**39**		**6**		**45**
Noncurrent Liabilities						
Interest rate		**28**				**28**
Total noncurrent derivatives liabilities (4)		**28**				**28**
Total derivative liabilities	**$**	**67**	**$**	**6**	**$**	**73**
At December 31, 2014						
ASSETS						
Current Assets						
Commodity	$		$	51	$	51

Total current derivative assets[1]		51	51
Noncurrent Assets			
Commodity		62	62
Total noncurrent derivative assets[2]		62	62
Total derivative assets	$	$ 113	$ 113
LIABILITIES			
Current Liabilities			
Commodity	$ 3	$ 12	$ 15
Interest rate	45		45
Total current derivative liabilities[3]	48	12	60
Noncurrent Liabilities			
Interest rate	27		27
Total noncurrent derivative liabilities[4]	27		27
Total derivative liabilities	$ 75	$ 12	$ 87

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

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The following tables present the gains and losses on Virginia Power 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	**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]**
(millions)			
Three Months Ended September 30, 2015			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Electric fuel and other energy-related purchases		$	
Total commodity	**$**	**$**	**$**
Interest rate[3]	**(9)**		**(69)**
Total	**$ (9)**	**$**	**$ (69)**
Three Months Ended September 30, 2014			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Electric fuel and other energy-related purchases		$ (1)	
Total commodity	$ (1)	$ (1)	$
Interest rate[3]			(7)
Total	$ (1)	$ (1)	$ (7)
Nine Months Ended September 30, 2015			
Derivative Type and Location of Gains (Losses)			
Commodity:			
Electric fuel and other energy-related purchases		**$ (1)**	
Total commodity	**$**	**$ (1)**	**$ 3**
Interest rate[3]	**(4)**		**(27)**
Total	**$ (4)**	**$ (1)**	**$ (24)**
Nine Months Ended September 30, 2014			
Derivative Type and Location of Gains (Losses)			

Commodity:			
Electric fuel and other energy-related purchases		$ 5	
Total commodity	$ 5	$ 5	$ (1)
Interest rate[3]	(5)		(38)
Total	$	$ 5	$ (39)

(1) Amounts deferred into AOCI have no associated effect in Virginia Power 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 Virginia Power s Consolidated Statements of Income.
(3) Amounts recorded in Virginia Power s Consolidated Statements of Income are classified in interest and related charges.

Derivatives not designated as hedging instruments	**Amount of Gain (Loss) Recognized in Income on Derivatives[1]**			
	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2015	2014	**2015**	2014
(millions)				
Derivative Type and Location of Gains (Losses)				
Commodity[2]	**$ (6)**	$ (3)	**$ 6**	$ 108
Total	**$ (6)**	$ (3)	**$ 6**	$ 108

(1) Includes derivative activity amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in Virginia Power s Consolidated Statements of Income.
(2) Amounts recorded in Virginia Power s Consolidated Statements of Income are classified in electric fuel and other energy-related purchases.

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Dominion Gas

Balance Sheet Presentation

The tables below present Dominion Gas derivative asset and liability balances by type of financial instrument, before and after the effects of offsetting.

	September 30, 2015			December 31, 2014		
(millions)	**Gross Amounts of Recognized Assets**	**Gross Amounts Offset in the Consolidated Balance Sheet**	**Net Amounts of Assets Presented in the Consolidated Balance Sheet**	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets Presented in the Consolidated Balance Sheet
Commodity contracts:						
Over-the-counter	**$ 9**	**$**	**$ 9**	$ 2	$	$ 2
Total derivatives, subject to a master netting or similar arrangement	**$ 9**	**$**	**$ 9**	$ 2	$	$ 2

	September 30, 2015				December 31, 2014			
		Gross Amounts Not Offset in the Consolidated Balance Sheet				Gross Amounts Not Offset in the Consolidated Balance Sheet		
(millions)	**Net Amounts of Assets Presented in the Consolidated Balance Sheet**	**Financial Instruments**	**Cash Collateral Received**	**Net Amounts**	Net Amounts of Assets Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Received	Net Amounts
Commodity contracts:								
Over-the-counter	**$ 9**	**$ 1**	**$**	**$ 8**	$ 2	$	$	$ 2
Total	**$ 9**	**$ 1**	**$**	**$ 8**	$ 2	$	$	$ 2

	September 30, 2015	December 31, 2014

(millions)	**Gross Amounts of Recognized Liabilities**	**Gross Amounts Offset in the Consolidated Balance Sheet**	**Net Amounts of Liabilities Presented in the Consolidated Balance Sheet**	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet
Interest rate contracts:						
Over-the-counter	**$ 17**	**$**	**$ 17**	$ 9	$	$ 9
Commodity contracts:						
Over-the-counter	**1**		**1**			
Total derivatives, subject to a master netting or similar arrangement	**$ 18**	**$**	**$ 18**	$ 9	$	$ 9

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	September 30, 2015				December 31, 2014			
		Gross Amounts Not Offset in the Consolidated Balance Sheet				Gross Amounts Not Offset in the Consolidated Balance Sheet		
(millions)	**Net Amounts of Liabilities Presented in the Consolidated Balance Sheet**	**Financial Instruments**	**Cash Collateral Paid**	**Net Amounts**	Net Amounts of Liabilities Presented in the Consolidated Balance Sheet	Financial Instruments	Cash Collateral Paid	Net Amounts
Interest rate contracts:								
Over-the-counter	**$ 17**	**$**	**$**	**$ 17**	$ 9	$	$	$ 9
Commodity contracts:								
Over-the-counter	**1**	**1**						
Total	**$ 18**	**$ 1**	**$**	**$ 17**	$ 9	$	$	$ 9

Volumes

The following table presents the volume of Dominion Gas derivative activity as of September 30, 2015. 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 transactions, for which they represent the absolute value of the net volume of their long and short positions.

	Current	**Noncurrent**
Natural Gas (bcf):		
Fixed price	**3**	
Basis	**3**	
NGLs (Gal)	**64,302,000**	**16,758,000**
Interest rate	**$**	**$ 250,000,000**

Ineffectiveness and AOCI

For the three and nine months ended September 30, 2015 and 2014, gains or losses on hedging instruments determined to be ineffective were not material.

The following table presents selected information related to losses on cash flow hedges included in AOCI in Dominion Gas Consolidated Balance Sheet at September 30, 2015:

	AOCI After-Tax	**Amounts Expected to be Reclassified to**	**Maximum Term**

(millions)				Earnings during the next 12 Months After-Tax	
Commodities:					
NGLs	$	5	$	4	18 months
Interest rate		(26)		(1)	351 months
Total	$	(21)	$	3	

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.

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Fair Value and Gains and Losses on Derivative Instruments

The following tables present the fair values of Dominion Gas commodity and interest rate 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
At September 30, 2015			
ASSETS			
Current Assets			
Commodity	**$ 6**	**$ 1**	**$ 7**
Total current derivative assets[1]	**6**	**1**	**7**
Noncurrent Assets			
Commodity	**2**		**2**
Total noncurrent derivative assets[2]	**2**		**2**
Total derivative assets	**$ 8**	**$ 1**	**$ 9**
LIABILITIES			
Current Liabilities			
Commodity	**$**	**$ 1**	**$ 1**
Total current derivative liabilities[3]		**1**	**1**
Noncurrent Liabilities			
Interest rate	**17**		**17**
Total noncurrent derivative liabilities[4]	**17**		**17**
Total derivative liabilities	**$ 17**	**$ 1**	**$ 18**
At December 31, 2014			
ASSETS			
Current Assets			
Commodity	$ 2	$	$ 2
Total current derivative assets[1]	2		2

Total derivative assets	$	2	$		$	2
LIABILITIES						
Noncurrent Liabilities						
Interest rate	$	9	$		$	9
Total noncurrent derivative liabilities(4)		9				9
Total derivative liabilities	$	9	$		$	9

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

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The following table presents the gains and losses on Dominion Gas 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	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)(1)	Amount of Gain (Loss) Reclassified from AOCI to Income
(millions)		
Three Months Ended September 30, 2015		
Derivative Type and Location of Gains (Losses)		
Commodity		
Operating revenue		**$ 3**
Total commodity	**$ 11**	**$ 3**
Interest rate(2)	**(7)**	
Total	**$ 4**	**$ 3**
Three Months Ended September 30, 2014		
Derivative Type and Location of Gains (Losses)		
Commodity		
Operating revenue		$ (1)
Purchased gas		(5)
Total commodity	$ 3	$ (6)
Interest rate(2)	(14)	
Total	$ (11)	$ (6)
Nine Months Ended September 30, 2015		
Derivative Type and Location of Gains (Losses)		
Commodity		
Operating revenue		**$ 4**
Total commodity	**$ 10**	**$ 4**
Interest rate(2)	**(8)**	
Total	**$ 2**	**$ 4**

Nine Months Ended September 30, 2014				
Derivative Type and Location of Gains (Losses)				
Commodity				
Operating revenue			$	(8)
Purchased gas				(10)
Total commodity	$	1	$	(18)
Interest rate[2]		(56)		
Total	$	(55)	$	(18)

(1) Amounts deferred into AOCI have no associated effect in Dominion Gas Consolidated Statements of Income.
(2) Amounts recorded in Dominion Gas Consolidated Statements of Income are classified in interest and related charges.

Derivatives not designated as hedging instruments	**Amount of Gain (Loss) Recognized in Income on Derivatives**			
	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2015	2014	**2015**	2014
(millions)				
Derivative Type and Location of Gains (Losses)				
Commodity				
Operating revenue	**$ 1**	$	**$ 5**	$
Total	**$ 1**	$	**$ 5**	$

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Note 10. 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 $96 million and $110 million at September 30, 2015 and December 31, 2014, respectively. Cost method investments held in Dominion s rabbi trusts totaled $4 million and $6 million at September 30, 2015 and December 31, 2014, respectively.

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
At September 30, 2015				
Marketable equity securities:				
U.S. large cap	**$ 1,260**	**$ 1,106**	**$**	**$ 2,366**
REIT	**59**			**59**
Marketable debt securities:				
Corporate bonds	**454**	**15**	**(6)**	**463**
U.S. Treasury securities and agency debentures	**602**	**13**	**(3)**	**612**
State and municipal	**338**	**20**	**(1)**	**357**
Other	**95**			**95**
Cost method investments	**72**			**72**
Cash equivalents and other(2)	**9**			**9**
Total	**$ 2,889**	**$ 1,154**	**$ (10)** (3)	**$ 4,033**
At December 31, 2014				
Marketable equity securities:				
U.S. large cap	$ 1,273	$ 1,353	$	$ 2,626
Marketable debt securities:				
Corporate bonds	424	19	(2)	441
U.S. Treasury securities and agency debentures	597	13	(4)	606
State and municipal	332	23		355

Other	66			66
Cost method investments	86			86
Cash equivalents and other[(2)]	16			16
Total	$ 2,794	$ 1,408	$ (6) [(3)]	$ 4,196

(1) Included in AOCI and the nuclear decommissioning trust regulatory liability.
(2) Includes pending sales of securities of $5 million and $3 million at September 30, 2015 and December 31, 2014, respectively.
(3) The fair value of securities in an unrealized loss position was $411 million and $379 million at September 30, 2015 and December 31, 2014, respectively.

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The fair value of Dominion s marketable debt securities held in nuclear decommissioning trust funds at September 30, 2015 by contractual maturity is as follows:

(millions)	Amount
Due in one year or less	**$ 209**
Due after one year through five years	**402**
Due after five years through ten years	**422**
Due after ten years	**494**
Total	**$ 1,527**

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

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(millions)	**2015**	2014	**2015**	2014
Proceeds from sales	**$ 357**	$ 838	**$ 937**	$ 1,524
Realized gains[1]	**65**	57	**165**	120
Realized losses[1]	**40**	7	**69**	20

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

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

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(millions)	**2015**	2014	**2015**	2014
Total other-than-temporary impairment losses [1]	**$ 29**	$ 6	**$ 55**	$ 21
Losses recorded to nuclear decommissioning trust regulatory liability	**(10)**	(1)	**(21)**	(5)
Losses recognized in other comprehensive income (before taxes)	**(3)**	(1)	**(7)**	(3)
Net impairment losses recognized in earnings	**$ 16**	$ 4	**$ 27**	$ 13

(1) Amounts include other-than-temporary impairment losses for debt securities of $3 million and $1 million for the three months ended September 31, 2015 and 2014, respectively, and $7 million and $3 million for the nine months ended September 31, 2015 and 2014, respectively.

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Virginia Power

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
At September 30, 2015				
Marketable equity securities:				
U.S. large cap	**$ 558**	**$ 478**	**$**	**$ 1,036**
REIT	**59**			**59**
Marketable debt securities:				
Corporate bonds	**249**	**7**	**(4)**	**252**
U.S. Treasury securities and agency debentures	**224**	**2**	**(1)**	**225**
State and municipal	**187**	**11**		**198**
Other	**30**			**30**
Cost method investments	**72**			**72**
Cash equivalents and other(2)	**3**			**3**
Total	**$ 1,382**	**$ 498**	**$ (5)** (3)	**$ 1,875**
At December 31, 2014				
Marketable equity securities:				
U.S. large cap	$ 563	$ 594	$	$ 1,157
Marketable debt securities:				
Corporate bonds	242	9	(1)	250
U.S. Treasury securities and agency debentures	197	3	(2)	198
State and municipal	197	13		210
Other	23			23
Cost method investments	86			86
Cash equivalents and other(2)	6			6
Total	$ 1,314	$ 619	$ (3) (3)	$ 1,930

(1) Included in AOCI and the nuclear decommissioning trust regulatory liability.
(2) Includes pending sales of securities of $3 million at September 30, 2015 and $6 million at December 31, 2014.
(3) The fair value of securities in an unrealized loss position was $209 million and $170 million at September 30, 2015 and December 31, 2014, respectively.

The fair value of Virginia Power s marketable debt securities held in nuclear decommissioning trust funds at September 30, 2015 by contractual maturity is as follows:

(millions)	Amount
Due in one year or less	**$ 63**
Due after one year through five years	**181**
Due after five years through ten years	**236**
Due after ten years	**225**
Total	**$ 705**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	**2015**	2014
(millions)				
Proceeds from sales	**$ 198**	$ 116	**$ 407**	$ 415
Realized gains[(1)]	**45**	22	**82**	51
Realized losses[(1)]	**18**	2	**33**	8

(1) Includes realized gains and losses recorded to the nuclear decommissioning trust regulatory liability.
Other-than-temporary impairment losses on investments held in nuclear decommissioning trust funds for Virginia Power were not material for the three and nine months ended September 30, 2015 and 2014.

Equity Method Investments

Dominion and Dominion Gas

Iroquois

At September 30, 2015, Dominion Midstream used the equity method to account for its 25.93% noncontrolling partnership interest in Iroquois. At September 30, 2015, the carrying amount of Dominion Midstream s investment of $216 million exceeded its share of underlying equity in net assets by approximately $122 million. The difference reflects equity method goodwill and is not being amortized.

Dominion Gas equity earnings on its 24.72% non-controlling partnership interest totaled $17 million for both the nine months ended September 30, 2015 and 2014. Dominion Gas received distributions from this investment of $26 million and $10 million for the nine months ended September 30, 2015 and 2014, respectively. At September 30, 2015 and December 31, 2014, the carrying amount of Dominion Gas investment of $98 million and $107 million, respectively, exceeded its share of underlying equity in net assets by approximately $8 million at both dates. The difference reflects equity method goodwill and is not being amortized.

Blue Racer

In December 2012, Dominion formed Blue Racer with Caiman to provide midstream services to natural gas producers operating in the Utica Shale region in Ohio and portions of Pennsylvania. Blue Racer is an equal partnership between Dominion and Caiman, with Dominion contributing midstream assets and Caiman contributing private equity capital.

Dominion NGL Pipelines, LLC was contributed in January 2014 by Dominion to Blue Racer, prior to commencement of service, resulting in an increased equity method investment of $155 million, including $6 million of goodwill allocated from Dominion s goodwill balance to its equity method investment in Blue Racer.

In March 2014, Dominion Gas sold the Northern System to an affiliate, that subsequently sold the Northern System to Blue Racer for consideration of approximately $84 million. Dominion Gas consideration consisted of $17 million in cash proceeds and the extinguishment of affiliated long-term debt of $67 million and Dominion s consideration consisted of cash proceeds of approximately $84 million. The sale resulted in a gain of approximately $59 million ($35 million after-tax for Dominion Gas and $34 million after-tax for Dominion) net of a $3 million write-off of goodwill, and is included in other operations and maintenance expense in both Dominion Gas and Dominion s Consolidated Statements of Income.

Note 11. Regulatory Assets and Liabilities

Regulatory assets and liabilities include the following:

(millions)		**September 30, 2015**		December 31, 2014
Dominion				
Regulatory assets:				
Deferred cost of fuel used in electric generation[1]	**$**	**107**	$	79
Deferred rate adjustment clause costs[2]		**119**		124
Deferred nuclear refueling outage costs[3]		**59**		44

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Unrecovered gas costs[4]	**12**	36
Other	**59**	64
Regulatory assets-current[5]	**356**	347
Unrecognized pension and other postretirement benefit costs[6]	**1,000**	1,050
Deferred rate adjustment clause costs[2]	**227**	250
Income taxes recoverable through future rates[7]	**121**	133
Derivatives[8]	**125**	101
Other	**120**	108
Regulatory assets-non-current	**1,593**	1,642
Total regulatory assets	**$ 1,949**	$ 1,989
Regulatory liabilities:		
PIPP[9]	**$ 52**	$ 71
Other	**63**	99
Regulatory liabilities-current[10]	**115**	170
Provision for future cost of removal and AROs[11]	**1,136**	1,072
Nuclear decommissioning trust[12]	**745**	815
Deferred cost of fuel used in electric generation[1]	**73**	6
Other	**219**	98
Regulatory liabilities-non-current	**2,173**	1,991
Total regulatory liabilities	**$ 2,288**	$ 2,161
Virginia Power		
Regulatory assets:		
Deferred cost of fuel used in electric generation[1]	**$ 107**	$ 79
Deferred nuclear refueling outage costs[3]	**59**	44
Deferred rate adjustment clause costs[2]	**106**	117
Other	**56**	58
Regulatory assets-current	**328**	298
Deferred rate adjustment clause costs[2]	**148**	179
Income taxes recoverable through future rates[7]	**93**	100
Derivatives[8]	**125**	101
Other	**56**	59
Regulatory assets-non-current	**422**	439
Total regulatory assets	**$ 750**	$ 737

Regulatory liabilities:		
Other	**$ 44**	$ 90
Regulatory liabilities-current[10]	**44**	90
Provision for future cost of removal[11]	**886**	852
Nuclear decommissioning trust[12]	**745**	815
Deferred cost of fuel used in electric generation[1]	**73**	6
Other	**118**	10
Regulatory liabilities-non-current	**1,822**	1,683
Total regulatory liabilities	**$ 1,866**	$ 1,773
Dominion Gas		
Regulatory assets:		
Deferred rate adjustment clause costs[2]	**$ 13**	$ 7
Unrecovered gas costs[4]	**10**	29
Other	**1**	2
Regulatory assets-current[5]	**24**	38

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Unrecognized pension and other postretirement benefit costs(6)	**231**	242
Deferred rate adjustment clause costs(2)	**78**	71
Income taxes recoverable through future rates(7)	**19**	24
Other	**59**	42
Regulatory assets-non-current(13)	**387**	379
Total regulatory assets	**$ 411**	$ 417
Regulatory liabilities:		
PIPP(9)	**$ 52**	$ 71
Other	**10**	4
Regulatory liabilities-current(10)	**62**	75
Provision for future cost of removal and AROs(11)	**171**	172
Other	**36**	20
Regulatory liabilities-non-current(14)	**207**	192
Total regulatory liabilities	**$ 269**	$ 267

(1) Primarily reflects deferred fuel expenses for the Virginia jurisdiction of Virginia Power s generation operations. See Note 12 for more information.

(2) Reflects deferrals under the electric transmission FERC formula rate and the deferral of costs associated with certain current and prospective rider projects for Virginia Power. Reflects deferrals of costs associated with certain current and prospective rider projects for Dominion Gas. See Note 12 for more information.

(3) Legislation enacted in Virginia in April 2014 requires Virginia Power to defer operation and maintenance costs incurred in connection with the refueling of any nuclear-powered generating plant. These deferred costs will be amortized over the refueling cycle, not to exceed 18 months.

(4) Reflects unrecovered gas costs at regulated gas operations, which are recovered through filings with the applicable regulatory authority.

(5) Current regulatory assets are presented in other current assets in Dominion s and Dominion Gas Consolidated Balance Sheets.

(6) Represents unrecognized pension and other postretirement employee benefit costs expected to be recovered through future rates generally over the expected remaining service period of plan participants by certain of Dominion s and Dominion Gas rate-regulated subsidiaries.

(7) Amounts to be recovered through future rates to pay income taxes that become payable when rate revenue is provided to recover AFUDC-equity and depreciation of property, plant and equipment for which deferred income taxes were not recognized for ratemaking purposes, including amounts attributable to tax rate changes.

(8) For jurisdictions subject to cost-based rate regulation, changes in the fair value of derivative instruments result in the recognition of regulatory assets or regulatory liabilities as they are expected to be recovered from or passed on to customers based on the ultimate settlement amount of the derivative.

(9) Under PIPP, eligible customers can make reduced payments based on their ability to pay. The difference between the customer s total bill and the PIPP plan amount is deferred and collected or returned annually under the PIPP rate adjustment clause according to East Ohio tariff provisions.

(10) Current regulatory liabilities are presented in other current liabilities in the Companies Consolidated Balance Sheets.

(11) Rates charged to customers by the Companies regulated businesses include a provision for the cost of future activities to remove assets that are expected to be incurred at the time of retirement.

(12) Primarily reflects a regulatory liability representing amounts collected from Virginia jurisdictional customers and placed in external trusts (including income, losses and changes in fair value thereon) for the future decommissioning of Virginia Power s utility nuclear generation stations, in excess of the related AROs.

(13) Noncurrent regulatory assets are presented in other deferred charges and other assets in Dominion Gas Consolidated Balance Sheets.

(14) Noncurrent regulatory liabilities are presented in other deferred credits and other liabilities in Dominion Gas Consolidated Balance Sheets.

At September 30, 2015, approximately $120 million of Dominion s, $91 million of Virginia Power s and $27 million of Dominion Gas regulatory assets represented past expenditures on which they do not currently earn a return. These expenditures are expected to be recovered within the next two years.

Note 12. Regulatory Matters

Regulatory Matters Involving Potential Loss Contingencies

As a result of issues generated in the ordinary course of business, the Companies are involved in various regulatory matters. Certain regulatory matters may ultimately result in a loss; however, as such matters are in an initial procedural phase, involve uncertainty as to the outcome of pending reviews or orders, and/or involve significant factual issues that need to be resolved, it is not possible for the Companies to estimate a range of possible loss. For matters for which the Companies cannot estimate a range of possible loss, a statement to this effect is made in the description of the matter. Other matters may have progressed sufficiently through the regulatory process such that the Companies are able to estimate a range of possible loss. For regulatory matters for which the Companies are able to reasonably estimate a range of possible losses, an estimated range of possible loss is provided, in excess of the accrued liability (if any) for such matters. Any estimated range is based on currently available information, involves elements of judgment and significant uncertainties and may not represent the Companies maximum possible loss exposure. The circumstances of such regulatory matters will change from time to time and actual results may vary significantly from the current estimate. For current matters not specifically reported below, management does not anticipate that the outcome from such matters would have a material effect on the Companies financial position, liquidity or results of operations.

FERC - Electric

Under the Federal Power Act, FERC regulates wholesale sales and transmission of electricity in interstate commerce by public utilities. Dominion s merchant generators sell electricity in the PJM, MISO, CAISO and ISO-NE wholesale markets, and to wholesale purchasers in the states of Tennessee, Georgia and California under Dominion s market-based sales tariffs authorized by FERC. Virginia Power purchases and, under its FERC market-based rate authority, sells electricity in the wholesale market. In addition, Virginia Power has FERC approval of a tariff to sell wholesale power at capped rates based on its embedded cost of generation. This cost-based sales tariff could be used to sell to loads within or outside Virginia Power s service territory. Any such sales would be voluntary.

Rates

In April 2008, FERC granted an application for Virginia Power s electric transmission operations to establish a forward-looking formula rate mechanism that updates transmission rates on an annual basis and approved an ROE of 11.4%, effective as of January 1, 2008. The formula rate is designed to recover the expected revenue requirement for each calendar year and is updated based on actual costs. The FERC-approved formula method, which is based on projected costs, allows Virginia Power to earn a current return on its growing investment in electric transmission infrastructure.

In March 2010, ODEC and NCEMC filed a complaint with FERC against Virginia Power claiming that approximately $223 million in transmission costs related to specific projects were unjust, unreasonable and unduly discriminatory or preferential and should be excluded from Virginia Power s transmission formula rate. In October 2010, FERC issued an order dismissing the complaint in part and established hearings and settlement procedures on the remaining part of the complaint. In February 2012, Virginia Power submitted to FERC a settlement agreement to resolve all issues set for hearing. The settlement was accepted by FERC in May 2012 and provides for payment by Virginia Power to the transmission customer parties collectively of $250,000 per year for ten years and resolves all matters other than allocation of the incremental cost of certain underground transmission facilities.

In March 2014, FERC issued an order excluding from Virginia Power s transmission rates for wholesale transmission customers located outside Virginia the incremental costs of undergrounding certain transmission line projects. FERC found it is not just and reasonable for non-Virginia wholesale transmission customers to be allocated the incremental costs of undergrounding the facilities because the projects are a direct result of Virginia legislation and Virginia Commission pilot programs intended to benefit the citizens of Virginia. The order is retroactively effective as of March 2010 and will cause the reallocation of the costs charged to wholesale transmission customers with loads outside Virginia to wholesale transmission customers with loads in Virginia. FERC determined that there was not sufficient evidence on the record to determine the magnitude of the underground increment and held a hearing to determine the appropriate amount of undergrounding cost to be allocated to each wholesale transmission customer in Virginia. While Virginia Power cannot predict the outcome of the hearing, it is not expected to have a material effect on results of operations.

PJM Transmission Rates

In April 2007, FERC issued an order regarding its transmission rate design for the allocation of costs among PJM transmission customers, including Virginia Power, for transmission service provided by PJM. For new PJM-planned transmission facilities that operate at or above 500 kV, FERC established a PJM regional rate design where customers pay according to each customer s share of the region s load. For recovery of costs of existing facilities, FERC approved the existing methodology whereby a customer pays the cost of facilities located in the same zone as the customer. A number of parties appealed the order to the U.S. Court of Appeals for the Seventh Circuit.

In August 2009, the court issued its decision affirming the FERC order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above for further consideration by FERC. On remand, FERC reaffirmed its earlier decision to allocate the costs of new facilities 500 kV and above according to the customer s share of the region s load. A number of parties filed appeals of the order to the U.S. Court of Appeals for the Seventh Circuit. In June 2014, the court again remanded the cost allocation issue to FERC. In December 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the cost allocation issue. The hearing only concerns the costs of new facilities approved by PJM prior to February 1, 2013. Transmission facilities approved after February 1, 2013 are allocated on a hybrid cost allocation method approved by FERC and not subject to any court review. Settlement discussions are ongoing. Virginia Power anticipates that the majority of the impacts of any rate design changes resulting from the settlement discussions will be recoverable through retail rates in Virginia.

Other Regulatory Matters

Other than the following matters, there have been no significant developments regarding the pending regulatory matters disclosed in Note 13 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014 and Note 12 to the Consolidated Financial Statements in the Companies Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015 and June 30, 2015.

Virginia Regulation

Biennial Review

In connection with its current biennial review of Virginia Power s base rates, terms and conditions, the Virginia Commission is reviewing Virginia Power s earnings on its rates for generation and distribution services for the combined 2013 and 2014 test periods, and determining whether credits are due to customers in the event Virginia Power s earnings exceeded the authorized ROE band of 9.3% to 10.7%. In September 2015, the Virginia Commission conducted an evidentiary hearing related to the biennial review. In its testimony, the Virginia Commission staff proposed making several regulatory adjustments to Virginia Power s earnings. If the Virginia Commission were to accept all of these proposed adjustments, Virginia Power would have earned an ROE of 11.34% during the 2013 and 2014 test years, resulting in a total credit to customers of approximately $65 million. Virginia Power believes that the adjustments proposed by the Virginia Commission staff were improper and inconsistent with prior regulatory precedent. Virginia Power demonstrated that its costs, revenues and investments for the combined test periods resulted in an earned return of 10.13%, which is within the allowed range. Due to the uncertainty surrounding the Virginia Commission s final ruling expected to be issued by the end of November 2015, Virginia Power has not recognized a liability related to the staff s recommendation as of September 30, 2015.

Virginia Fuel Expenses

In August 2015, the Virginia Commission approved Virginia Power s annual fuel factor filing to recover an estimated $1.6 billion in Virginia jurisdictional projected fuel expenses for the rate year beginning July 1, 2015. Virginia Power s new approved fuel rate, in effect on an interim basis since April 1, 2015, represents a fuel revenue decrease of approximately $512 million when applied to projected kilowatt-hour sales for the period April 1, 2015 to June 30, 2016.

Remington Solar Facility

In January 2015, Virginia Power applied for a CPCN to construct and operate a 20 MW utility-scale solar facility near its existing Remington Power Station in Fauquier County, Virginia. Virginia Power also applied for approval of Rider US-1 to recover the costs of the facility. In October 2015, the Virginia Commission denied approval of the CPCN and Rider US-1 based on the evidence in the record but stated that an application could be re-filed to address the concerns cited by the Virginia Commission. Virginia Power is reviewing the order and assessing its options.

Rate Adjustment Clauses

Below is a discussion of significant riders associated with various Virginia Power projects:

The Virginia Commission previously approved Riders C1A and C2A in connection with cost recovery for DSM programs. In August 2015, Virginia Power proposed a total revenue requirement of approximately $50 million for the rate year beginning May 1, 2016. Virginia Power further proposed two new energy efficiency programs for Virginia Commission approval with a requested five-year cost cap of approximately $51 million for those programs, and to extend an existing peak-shaving program for an additional five years under current funding. This case is pending.

The Virginia Commission previously approved Rider BW in conjunction with Brunswick County. In October 2015, Virginia Power proposed an approximately $156 million total revenue requirement for the rate year beginning September 1, 2016, which represents an approximately $45 million increase versus the previous year. This case is pending.

North Anna

Virginia Power is considering the construction of a third nuclear unit at a site located at North Anna. If Virginia Power decides to build a new unit, it must first receive a COL from the NRC, approval of the Virginia Commission and certain environmental permits and other approvals. The COL is expected in 2017. Virginia Power has not yet committed to building a new nuclear unit at North Anna.

The motions and petitions filed by BREDL prior to April 2015 have been dismissed, and under a previous ruling of the NRC, the contested portion of the COL proceeding remains terminated. The NRC is required to conduct a hearing in all COL proceedings, and if a new contention is not admitted, the mandatory NRC hearing will be uncontested.

In April 2015, BREDL filed a new motion and petition seeking to object to the NRC s reliance on the continued storage rule in licensing proceedings. The BREDL filings are substantially the same as those filed in other COL proceedings in which final environmental impact statements were issued prior to promulgation of the continued storage rule, like North Anna 3. In June 2015, the NRC denied the April 2015 motion and petition.

In August 2015, BREDL filed a petition in the U.S. Court of Appeals for the District of Columbia Circuit seeking review of the NRC s June 2015 decision. Along with the petition for judicial review, BREDL also filed a motion to hold this judicial review in abeyance pending the outcome of the ongoing judicial review of the NRC s rule pertaining to the continued onsite storage of spent nuclear fuel in litigation pending before the same court. Similar petitions were filed seeking judicial review of the NRC s decision as it applies to other COL and license renewal proceedings. Virginia Power has filed a motion with the court to intervene in the proceeding. This case is pending.

North Carolina Regulation

In August 2015, Virginia Power submitted its annual filing to the North Carolina Commission to adjust the fuel component of its electric rates. Virginia Power proposed an approximately $11 million decrease to the fuel component of its electric rates for the rate year beginning January 1, 2016. This decrease includes the North Carolina Commission s previous approval to defer recovering 50% of Virginia Power s estimated $17 million jurisdictional deferred fuel balance to the 2016 fuel year, without interest. This case is pending.

FERC - Gas

In August 2015, FERC approved DTI s Clarington Project, which is expected to cost approximately $80 million. The project is expected to provide 250,000 Dths per day of firm transportation service from central West Virginia to Clarington, Ohio. Construction is expected to commence in the fourth quarter of 2015 and to be placed into service in the fourth quarter of 2016.

In October 2015, Cove Point received authorization to construct the approximately $30 million St. Charles Transportation Project and the approximately $40 million Keys Energy Project. Construction on each project is expected to commence in the fourth quarter of 2015. The St. Charles Transportation project is anticipated to be placed into service in June 2016. The Keys Energy Project is anticipated to be placed into service in March 2017.

Note 13. Asset Retirement Obligations

AROs represent obligations that result from laws, statutes, contracts and regulations related to the eventual retirement of certain of the Companies long-lived assets. Dominion s and Virginia Power s AROs are primarily associated with the decommissioning of their nuclear generation facilities and also include those for ash pond closures and the future abatement of asbestos expected to be disturbed in their generation facilities. Dominion Gas AROs primarily include plugging and abandonment of gas and oil wells and the interim retirement of natural gas gathering, transmission, distribution and storage pipeline components.

The Companies have also identified, but not recognized, AROs related to retirement of Dominion s LNG facility, Dominion Gas storage wells in its underground natural gas storage network, certain Virginia Power electric transmission and distribution assets located on property with easements, rights of way, franchises and lease agreements, Virginia Power s hydroelectric generation facilities and the abatement of certain asbestos not expected to be disturbed in Dominion s and Virginia Power s generation facilities. The Companies currently do not have sufficient information to estimate a reasonable range of expected retirement dates for any of these assets since the economic lives of these assets can be extended indefinitely through regular repair and maintenance and they currently have no plans to retire or dispose of any of these assets. As a result, a settlement date is not determinable for these assets and AROs for these assets will not be reflected in the Consolidated Financial Statements until sufficient information becomes available to determine a reasonable estimate of the fair value of the activities to be performed. The Companies continue to monitor operational and strategic developments to identify if sufficient information exists to reasonably estimate a retirement date for these assets. The changes to AROs for Dominion and Virginia Power during 2014 and 2015 are presented below. There were no significant changes to Dominion Gas AROs.

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(millions)	Amount
Dominion	
AROs at December 31, 2013[1]	$ 1,578
Obligations incurred during the period	40
Obligations settled during the period	(82)
Revisions in estimated cash flows[2]	102
Accretion	81
Other	(5)
AROs at December 31, 2014[1]	$ 1,714
Obligations incurred during the period[3]	**307**
Obligations settled during the period	**(72)**
Revisions in estimated cash flows[3]	**35**
Accretion	**69**
Other	**(1)**
AROs at September 30, 2015[1]	**$ 2,052**
Virginia Power	
AROs at December 31, 2013	$ 689
Obligations incurred during the period	28
Obligations settled during the period	(1)
Revisions in estimated cash flows[2]	108
Accretion	37
Other	(6)
AROs at December 31, 2014[4]	$ 855
Obligations incurred during the period[3]	**288**
Obligations settled during the period	**(22)**
Revisions in estimated cash flows[3]	**32**
Accretion	**36**
AROs at September 30, 2015[4]	**$ 1,189**

(1) Includes $94 million, $81 million and $228 million reported in other current liabilities at December 31, 2013, December 31, 2014 and September 30, 2015, respectively.
(2) Relates primarily to a shift of the delayed planned date on which the DOE is expected to begin accepting spent nuclear fuel.
(3) Primarily reflects future ash pond and landfill closure costs at certain utility generation facilities. See Note 16 for further information.
(4) Includes $7 million and $159 million reported in other current liabilities at December 31, 2014 and September 30, 2015, respectively.

Dominion and Virginia Power have established trusts dedicated to funding the future decommissioning of their nuclear plants. At September 30, 2015 and December 31, 2014, the aggregate fair value of Dominion s trusts, consisting primarily of equity and debt securities, totaled $4.0 billion and $4.2 billion, respectively. At September 30, 2015 and December 31, 2014, the aggregate fair value of Virginia Power s trusts, consisting primarily of debt and equity securities, totaled $1.9 billion.

Note 14. Variable Interest Entities

As discussed in Note 15 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014, certain variable pricing terms in some of the Companies contracts cause them to be considered variable interests in the counterparties.

Dominion and Dominion Gas

Iroquois

Dominion Midstream and Dominion Gas own a 25.93% and 24.72% noncontrolling partnership interest in Iroquois, respectively. See Note 3 for further details regarding the nature of this entity. Dominion concluded that Iroquois is a VIE because a non-affiliated Iroquois equity holder has the ability during a limited period of time to transfer its ownership interests to another Iroquois equity holder or its affiliate. At September 30, 2015, Dominion concluded that neither Dominion Midstream nor Dominion Gas is the primary beneficiary of Iroquois as they do not have the power to direct the activities of Iroquois that most significantly impact its economic performance, as the power to direct is shared among multiple unrelated parties. If Iroquois determines capital contributions are required, Dominion Midstream and Dominion Gas each would be obligated to provide the portion of capital contributions based on its ownership percentage. Dominion Midstream s and Dominion Gas maximum exposure to loss is limited to its current and future investment.

Virginia Power

Virginia Power has long-term power and capacity contracts with five 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 $478 million as of September 30, 2015. Virginia Power paid $52 million and $55 million for electric capacity and $17 million and $28 million for electric energy to these entities in the three months ended September 30, 2015 and 2014, respectively. Virginia Power paid $160 million and $166 million for electric capacity and $77 million and $115 million for electric energy to these entities in the nine months ended September 30, 2015 and 2014, respectively.

Virginia Power and Dominion Gas

Virginia Power and Dominion Gas purchased shared services from DRS, an affiliated VIE, of approximately $73 million and $27 million for the three months ended September 30, 2015, $82 million and $27 million for the three months ended September 30, 2014, $239 million and $85 million for the nine months ended September 30, 2015, and $246 million and $78 million for the nine months ended September 30, 2014, respectively. Virginia Power and Dominion Gas determined that each is not the most closely associated entity with DRS and therefore neither is the primary beneficiary. DRS provides accounting, legal, finance and certain administrative and technical services to all Dominion subsidiaries, including Virginia Power and Dominion Gas. Virginia Power and Dominion Gas have no obligation to absorb more than their allocated shares of DRS costs.

Note 15. Significant Financing Transactions

Credit Facilities and Short-term Debt

The Companies 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.

Dominion

At September 30, 2015, Dominion s commercial paper and letters of credit outstanding, as well as its capacity available under credit facilities, were as follows:

(millions)	Facility Limit	Outstanding Commercial Paper	Outstanding Letters of Credit	Facility Capacity Available
Joint revolving credit facility(1)	**$ 4,000**	**$ 2,555**	**$**	**$ 1,445**
Joint revolving credit facility(1)	**500**		**57**	**443**
Total	**$ 4,500**	**$ 2,555**	**$ 57**	**$ 1,888**

(1) These credit facilities mature in April 2019, and can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to a combined $2.0 billion of letters of credit.

Virginia Power

Virginia Power s short-term financing is supported through its access as co-borrower to the two joint revolving credit facilities. These credit facilities can be used for working capital, as support for the combined commercial paper programs of the Companies and for other general corporate purposes.

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At September 30, 2015, Virginia Power s share of commercial paper and letters of credit outstanding under its joint credit facilities with Dominion and Dominion Gas, were as follows:

(millions)	Facility Limit(1)	Outstanding Commercial Paper	Outstanding Letters of Credit
Joint revolving credit facility(1)	$ 4,000	$ 1,362	$
Joint revolving credit facility(1)	500		
Total	$ 4,500	$ 1,362	$

(1) The full amount of the facilities is available to Virginia Power, less any amounts outstanding to co-borrowers Dominion and Dominion Gas. Sub-limits for Virginia Power are set within the facility limit but can be changed at the option of the Companies multiple times per year. At September 30, 2015, the sub-limit for Virginia Power was an aggregate $1.75 billion. If Virginia Power has liquidity needs in excess of its sub-limit, the sub-limit may be changed or such needs may be satisfied through short-term intercompany borrowings from Dominion. These credit facilities mature in April 2019, and can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to $2.0 billion (or the sub-limit, whichever is less) of letters of credit.

In addition to the credit facility commitments mentioned above, Virginia Power also has a $120 million credit facility with a maturity date of April 2019. As of September 30, 2015, this facility supports approximately $119 million of certain variable rate tax-exempt financings of Virginia Power.

Dominion Gas

Dominion Gas short-term financing is supported by its access as co-borrower to the two joint revolving credit facilities. In December 2014, Dominion Gas entered into a commercial paper program pursuant to which it began accessing the commercial paper markets in January 2015.

At September 30, 2015, Dominion Gas share of commercial paper and letters of credit outstanding under its joint credit facilities with Dominion and Virginia Power were as follows:

(millions)	Facility Limit(1)	Outstanding Commercial Paper	Outstanding Letters of Credit
Joint revolving credit facility(1)	$ 1,000	$ 382	$
Joint revolving credit facility(1)	500		
Total	$ 1,500	$ 382	$

(1) A maximum of a combined $1.5 billion of the facilities is available to Dominion Gas, assuming adequate capacity is available after giving effect to uses by co-borrowers Dominion and Virginia Power. Sub-limits for Dominion Gas are set within the facility limit but can be changed at the option of the Companies multiple times per year. At September 30, 2015, the sub-limit for Dominion Gas was an aggregate $500 million. If Dominion Gas has liquidity needs in excess of its sub-limit, the sub-limit may be changed or such needs may be satisfied through short-term intercompany borrowings from Dominion. These credit facilities mature in April 2019, and can be used to support bank borrowings and the issuance of commercial paper, as well as to support up to $1.5 billion (or the sub-limit, whichever is less) of letters of credit.

Long-term Debt

In May 2015, Virginia Power issued $350 million of 3.10% senior notes and $350 million of 4.20% senior notes that mature in 2025, and 2045, respectively.

In June 2015, Dominion issued $500 million of 1.90% senior notes that mature in 2018.

At the option of holders, $510 million of Dominion s 5.25% senior notes due 2033 were subject to redemption at 100% of the principal amount plus accrued interest in August 2015. As a result, at December 31, 2014, the notes were included in securities due within one year in Dominion s Consolidated Balance Sheets. The option to redeem the notes expired in June 2015. As of September 30, 2015, the notes were included in long-term debt in Dominion s Consolidated Balance Sheets.

In August 2015, Virginia Power remarketed five series of tax-exempt bonds, with an aggregate outstanding principal of $412 million to new investors. Two of the bonds will bear interest at a coupon rate of 1.75% for the first four years after which they will bear interest at a market rate to be determined at that time. Three of the bonds will bear interest at a coupon rate of 2.15% for the first five years after which they will bear interest at a market rate to be determined at that time. Previously, interest on all of the remarketed bonds was variable and reset monthly. This remarketing was accounted for as a debt extinguishment with the previous investors.

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In September 2015, Dominion issued $650 million of 3.90% senior notes that mature in 2025.

Issuance of Common Stock

Dominion maintains Dominion Direct® and a number of employee savings plans through which contributions may be invested in Dominion s common stock. These shares may either be newly issued or purchased on the open market with proceeds contributed to these plans. In January 2014, Dominion began purchasing its common stock on the open market for these plans. In April 2014, Dominion began issuing new common shares for these direct stock purchase plans.

In December 2014, Dominion filed an SEC shelf registration for the sale of debt and equity securities including the ability to sell common stock through an at-the-market program. Also in December 2014, Dominion entered into four separate sales agency agreements to effect sales under the program and pursuant to which it may offer from time to time up to $500 million aggregate amount of its common stock. Sales of common stock can be made by means of privately negotiated transactions, as transactions on the NYSE at market prices or in such other transactions as are agreed upon by Dominion and the sales agents and in conformance with applicable securities laws. During the first quarter of 2015, Dominion provided sales instructions to the sales agents and issued 2.9 million shares through at-the-market issuances and received cash proceeds of approximately $219 million, net of fees and commissions paid of approximately $2 million. During the second quarter of 2015, Dominion provided sales instructions to the sales agents and issued 1.1 million shares through at-the-market issuances and received cash proceeds of approximately $78 million, net of fees and commissions paid of approximately $1 million. Following these issuances, Dominion has the ability to issue up to approximately $200 million of stock under the 2014 sales agency agreements. However, Dominion completed its 2015 planned market issuances of equity in May 2015 with the issuance of 2.8 million shares and receipt of proceeds of approximately $202 million through a registered underwritten public offering. Dominion has no current plans to issue to the market any additional shares of its common stock or other equity-linked securities in 2015.

Note 16. Commitments and Contingencies

As a result of issues generated in the ordinary course of business, the Companies are involved in legal proceedings before various courts and are periodically subject to governmental examinations (including by regulatory authorities), inquiries and investigations. Certain legal proceedings and governmental examinations involve demands for unspecified amounts of damages, are in an initial procedural phase, involve uncertainty as to the outcome of pending appeals or motions, or involve significant factual issues that need to be resolved, such that it is not possible for the Companies to estimate a range of possible loss. For such matters for which the Companies cannot estimate a range of possible loss, a statement to this effect is made in the description of the matter. Other matters may have progressed sufficiently through the litigation or investigative processes such that the Companies are able to estimate a range of possible loss. For legal proceedings and governmental examinations for which the Companies are able to reasonably estimate a range of possible losses, an estimated range of possible loss is provided, in excess of the accrued liability (if any) for such matters. Any accrued liability is recorded on a gross basis with a receivable also recorded for any probable insurance recoveries. Estimated ranges of loss are inclusive of legal fees and net of any anticipated insurance recoveries. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the Companies maximum possible loss exposure. The circumstances of such legal proceedings and governmental examinations will change from time to time and actual results may vary significantly from the current estimate. For current proceedings not specifically reported below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial position, liquidity or results of operations of the Companies.

Environmental Matters

The Companies are subject to costs resulting from a number of federal, state and local laws and regulations designed to protect human health and the environment. These laws and regulations affect future planning and existing operations. They can result in increased capital, operating and other costs as a result of compliance, remediation, containment and monitoring obligations.

Air

The CAA, as amended, is a comprehensive program utilizing a broad range of regulatory tools to protect and preserve the nation s air quality. At a minimum, states are required to establish regulatory programs to address all requirements of the CAA. However, states may choose to develop regulatory programs that are more restrictive. Many of the Companies facilities are subject to the CAA s permitting and other requirements.

In December 2011, the EPA issued MATS for coal- and oil-fired electric utility steam generating units. The rule establishes strict emission limits for mercury, particulate matter as a surrogate for toxic metals and hydrogen chloride as a surrogate for acid gases. The rule includes a limited use provision for oil-fired units with annual capacity factors under 8% that provides an exemption from emission limits, and allows compliance with operational work practice standards. Compliance was required by April 16, 2015, with certain limited exceptions. However, in June 2014, the VDEQ granted a one-year MATS compliance extension for two coal-fired units at Yorktown to defer planned retirements and allow for continued operation of the units to address reliability concerns while necessary electric transmission upgrades are being completed. These coal units will need to continue operating until at least April 2017 due to delays in transmission upgrades needed to maintain electric reliability, which based on assumptions about the timing for required agency actions and construction schedules are expected to be completed by no earlier than the second quarter of 2017. Therefore, in October 2015 Virginia Power submitted a request to the EPA for an additional one year compliance extension under an EPA Administrative Order.

In June 2015, the U.S. Supreme Court issued a decision holding that the EPA failed to take cost into account when the agency first decided to regulate the emissions from coal- and oil-fired plants, and remanded the MATS rule back to the D.C. Circuit Court. However, the Supreme Court did not vacate or stay the effective date and implementation of the MATS rule. Therefore, the Supreme Court s decision does not change Dominion s plans to close coal units at Yorktown or the need to complete necessary electricity transmission upgrades by 2017. At this time, Dominion intends to proceed as scheduled, pending further action regarding the MATS rule by the D.C. Circuit Court.

The EPA established CAIR with the intent to require significant reductions in SO_2 and NO_x emissions from electric generating facilities. In July 2008, the U.S. Court of Appeals for the D.C. Circuit issued a ruling vacating CAIR. In December 2008, the Court denied rehearing, but also issued a decision to remand CAIR to the EPA. In July 2011, the EPA issued a replacement rule for CAIR, called CSAPR, that required 28 states to reduce power plant emissions that cross state lines. CSAPR established new SO_2 and NO_x emissions cap and trade programs that were completely independent of the current ARP. Specifically, CSAPR required reductions in SO_2 and NO_x emissions from fossil fuel-fired electric generating units of 25 MW or more through annual NO_x emissions caps, NO_x emissions caps during the ozone season (May 1 through September 30) and annual SO_2 emission caps with differing requirements for two groups of affected states.

Following numerous petitions by industry participants for review and a successful motion for stay, in October 2014, the U.S. Court of Appeals for the D.C. Circuit ordered that the EPA s motion to lift the stay of CSAPR be granted. Further, the Court granted the EPA s request to shift the CSAPR compliance deadlines by three years, so that Phase 1 emissions budgets (which would have gone into effect in 2012 and 2013) will apply in 2015 and 2016, and Phase 2 emissions budgets will apply in 2017 and beyond. CSAPR replaced CAIR beginning in January 2015. The cost to comply is not expected to be material to the Consolidated Financial Statements. Future outcomes of any additional litigation and/or any action to issue a revised rule could affect the assessment regarding cost of compliance.

In October 2015, the EPA issued a final rule tightening the ozone standard from 75 ppb to 70 ppb. The EPA is expected to complete attainment designations for a new standard by December 2017 and states will have until 2020 or 2021 to develop plans to address the new standard. Until the states have developed implementation plans, the Companies are unable to predict whether or to what extent the new rules will ultimately require additional controls. However, if significant expenditures are required to implement additional controls, it could adversely affect the Companies results of operations and cash flows.

In August 2010, the EPA issued revised National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines. The rule was amended in March 2011 and January 2013. The rule establishes emission standards for control of hazardous air pollutants for engines at smaller facilities, known as area sources. As a result of these regulations, Dominion Gas installed emissions controls on several compressor engines. Dominion Gas has spent approximately $2 million to date and is evaluating further expenditures. Dominion Gas is unable to estimate the additional potential impacts on results of operations, financial condition and/or cash flows related to this matter.

In August 2012, the EPA issued the first NSPS impacting the natural gas production and gathering sectors and made revisions to the NSPS for natural gas processing and transmission facilities. These rules establish equipment performance specifications and emissions standards for control of VOC emissions for natural gas production wells, tanks, pneumatic controllers, and compressors in the upstream sector. In September 2015, the EPA issued a proposed NSPS to regulate methane and VOC emissions from transmission and storage, gathering and boosting, production and processing facilities. All projects which commence construction after September 2015 will be required to comply with this regulation. Dominion is evaluating the proposed regulation and cannot currently estimate the potential impacts on results of operations, financial condition and/or cash flows related to this matter.

In January 2015, as part of its Climate Action Plan, the EPA announced plans to reduce methane emissions from the oil and gas sector including natural gas processing and transmission sources. In July 2015, the EPA announced the next generation of its voluntary Natural Gas STAR program, the Natural Gas STAR Methane Challenge Program. The proposed program covers the entire natural gas sector from production to distribution, with more emphasis on transparency and increased reporting for both annual emissions and reductions achieved through implementation measures. Dominion is evaluating the proposed program and cannot currently estimate the potential impacts on results of operations, financial condition and/or cash flows related to this matter.

Water

The CWA, as amended, is a comprehensive program requiring a broad range of regulatory tools including a permit program to authorize and regulate discharges to surface waters with strong enforcement mechanisms. The Companies must comply with applicable aspects of the CWA programs at their operating facilities.

In October 2014, the final regulations under Section 316(b) of the CWA that govern existing facilities and new units at existing facilities that employ a cooling water intake structure and that have flow levels exceeding a minimum threshold became effective. The rule establishes a national standard for impingement based on seven compliance options, but forgoes the creation of a single technology standard for entrainment. Instead, the EPA has delegated entrainment technology decisions to state regulators. State regulators are to make case-by-case entrainment technology determinations after an examination of five mandatory facility-specific factors, including a social cost-benefit test, and six optional facility-specific factors. The rule governs all electric generating stations with water withdrawals above two MGD, with a heightened entrainment analysis for those facilities over 125 MGD. Dominion and Virginia Power have 14 and 11 facilities, respectively, that may be subject to the final regulations. Dominion anticipates that it will have to install impingement control technologies at many of these stations that have once-through cooling systems. Dominion and Virginia Power are currently evaluating the need or potential for entrainment controls under the final rule as these decisions will be made on a case-by-case basis after a thorough review of detailed biological, technology, cost and benefit studies. While the impacts of this rule could be material to Dominion s and Virginia Power s results of operations, financial condition and/or cash flows, the existing regulatory framework in Virginia provides rate recovery mechanisms that could substantially mitigate any such impacts for Virginia Power.

In September 2015, the EPA released a final rule to revise the Effluent Limitations Guidelines for the Steam Electric Power Generating Category. The final rule establishes updated standards for wastewater discharges that apply primarily at coal and oil steam generating stations. Affected facilities are required to convert from wet to dry or closed cycle coal ash management, improve existing wastewater treatment systems and/or install new wastewater treatment technologies in order to meet the new discharge limits. Dominion has seven facilities that may be subject to additional wastewater treatment requirements associated with the final rule. The expenditures to comply with these new requirements are expected to be material.

Solid and Hazardous Waste

The CERCLA, as amended, provides for immediate response and removal actions coordinated by the EPA in the event of threatened releases of hazardous substances into the environment and authorizes the U.S. government either to clean up sites at which hazardous substances have created actual or potential environmental hazards or to order persons responsible for the situation to do so. Under the CERCLA, as amended, generators and transporters of hazardous substances, as well as past and present owners and operators of contaminated sites, can be jointly, severally and strictly liable for the cost of cleanup. These potentially responsible parties can be ordered to perform a cleanup, be sued for costs associated with an EPA-directed cleanup, voluntarily settle with the U.S. government concerning their liability for cleanup costs, or voluntarily begin a site investigation and site remediation under state oversight.

From time to time, Dominion, Virginia Power, or Dominion Gas may be identified as a potentially responsible party to a Superfund site. The EPA (or a state) can either allow such a party to conduct and pay for a remedial investigation, feasibility study and remedial action or conduct the remedial investigation and action itself and then seek reimbursement from the potentially responsible parties. Each party can be held jointly, severally and strictly liable for the cleanup costs. These parties can also bring contribution actions against each other and seek reimbursement from their insurance companies. As a result, Dominion, Virginia Power, or Dominion Gas may be responsible for the costs of remedial investigation and actions under the Superfund law or other laws or regulations regarding the remediation of waste. Except as noted below, the Companies do not believe this will have a material effect on results of operations, financial condition and/or cash flows.

In September 2011, the EPA issued a UAO to Virginia Power and 22 other parties, ordering specific remedial action of certain areas at the Ward Transformer Superfund site located in Raleigh, North Carolina. Virginia Power does not believe it is a liable party under CERCLA based on its alleged connection to the site. In November 2011, Virginia Power and a number of other parties notified the EPA that they are declining to undertake the work set forth in the UAO.

The EPA may seek to enforce a UAO in court pursuant to its enforcement authority under CERCLA, and may seek recovery of its costs in undertaking removal or remedial action. If the court determines that a respondent failed to comply with the UAO without sufficient cause, the EPA may also seek civil penalties of up to $37,500 per day for the violation and punitive damages of up to three times the costs incurred by the EPA as a result of the party s failure to comply with the UAO. Virginia Power is currently unable to make an estimate of the potential financial statement impacts related to the Ward Transformer matter.

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Dominion has determined that it is associated with 17 former manufactured gas plant sites, three of which pertain to Virginia Power and 12 of which pertain to Dominion Gas. Studies conducted by other utilities at their former manufactured gas plant sites have indicated that those sites contain coal tar and other potentially harmful materials. None of the former sites with which the Companies are associated is under investigation by any state or federal environmental agency. At one of the former sites, Dominion is conducting a state-approved post-closure groundwater monitoring program and an environmental land use restriction has been recorded. Another site has been accepted into a state-based voluntary remediation program. Virginia Power is currently evaluating the nature and extent of the contamination from this site as well as potential remedial options. Preliminary costs for options under evaluation for the site range from $1 million to $22 million. Due to the uncertainty surrounding the other sites, the Companies are unable to make an estimate of the potential financial statement impacts.

See below for discussion on ash pond closure costs.

Climate Change Legislation and Regulation

In October 2013, the U.S. Supreme Court granted petitions filed by several industry groups, states, and the U.S. Chamber of Commerce seeking review of the D.C. Circuit Court s June 2012 decision upholding the EPA s regulation of GHG emissions from stationary sources under the CAA s permitting programs. In June 2014, the U.S. Supreme Court ruled that the EPA lacked the authority under the CAA to require PSD or Title V permits for stationary sources based solely on GHG emissions. However, the Court upheld the EPA s ability to require BACT for GHG for sources that are otherwise subject to PSD or Title V permitting for conventional pollutants. In July 2014, the EPA issued a memorandum specifying that it will no longer apply or enforce federal regulations or EPA-approved PSD state implementation plan provisions that require new and modified stationary sources to obtain a PSD permit when GHGs are the only pollutant that would be emitted at levels that exceed the permitting thresholds. In August 2015, the EPA published a final rule rescinding the requirement for all new and modified major sources to obtain permits based solely on their GHG emissions. In addition, the EPA stated that it will continue to use the existing thresholds to apply to sources that are otherwise subject to PSD for conventional pollutants until it completes a new rulemaking either justifying and upholding those thresholds or setting new ones. Some states have issued interim guidance that follows the EPA guidance. Due to uncertainty regarding what additional actions states may take to amend their existing regulations and what action the EPA ultimately takes to address the court ruling under a new rulemaking, the Companies cannot predict the impact to their financial statements at this time.

In July 2011, the EPA signed a final rule deferring the need for PSD and Title V permitting for CO_2 emissions for biomass projects. This rule temporarily deferred for a period of up to three years the consideration of CO_2 emissions from biomass projects when determining whether a stationary source meets the PSD and Title V applicability thresholds, including those for the application of BACT. The deferral policy expired in July 2014. In July 2013, the U.S. Court of Appeals for the D.C. Circuit vacated this rule; however, a mandate making this decision effective has not been issued. Virginia Power converted three coal-fired generating stations, Altavista, Hopewell and Southampton, to biomass during the CO_2 deferral period. It is unclear how the court s decision or the EPA s final policy regarding the treatment of specific feedstock will affect biomass sources that were permitted during the deferral period; however, the expenditures to comply with any new requirements could be material to Dominion s and Virginia Power s financial statements.

Other Legal Matters

The Companies are defendants in a number of lawsuits and claims involving unrelated incidents of property damage and personal injury. Due to the uncertainty surrounding these matters, the Companies are unable to make an estimate of the potential financial statement impacts; however, they could have a material impact on results of operations, financial condition and/or cash flows.

Appalachian Gateway

Following the completion of the Appalachian Gateway Project in 2012, DTI received multiple change order requests and other claims for additional payments from a pipeline contractor for the project. In July 2013, DTI filed a complaint in U.S. District Court for the Eastern District of Virginia for breach of contract as well as accounting and declaratory relief. The contractor filed a motion to dismiss, or in the alternative, a motion to transfer venue to Pennsylvania and/or West Virginia, where the pipelines were constructed. DTI filed an opposition to the contractor s motion in August 2013. In November 2013, the court granted the contractor s motion on the basis that DTI must first comply with the dispute resolution process. In July 2015, the contractor filed a complaint against DTI in U.S. District Court for the Western District of Pennsylvania. In August 2015, DTI filed a motion to dismiss, or in the alternative, a motion to transfer venue to Virginia. This case is pending. DTI has accrued a liability of approximately $6 million for this matter. Dominion Gas cannot currently estimate additional financial statement impacts, but there could be a material impact to its financial condition and/or cash flows.

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Ash Pond Closure Costs

In September 2014, Virginia Power received a notice from the SELC on behalf of the Potomac Riverkeeper and Sierra Club alleging CWA violations at Possum Point. The notice alleges unpermitted discharges to surface water and groundwater from Possum Point s historical and active ash storage facilities. A similar notice from the SELC on behalf of the Sierra Club was subsequently received related to Chesapeake. In December 2014, Virginia Power offered to close all of its coal ash ponds and landfills at Possum Point, Chesapeake and Bremo as settlement of the potential litigation. While the issue is open to potential further negotiations, the SELC declined the offer as presented in January 2015 and, in March 2015, filed a lawsuit related to its claims of the alleged CWA violations at Chesapeake. Virginia Power filed a motion to dismiss in April 2015. A ruling on the motion is pending. As a result of the settlement offer, Virginia Power recognized a charge of $121 million in other operations and maintenance expense in its Consolidated Statements of Income in the Companies Annual Report on Form 10-K for the year ended December 31, 2014.

In April 2015, the EPA s final rule regulating the management of CCRs stored in impoundments (ash ponds) and landfills was published in the Federal Register. The final rule regulates CCR landfills, existing ash ponds that still receive and manage CCRs, and inactive ash ponds that do not receive, but still store CCRs. Virginia Power currently operates inactive ash ponds, existing ash ponds, and CCR landfills subject to the final rule at eight different facilities. The enactment of the final rule in April 2015 created a legal obligation for Virginia Power to retrofit or close all of its inactive and existing ash ponds over a certain period of time, as well as perform required monitoring, corrective action, and post-closure care activities as necessary. In the second quarter of 2015, Virginia Power recorded a $325 million ARO related to future ash pond and landfill closure costs. Recognition of the ARO also resulted in a $45 million incremental charge recorded in other operations and maintenance expense in its Consolidated Statement of Income, a $159 million increase in property, plant, and equipment associated with asset retirement costs, and a $121 million reduction in other noncurrent liabilities related to reversal of the contingent liability described above since the ARO obligation created by the final CCR rule represents similar activities. Dominion is in the process of obtaining the necessary permits to complete the work. The actual asset retirement costs related to the CCR rule may vary substantially from the estimates used to record the increased obligation in the second quarter, due to compliance requirements that may be imposed by the various state regulators.

Nuclear Matters

In March 2011, a magnitude 9.0 earthquake and subsequent tsunami caused significant damage at the Fukushima Daiichi nuclear power station in northeast Japan. These events have resulted in significant nuclear safety reviews required by the NRC and industry groups such as INPO. Like other U.S. nuclear operators, Dominion has been gathering supporting data and participating in industry initiatives focused on the ability to respond to and mitigate the consequences of design-basis and beyond-design-basis events at its stations.

In July 2011, an NRC task force provided initial recommendations based on its review of the Fukushima Daiichi accident and in October 2011, the NRC staff prioritized these recommendations into Tiers 1, 2 and 3, with the Tier 1 recommendations consisting of actions which the staff determined should be started without unnecessary delay. In December 2011, the NRC Commissioners approved the agency staff s prioritization and recommendations, and that same month an appropriations act directed the NRC to require reevaluation of external hazards (not limited to seismic and flooding hazards) as soon as possible.

Based on the prioritized recommendations, in March 2012, the NRC issued orders and information requests requiring specific reviews and actions to all operating reactors, construction permit holders and combined license holders based on the lessons learned from the Fukushima Daiichi event. The orders applicable to Dominion require implementation of safety enhancements related to mitigation strategies to respond to extreme natural events resulting in the loss of power at plants, and enhancing spent fuel pool instrumentation. The orders require prompt implementation of the safety enhancements and completion of implementation within two refueling outages or by December 31, 2016, whichever comes first. Implementation of these enhancements is currently in progress. The information requests issued by the NRC request each reactor to reevaluate the seismic and flooding hazards at their site using present-day methods and information, conduct walkdowns of their facilities to ensure protection against the hazards in their current design basis, and to reevaluate their emergency communications systems and staffing levels. Dominion and Virginia Power do not currently expect that compliance with the NRC s March 2012 orders and information requests will materially impact their financial position, results of operations or cash flows during the approximately four-year implementation period. The NRC staff is evaluating the implementation of the longer-term Tier 2 and Tier 3 recommendations. Dominion and Virginia Power are currently unable to estimate the potential financial impacts related to compliance with Tier 2 and Tier 3 recommendations.

Guarantees, Surety Bonds and Letters of Credit

Dominion

At September 30, 2015, Dominion had issued $74 million of guarantees, primarily to support equity method investees. No significant amounts related to these guarantees have been recorded. As of September 30, 2015, Dominion s exposure under these guarantees was $39 million, primarily related to certain reserve requirements associated with non-recourse financing.

Dominion also enters into guarantee arrangements on behalf of its consolidated subsidiaries, primarily to facilitate their commercial transactions with third parties. To the extent that a liability subject to a guarantee has been incurred by one of Dominion s consolidated subsidiaries, that liability is included in the Consolidated Financial Statements. Dominion is not required to recognize liabilities for guarantees issued on behalf of its subsidiaries unless it becomes probable that it will have to perform under the guarantees. Terms of the guarantees typically end once obligations have been paid. Dominion currently believes it is unlikely that it would be required to perform or otherwise incur any losses associated with guarantees of its subsidiaries obligations.

At September 30, 2015, Dominion had issued the following subsidiary guarantees:

(millions)	Stated Limit	Value[(1)]
Subsidiary debt[(2)]	$ 27	$ 27
Commodity transactions[(3)]	2,682	1,075
Nuclear obligations[(4)]	197	75
Cove Point[(5)]	1,910	
Solar[(6)]	1,401	848
Other[(7)]	514	31
Total	$ 6,731	$ 2,056

(1) Represents the estimated portion of the guarantee s stated limit that is utilized as of September 30, 2015 based upon prevailing economic conditions and fact patterns specific to each guarantee arrangement. For those guarantees related to obligations that are recorded as liabilities by Dominion s subsidiaries, the value includes the recorded amount.

(2) Guarantee of debt of a DEI subsidiary. In the event of default by the subsidiary, Dominion would be obligated to repay such amounts.

(3) Guarantees related to commodity commitments of certain subsidiaries, including subsidiaries of Virginia Power, Dominion Gas and DEI. These guarantees were provided to counterparties in order to facilitate physical and financial transactions in gas, oil, electricity, pipeline capacity, transportation and related commodities and services. If any of these subsidiaries fail to perform or pay under the contracts and the counterparties seek performance or payment, Dominion would be obligated to satisfy such obligation. Dominion and its subsidiaries receive similar guarantees as collateral for credit extended to others. The value provided includes certain guarantees that do not have stated limits.

(4)

Guarantees related to certain DEI subsidiaries potential retrospective premiums that could be assessed if there is a nuclear incident under Dominion s nuclear insurance programs and guarantees for a DEI subsidiary s and Virginia Power s commitment to buy nuclear fuel. Excludes Dominion s agreement to provide up to $150 million and $60 million to two DEI subsidiaries to pay the operating expenses of Millstone (in the event of a prolonged outage) and Kewaunee, respectively, as part of satisfying certain NRC requirements concerned with ensuring adequate funding for the operations of nuclear power stations. The agreement for Kewaunee also provides for funds through the completion of decommissioning.

(5) Guarantees related to Cove Point, in support of terminal services, transportation and construction. Two of the guarantees have no stated limit, one guarantee has a $150 million limit, and one guarantee has a $1.75 billion aggregate limit with an annual draw limit of $175 million.

(6) Includes guarantees to facilitate the development of solar projects including guarantees that do not have stated limits. Also includes guarantees entered into by DEI on behalf of certain subsidiaries to facilitate the acquisition and development of solar projects.

(7) Guarantees related to other miscellaneous contractual obligations such as leases, environmental obligations and construction projects. Also includes guarantees related to certain DEI subsidiaries obligations for equity capital contributions and energy generation associated with Fowler Ridge and NedPower. As of September 30, 2015, Dominion s maximum remaining cumulative exposure under these equity funding agreements is $55 million through 2019 and its maximum annual future contributions could range from approximately $4 million to $19 million. The value provided includes certain guarantees that do not have stated limits.

Additionally, at September 30, 2015, Dominion had purchased $91 million of surety bonds, including $31 million at Virginia Power and $23 million at Dominion Gas, and authorized the issuance of letters of credit by financial institutions of $57 million to facilitate commercial transactions by its subsidiaries with third parties. Under the terms of surety bonds, the Companies are obligated to indemnify the respective surety bond company for any amounts paid.

Note 17. Credit Risk

The Companies accounting policies for credit risk are discussed in Note 23 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014.

At September 30, 2015, Dominion s credit exposure related to energy marketing and price risk management activities totaled $195 million. Of this amount, investment grade counterparties, including those internally rated, represented 64%. No single counterparty, whether investment grade or non-investment grade, exceeded $35 million of exposure.

Credit-Related Contingent Provisions

The majority of Dominion s derivative instruments contain credit-related contingent provisions. These provisions require Dominion to provide collateral upon the occurrence of specific events, primarily a credit rating downgrade. If the credit-related contingent features underlying these instruments that are in a liability position and not fully collateralized with cash were fully triggered as of September 30, 2015 and December 31, 2014, Dominion would have been required to post an additional $14 million and $20 million, respectively, of collateral to its counterparties. The collateral that would be required to be posted includes the impacts of any offsetting asset positions and any amounts already posted for derivatives, non-derivative contracts and derivatives elected under the normal purchases and normal sales exception, per contractual terms. Dominion had not posted any collateral at September 30, 2015 related to derivatives with credit-related contingent provisions that are in a liability position and not fully collateralized with cash. Dominion had posted approximately $1 million in collateral at December 31, 2014 related to derivatives with credit-related contingent provisions that are in a liability position and not fully collateralized with cash. The collateral posted includes any amounts paid related to non-derivative contracts and derivatives elected under the normal purchases and normal sales exception, per contractual terms. The aggregate fair value of all derivative instruments with credit-related contingent provisions that are in a liability position and not fully collateralized with cash as of September 30, 2015 and December 31, 2014 was $32 million and $49 million, respectively, which does not include the impact of any offsetting asset positions. Credit-related contingent provisions for Virginia Power and Dominion Gas were not material as of September 30, 2015 and December 31, 2014. See Note 9 for further information about derivative instruments.

Dominion Gas

In the third quarter of 2015, DTI provided service to 244 customers with approximately 95% of its storage and transportation revenue being provided through firm services. The ten largest customers provided approximately 45% of total storage and transportation revenue and the thirty largest provided approximately 72% of total storage and transportation revenue. Approximately 98% of the transmission capacity under contract on DTI s pipeline is subscribed with long-term contracts (two years or greater). The remaining 2% is contracted on a year-to-year basis. Less than 1% of firm transportation capacity is currently unsubscribed. More than 99% of DTI s storage capacity is under long-term contracts with less than 1% currently unsubscribed.

East Ohio distributes natural gas to residential, commercial and industrial customers in Ohio using rates approved by the Ohio Commission. Approximately 99% of East Ohio revenues are derived from its jurisdictional gas services. East Ohio s bad debt risk is mitigated by the regulatory framework established by the Ohio Commission.

Note 18. Related Party Transactions

Virginia Power and Dominion Gas engage in related party transactions primarily with other Dominion subsidiaries (affiliates). Virginia Power s and Dominion Gas receivable and payable balances with affiliates are settled based on contractual terms or on a monthly basis, depending on the nature of the underlying transactions. Virginia Power and Dominion Gas are included in Dominion s consolidated federal income tax return. A discussion of significant related party transactions follows.

Virginia Power

Transactions with Affiliates

Virginia Power transacts with affiliates for certain quantities of natural gas and other commodities in the ordinary course of business. Virginia Power also enters into certain commodity derivative contracts with affiliates. Virginia Power uses these contracts, which are principally comprised of commodity swaps, to manage commodity price risks associated with purchases of natural gas. As of September 30, 2015, Virginia Power s derivative assets and liabilities with affiliates were $22 million and $4 million, respectively. As of December 31, 2014, Virginia Power s derivative assets and liabilities with affiliates were not material. See Notes 7 and 9 for more information.

Virginia Power participates in certain Dominion benefit plans described in Note 19. In Virginia Power s Consolidated Balance Sheets at September 30, 2015 and December 31, 2014, amounts due to Dominion associated with these benefit plans included in other deferred credits and other liabilities were $292 million and $219 million, respectively, and amounts due from Dominion at September 30, 2015 and December 31, 2014 included in other deferred charges and other assets were $66 million and $37 million, respectively.

DRS and other affiliates provide accounting, legal, finance and certain administrative and technical services to Virginia Power. In addition, Virginia Power provides certain services to affiliates, including charges for facilities and equipment usage.

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Presented below are Virginia Power s significant transactions with DRS and other affiliates:

(millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Commodity purchases from affiliates	**$ 123**	$ 120	**$ 469**	$ 435
Services provided by affiliates[1]	**96**	106	**313**	320
Services provided to affiliates	**5**	5	**15**	16

(1) Includes capitalized expenditures.

Virginia Power has borrowed funds from Dominion under short-term borrowing arrangements. Virginia Power had no short-term demand note borrowings from Dominion as of September 30, 2015. There were $427 million in short-term demand note borrowings from Dominion as of December 31, 2014. Virginia Power had no outstanding borrowings under the Dominion money pool for its nonregulated subsidiaries as of September 30, 2015 and December 31, 2014. Interest charges related to Virginia Power s borrowings from Dominion were immaterial for the three and nine months ended September 30, 2015 and 2014.

There were no issuances of Virginia Power s common stock to Dominion for the three and nine months ended September 30, 2015 or 2014.

Dominion Gas

Transactions with Related Parties

Dominion Gas transacts with affiliates for certain quantities of natural gas and other commodities at market prices in the ordinary course of business. Additionally, Dominion Gas provides transportation and storage services to affiliates. Dominion Gas also enters into certain other contracts with affiliates, which are presented separately from contracts involving commodities or services. As of September 30, 2015 and December 31, 2014, all of Dominion Gas commodity derivatives were with affiliates. See Notes 7 and 9 for more information. See Note 10 for information regarding sales of assets to an affiliate.

Dominion Gas participates in certain Dominion benefit plans as described in Note 19.

DRS and other affiliates provide accounting, legal, finance and certain administrative and technical services to Dominion Gas. Dominion Gas provides certain services to related parties, including technical services. The costs of these services follow:

(millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
	$ 3	$ 6	**$ 7**	$ 14

Purchases of natural gas and transportation and storage services from affiliates				
Sales of natural gas and transportation and storage services to affiliates	**17**	19	**52**	65
Services provided by related parties[1]	**30**	27	**99**	78
Services provided to related parties [2]	**30**	16	**75**	38

(1) Includes capitalized expenditures.
(2) Amounts primarily attributable to Atlantic Coast Pipeline.

The following table presents affiliated and related party activity reflected in Dominion Gas Consolidated Balance Sheets:

(millions)	**September 30, 2015**	December 31, 2014
Other receivables [1]	**$ 9**	$ 17
Customer receivables from related parties	**4**	5
Imbalances receivable from affiliates[2]	**1**	3
Affiliated notes receivable[3]	**13**	9

(1) Represents amounts due from Atlantic Coast Pipeline, a related party VIE.
(2) Amounts are presented in other current assets in Dominion Gas Consolidated Balance Sheets.
(3) Amounts are presented in other deferred charges and other assets in Dominion Gas Consolidated Balance Sheets.

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Dominion Gas borrowings under the IRCA with Dominion totaled $198 million as of September 30, 2015 and $384 million as of December 31, 2014. Interest charges related to Dominion Gas total borrowings from Dominion were immaterial for the three and nine months ended September 30, 2015 and 2014.

Note 19. Employee Benefit Plans

Dominion

The components of Dominion s provision for net periodic benefit cost (credit) were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	**2015**	2014
(millions)				
Three Months Ended September 30,				
Service cost	**$ 32**	$ 29	**$ 10**	$ 7
Interest cost	**71**	73	**17**	17
Expected return on plan assets	**(132)**	(126)	**(29)**	(28)
Amortization of prior service credit			**(7)**	(7)
Amortization of net actuarial loss	**40**	28	**1**	1
Settlements and curtailments		1		
Net periodic benefit cost (credit)	**$ 11**	$ 5	**$ (8)**	$ (10)
Nine Months Ended September 30,				
Service cost	**$ 95**	$ 86	**$ 30**	$ 23
Interest cost	**215**	218	**50**	50
Expected return on plan assets	**(398)**	(376)	**(88)**	(83)
Amortization of prior service cost (credit)	**1**	2	**(20)**	(21)
Amortization of net actuarial loss	**120**	84	**4**	2
Settlements and curtailments		1		
Net periodic benefit cost (credit)	**$ 33**	$ 15	**$ (24)**	$ (29)

Employer Contributions

During the nine months ended September 30, 2015, Dominion made no contributions to its defined benefit pension plans or other postretirement benefit plans. Dominion expects to contribute approximately $12 million to its other postretirement benefit plans through VEBAs during the remainder of 2015.

Dominion Gas

Dominion Gas participates in certain Dominion benefit plans as described in Note 21 to the Consolidated Financial Statements in the Companies Annual Report on Form 10-K for the year ended December 31, 2014. At September 30, 2015 and December 31, 2014, Dominion Gas amounts due from Dominion associated with the Dominion Pension Plan and reflected in noncurrent pension and other postretirement benefit assets in the Consolidated Balance Sheets were $642 million and $614 million, respectively. At September 30, 2015 and December 31, 2014, Dominion Gas amounts due to Dominion associated with the Dominion Retiree Health and Welfare Plan and reflected in other deferred credits and other liabilities in the Consolidated Balance Sheets were $4 million and $7 million, respectively.

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The components of Dominion Gas provision for net periodic benefit credit for employees represented by collective bargaining units were as follows:

	Pension Benefits		Other Postretirement Benefits	
	2015	2014	**2015**	2014
(millions)				
Three Months Ended September 30,				
Service cost	**$ 4**	$ 3	**$ 2**	$ 1
Interest cost	**7**	7	**3**	4
Expected return on plan assets	**(31)**	(29)	**(6)**	(6)
Amortization of prior service cost		1		
Amortization of net actuarial loss	**5**	5	**1**	
Net periodic benefit credit	**$ (15)**	$ (13)	**$**	$ (1)
Nine Months Ended September 30,				
Service cost	**$ 11**	$ 9	**$ 5**	$ 4
Interest cost	**21**	21	**10**	10
Expected return on plan assets	**(94)**	(86)	**(18)**	(17)
Amortization of prior service cost (credit)		1		(1)
Amortization of net actuarial loss	**15**	14	**2**	
Net periodic benefit credit	**$ (47)**	$ (41)	**$ (1)**	$ (4)

Employer Contributions

During the nine months ended September 30, 2015, Dominion Gas made no contributions to its defined benefit pension plans or other postretirement benefit plans. Dominion Gas expects to contribute approximately $12 million to its other postretirement benefit plans through VEBAs, for both employees represented by collective bargaining units and employees not represented by collective bargaining units, during the remainder of 2015.

Note 20. Operating Segments

The Companies are organized primarily on the basis of products and services sold in the U.S. A description of the operations included in the Companies primary operating segments is as follows:

Primary Operating Segment	**Description of Operations**	**Dominion**	**Virginia Power**	**Dominion Gas**
DVP	Regulated electric distribution	**X**	**X**	
	Regulated electric transmission	**X**	**X**	
Dominion Generation	Regulated electric fleet	**X**	**X**	
	Merchant electric fleet	**X**		
	Nonregulated retail energy marketing	**X**		
Dominion Energy	Gas transmission and storage(1)	**X**		**X**

Gas distribution and storage	**X**	**X**
Gas gathering and processing	**X**	**X**
LNG import and storage	**X**	

(1) Includes remaining producer services activities for Dominion.

In addition to the operating segments above, the Companies also report a Corporate and Other segment.

Dominion

The Corporate and Other Segment of Dominion includes its corporate, service company and other functions (including unallocated debt) and the net impact of operations that are discontinued or sold. In addition, Corporate and Other includes specific items attributable to Dominion s operating segments that are not included in profit measures evaluated by executive management in assessing the segments performance or allocating resources among the segments.

In January 2014, Dominion announced it would exit the electric retail energy marketing business. Dominion completed the sale in March 2014. As a result, the earnings impact from the electric retail energy marketing business has been included in the Corporate and Other Segment of Dominion for 2014 first quarter results of operations.

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In the second quarter of 2013, Dominion commenced a repositioning of its producer services business, which aggregates natural gas supply, engages in natural gas trading and marketing activities and natural gas supply management and provides price risk management services to Dominion affiliates. The repositioning was completed in the first quarter of 2014 and resulted in the termination of natural gas trading and certain energy marketing activities. As a result, the earnings impact from natural gas trading and certain energy marketing activities has been included in the Corporate and Other Segment of Dominion for 2014.

In the nine months ended September 30, 2015, Dominion reported an after-tax net expense of $82 million for specific items in the Corporate and Other segment, with $80 million of these net expenses attributable to its operating segments. In the nine months ended September 30, 2014, Dominion reported an after-tax net expense of $446 million for specific items in the Corporate and Other segment, with $435 million of these net expenses attributable to its operating segments.

The net expense for specific items in 2015 primarily related to the impact of the following items, all of which were attributable to Dominion Generation:

- An $85 million ($52 million after-tax) write-off of deferred fuel costs associated with Virginia legislation enacted in February 2015;

- A $45 million ($28 million after-tax) charge related to incremental future ash pond and landfill closure costs at certain utility generation facilities due to the enactment of the final CCR rule in April 2015; and

- A $17 million ($10 million after-tax) billing adjustment related to PJM; partially offset by

- A $39 million ($25 million after-tax) net gain on investments held in nuclear decommissioning trust funds.

The net expense for specific items in 2014 primarily related to the impact of the following items:

- $330 million ($219 million after-tax) of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities, attributable to Dominion Generation;

- A $319 million ($193 million after-tax) net loss related to the producer services business discussed above, attributable to Dominion Energy;

- A $47 million ($33 million after-tax) net loss related to the electric retail energy marketing business discussed above, including a $147 million ($90 million after-tax) loss from normal operations, partially offset by a $100 million ($57 million after-tax) gain on sale, net of a $31 million write-off of goodwill, attributable to Dominion Generation; and

A $38 million ($23 million after-tax) one-time charge related to the implementation of a depreciation study retroactive to prior periods as ordered by the Virginia Commission, primarily attributable to Dominion Generation; partially offset by

A $53 million ($33 million after-tax) net gain on investments held in nuclear decommissioning trust funds, attributable to Dominion Generation.

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The following table presents segment information pertaining to Dominion s operations:

(millions)	DVP	Dominion Generation	Dominion Energy	Corporate and Other	Adjustments/ Eliminations	Consolidated Total
Three Months Ended September 30, 2015						
Total revenue from external customers	**$ 539**	**$ 1,920**	**$ 335**	**$**	**$ 177**	**$ 2,971**
Intersegment revenue	**4**	**12**	**195**	**128**	**(339)**	
Total operating revenue	**543**	**1,932**	**530**	**128**	**(162)**	**2,971**
Net income (loss) attributable to Dominion	**125**	**391**	**152**	**(75)**		**593**
Three Months Ended September 30, 2014						
Total revenue from external customers	$ 480	$ 1,985	$ 380	$ 4	$ 201	$ 3,050
Intersegment revenue	4	11	223	140	(378)	
Total operating revenue	484	1,996	603	144	(177)	3,050
Net income (loss) attributable to Dominion	119	326	144	(60)		529
Nine Months Ended September 30, 2015						
Total revenue from external customers	**$ 1,603**	**$ 5,742**	**$ 1,107**	**$ (9)**	**$ 684**	**$ 9,127**
Intersegment revenue	**14**	**50**	**718**	**414**	**(1,196)**	
Total operating revenue	**1,617**	**5,792**	**1,825**	**405**	**(512)**	**9,127**
Net income (loss) attributable to Dominion	**382**	**923**	**488**	**(251)**		**1,542**
Nine Months Ended September 30, 2014						
Total revenue from external customers	$ 1,425	$ 5,936	$ 1,171	$ 10	$ 951	$ 9,493
Intersegment revenue	13	48	964	422	(1,447)	
Total operating revenue	1,438	5,984	2,135	432	(496)	9,493
Net income (loss) attributable to Dominion	366	794	482	(575)		1,067

Intersegment sales and transfers for Dominion are based on contractual arrangements and may result in intersegment profit or loss that is eliminated in consolidation.

Virginia Power

The Corporate and Other Segment of Virginia Power primarily includes specific items attributable to its operating segments that are not included in profit measures evaluated by executive management in assessing the segments performance or allocating resources among the segments.

In the nine months ended September 30, 2015, Virginia Power reported an after-tax net expense of $101 million for specific items in the Corporate and Other segment, all of which was attributable to its operating segments. In the nine months ended September 30, 2014, Virginia Power reported an after-tax net expense of $235 million for specific items in the Corporate and Other segment, with $239 million of these net expenses attributable to its operating segments.

The net expense for specific items in 2015 primarily related to the impact of the following items, all of which were attributable to Dominion Generation:

- An $85 million ($52 million after-tax) write-off of deferred fuel costs associated with Virginia legislation enacted in February 2015;
- A $45 million ($28 million after-tax) charge related to incremental future ash pond and landfill closure costs at certain utility generation facilities due to the enactment of the final CCR rule in April 2015; and
- A $15 million ($9 million after-tax) billing adjustment related to PJM.

The net expense for specific items in 2014 primarily related to the impact of the following items:

- $330 million ($219 million after-tax) of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities, attributable to Dominion Generation; and
- A $38 million ($23 million after-tax) one-time charge related to the implementation of a depreciation study retroactive to prior periods as ordered by the Virginia Commission, primarily attributable to Dominion Generation.

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The following table presents segment information pertaining to Virginia Power s operations:

(millions)	DVP	Dominion Generation	Corporate and Other	Consolidated Total
Three Months Ended September 30, 2015				
Operating revenue	**$ 541**	**$ 1,523**	**$ (6)**	**$ 2,058**
Net income (loss)	**125**	**273**	**(13)**	**385**
Three Months Ended September 30, 2014				
Operating revenue	$ 483	$ 1,570	$	$ 2,053
Net income (loss)	120	248	(54)	314
Nine Months Ended September 30, 2015				
Operating revenue	**$ 1,610**	**$ 4,419**	**$ (21)**	**$ 6,008**
Net income (loss)	**382**	**618**	**(100)**	**900**
Nine Months Ended September 30, 2014				
Operating revenue	$ 1,433	$ 4,332	$	$ 5,765
Net income (loss)	371	570	(234)	707

Dominion Gas

The Corporate and Other Segment of Dominion Gas primarily includes specific items attributable to Dominion Gas operating segment that are not included in profit measures evaluated by executive management in assessing the segment s performance and the effect of certain items recorded at Dominion Gas as a result of Dominion s basis in the net assets contributed.

In the nine months ended September 30, 2015 and 2014, Dominion Gas reported no amounts for specific items in the Corporate and Other segment.

The following table presents segment information pertaining to Dominion Gas operations:

(millions)	Dominion Energy	Corporate and Other	Consolidated Total
Three Months Ended September 30, 2015			
Operating revenue	**$ 365**	**$**	**$ 365**
Net income (loss)	**113**	**(2)**	**111**
Three Months Ended September 30, 2014			
Operating revenue	$ 391	$	$ 391
Net income (loss)	108	(1)	107

Nine Months Ended September 30, 2015			
Operating revenue	**$ 1,291**	**$**	**$ 1,291**
Net income (loss)	**364**	**(7)**	**357**
Nine Months Ended September 30, 2014			
Operating revenue	$ 1,388	$	$ 1,388
Net income (loss)	370	(6)	364

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MD&A discusses Dominion s results of operations and general financial condition and Virginia Power s and Dominion Gas results of operations. MD&A should be read in conjunction with the Companies Consolidated Financial Statements. Virginia Power and Dominion Gas meet the conditions to file under the reduced disclosure format, and therefore have omitted certain sections of MD&A.

Contents of MD&A

MD&A consists of the following information:

Forward-Looking Statements

This report contains statements concerning the Companies expectations, plans, objectives, future financial performance and other statements that are not historical facts. These statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In most cases, the reader can identify these forward-looking statements by such words as anticipate, estimate, forecast, expect, believe, should, could, continue, target or other similar words.

The Companies make forward-looking statements with full knowledge that risks and uncertainties exist that may cause actual results to differ materially from predicted results. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Additionally, other factors may cause actual results to differ materially from those indicated in any forward-looking statement. These factors include but are not limited to:

- Unusual weather conditions and their effect on energy sales to customers and energy commodity prices;
- Extreme weather events and other natural disasters, including hurricanes, high winds, severe storms, earthquakes, flooding and changes in water temperatures and availability that can cause outages and property damage to facilities;
- Federal, state and local legislative and regulatory developments, including changes in federal and state tax laws and regulations;
- Changes to federal, state and local environmental laws and regulations, including those related to climate change, the tightening of emission or discharge limits for GHGs and other emissions, more extensive permitting requirements and the regulation of additional substances;
- Cost of environmental compliance, including those costs related to climate change;
- Changes in enforcement practices of regulators relating to environmental standards and litigation exposure for remedial activities;
- Changes in regulator implementation of environmental standards and litigation exposure for remedial activities;
- Difficulty in anticipating mitigation requirements associated with environmental and other regulatory approvals;
- Risks associated with the operation of nuclear facilities, including costs associated with the disposal of spent nuclear fuel, decommissioning, plant maintenance and changes in existing regulations governing such facilities;
- Unplanned outages at facilities in which the Companies have an ownership interest;

Fluctuations in energy-related commodity prices and the effect these could have on Dominion s and Dominion Gas earnings and the Companies liquidity position and the underlying value of their assets;

Counterparty credit and performance risk;

Capital market conditions, including the availability of credit and the ability to obtain financing on reasonable terms;

Risks associated with Virginia Power s membership and participation in PJM, including risks related to obligations created by the default of other participants;

Fluctuations in the value of investments held in nuclear decommissioning trusts by Dominion and Virginia Power and in benefit plan trusts by Dominion and Dominion Gas;

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Fluctuations in interest rates;

Changes in rating agency requirements or credit ratings and their effect on availability and cost of capital;

Changes in financial or regulatory accounting principles or policies imposed by governing bodies;

Employee workforce factors including collective bargaining agreements and labor negotiations with union employees;

Risks of operating businesses in regulated industries that are subject to changing regulatory structures;

Impacts of acquisitions, divestitures, transfers of assets to joint ventures or Dominion Midstream, and retirements of assets based on asset portfolio reviews;

Receipt of approvals for, and timing of, closing dates for acquisitions and divestitures;

The timing and execution of Dominion Midstream s growth strategy;

Changes in rules for RTOs and ISOs in which Dominion and Virginia Power participate, including changes in rate designs, changes in FERC s interpretation of market rules and new and evolving capacity models;

Political and economic conditions, including inflation and deflation;

Domestic terrorism and other threats to the Companies physical and intangible assets, as well as threats to cybersecurity;

Changes in demand for the Companies services, including industrial, commercial and residential growth or decline in the Companies service areas, changes in supplies of natural gas delivered to Dominion and Dominion Gas pipeline and processing systems, failure to maintain or replace customer contracts on favorable terms, changes in customer growth or usage patterns, including as a result of energy conservation programs, the availability of energy efficient devices and the use of distributed generation methods;

Additional competition in industries in which the Companies operate, including in electric markets in which Dominion s merchant generation facilities operate, and competition in the development, construction and ownership of certain electric transmission facilities in Virginia Power s service territory in connection with FERC Order 1000;

Changes in technology, particularly with respect to new, developing or alternative sources of generation and smart grid technologies;

Changes to regulated electric rates collected by Virginia Power and regulated gas distribution, transportation and storage rates, including LNG storage, collected by Dominion and Dominion Gas;

Changes in operating, maintenance and construction costs;

Timing and receipt of regulatory approvals necessary for planned construction or expansion projects and compliance with conditions associated with such regulatory approvals;

The inability to complete planned construction, conversion or expansion projects at all, or with the outcomes or within the terms and time frames initially anticipated;

Adverse outcomes in litigation matters or regulatory proceedings; and

The impact of operational hazards, including adverse developments with respect to pipeline and plant safety or integrity, equipment loss, malfunction or failure, operator error, and other catastrophic events.

Additionally, other risks that could cause actual results to differ from predicted results are set forth in Item 1A. Risk Factors in the Companies Annual Report on Form 10-K for the year ended December 31, 2014.

The Companies forward-looking statements are based on beliefs and assumptions using information available at the time the statements are made. The Companies caution the reader not to place undue reliance on their forward-looking statements because the assumptions, beliefs, expectations and projections about future events may, and often do, differ materially from actual results. The Companies undertake no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

Accounting Matters

Critical Accounting Policies and Estimates

As of September 30, 2015 there have been no significant changes with regard to the critical accounting policies and estimates disclosed in MD&A in the Companies Annual Report on Form 10-K for the year ended December 31, 2014. The policies disclosed included the accounting for regulated operations, AROs, income taxes, derivative contracts and other instruments at fair value, goodwill and long-lived asset impairment testing and employee benefit plans.

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Dominion

Results of Operations

Presented below is a summary of Dominion s consolidated results:

(millions, except EPS)	2015	2014	$ Change
Third Quarter			
Net income attributable to Dominion	**$ 593**	$ 529	$ 64
Diluted EPS	**1.00**	0.90	0.10
Year-To-Date			
Net income attributable to Dominion	**$ 1,542**	$ 1,067	$ 475
Diluted EPS	**2.60**	1.83	0.77

Overview

Third Quarter 2015 vs. 2014

Net income attributable to Dominion increased 12%, primarily due to a gain from an agreement to convey shale development rights underneath a natural gas storage field and the absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities.

Year-To-Date 2015 vs. 2014

Net income attributable to Dominion increased 45%, primarily due to the absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities, the absence of losses related to the repositioning of Dominion s producer services business, which was completed in the first quarter of 2014, and gains from agreements to convey shale development rights underneath natural gas storage fields.

Analysis of Consolidated Operations

Presented below are selected amounts related to Dominion s results of operations:

	Third Quarter			**Year-To-Date**		
(millions)	**2015**	2014	$ Change	**2015**	2014	$ Change
Operating revenue	**$ 2,971**	$ 3,050	$ (79)	**$ 9,127**	$ 9,493	$ (366)
Electric fuel and other energy-related purchases	**636**	743	(107)	**2,180**	2,710	(530)
Purchased electric capacity	**75**	86	(11)	**259**	261	(2)
Purchased gas	**85**	209	(124)	**446**	1,073	(627)

Net revenue	**2,175**	2,012	163	**6,242**	5,449	793
Other operations and maintenance	**564**	614	(50)	**1,875**	1,972	(97)
Depreciation, depletion and amortization	**355**	354	1	**1,037**	970	67
Other taxes	**133**	123	10	**432**	424	8
Other income	**11**	69	(58)	**127**	166	(39)
Interest and related charges	**230**	231	(1)	**674**	695	(21)
Income tax expense	**305**	228	77	**794**	477	317

An analysis of Dominion s results of operations follows:

Third Quarter 2015 vs. 2014

Net revenue increased 8%, primarily reflecting:

A $111 million increase from electric utility operations, primarily reflecting:

An increase in sales to retail customers, primarily due to an increase in cooling degree days ($68 million); and

An increase from rate adjustment clauses ($63 million); partially offset by

A decrease in sales to customers due to the effect of changes in customer usage and other factors ($41 million); and

A $34 million increase from merchant generation operations, primarily due to increased generation output reflecting the addition of solar assets ($21 million) and at certain other merchant generation facilities ($14 million).

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Other operations and maintenance decreased 8%, primarily reflecting:

- A $52 million gain from an agreement to convey shale development rights underneath a natural gas storage field; and
- The absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities ($43 million).

These decreases were partially offset by:

- A $26 million increase in certain electric transmission-related expenditures. These expenses are primarily recovered through state and FERC rates and do not impact net income; and
- A $15 million net increase due to services performed for Atlantic Coast Pipeline and Blue Racer. These expenses are billed to these entities and do not significantly impact net income.

Other income decreased 84%, primarily due to lower realized gains (net of investment income) on nuclear decommissioning trust funds ($36 million), a decrease in earnings from rabbi trust investments ($7 million) and an increase in donations paid ($6 million).

Income tax expense increased 34%, primarily reflecting higher pre-tax income.

Year-To-Date 2015 vs. 2014

Net revenue increased 15%, primarily reflecting:

- The absence of losses related to the repositioning of Dominion s producer services business in the first quarter of 2014, reflecting the termination of natural gas trading and certain energy marketing activities ($319 million);
- A $201 million increase from electric utility operations, primarily reflecting:
  - An increase from rate adjustment clauses ($213 million);
  - An increase in sales to retail customers, primarily due to an increase in cooling degree days ($103 million); partially offset by
  - An $85 million write-off of deferred fuel costs associated with Virginia legislation enacted in February 2015;

- A decrease in PJM ancillary revenues ($39 million); and

- A decrease in sales to customers due to the effect of changes in customer usage and other factors ($19 million);

The absence of losses related to the retail electric energy marketing business which was sold in the first quarter of 2014 ($129 million);

A $58 million increase from merchant generation operations, primarily due to increased generation output reflecting the absence of planned outages at certain merchant generation facilities ($74 million) and the addition of solar assets ($43 million), partially offset by lower realized prices ($57 million);

A $58 million increase from regulated natural gas distribution operations, primarily due to an increase in rate adjustment clause revenue related to low income assistance programs ($26 million), an increase in AMR and PIR program revenues ($19 million) and various expansion projects being placed into service ($19 million); and

A $42 million increase from regulated natural gas transmission operations, primarily reflecting:

- A $55 million increase in gas transportation and storage activities, primarily due to the addition of DCG ($42 million), decreased fuel costs ($23 million) and various expansion projects being placed into service ($23 million), partially offset by decreased regulated gas sales ($35 million); and

- A $40 million net increase primarily due to services performed for Atlantic Coast Pipeline and Blue Racer; partially offset by

- A $41 million decrease in NGL activities, primarily due to decreased prices.

Other operations and maintenance decreased 5%, primarily reflecting:

- The absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities ($325 million);
- Gains from agreements to convey shale development rights underneath several natural gas storage fields ($123 million); and
- A $66 million decrease in planned outage costs primarily due to a decrease in scheduled outage days at certain merchant generation facilities ($45 million) and non-nuclear utility generation facilities ($21 million).

These decreases were partially offset by:

- The absence of a gain on the sale of Dominion s electric retail energy marketing business in March 2014 ($100 million), net of a $31 million write-off of goodwill;
- A $76 million increase in certain electric transmission-related expenditures. These expenses are primarily recovered through state and FERC rates and do not impact net income;

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The absence of gains on the sale of assets to Blue Racer ($59 million);

A $45 million charge related to incremental future ash pond and landfill closure costs at certain utility generation facilities due to the enactment of the final CCR rule in April 2015;

A $40 million increase in utility nuclear refueling outage costs primarily due to the amortization of outage costs that were previously deferred pursuant to Virginia legislation enacted in April 2014;

A $39 million net increase due to services performed for Atlantic Coast Pipeline and Blue Racer. These expenses are billed to these entities and do not significantly impact net income;

A $26 million increase in bad debt expense at regulated natural gas distribution operations primarily related to low income assistance programs. These bad debt expenses are recovered through rates and do not impact net income; and

A $17 million increase due to the acquisition of DCG.

Other income decreased 23%, primarily due to lower realized gains (net of investment income) on nuclear decommissioning trust funds ($15 million), a decrease in earnings from rabbi trust investments ($9 million) and an increase in donations paid ($6 million).

Income tax expense increased 66%, primarily reflecting higher pre-tax income.

Segment Results of Operations

Segment results include the impact of intersegment revenues and expenses, which may result in intersegment profit and loss. Presented below is a summary of contributions by Dominion s operating segments to net income attributable to Dominion:

	Net Income attributable to Dominion			**Diluted EPS**		
	2015	2014	$ Change	**2015**	2014	$ Change
(millions, except EPS)						
Third Quarter						
DVP	**$ 125**	$ 119	$ 6	**$ 0.21**	$ 0.20	$ 0.01
Dominion Generation	**391**	326	65	**0.66**	0.56	0.10
Dominion Energy	**152**	144	8	**0.26**	0.25	0.01
Primary operating segments	**668**	589	79	**1.13**	1.01	0.12
Corporate and Other	**(75)**	(60)	(15)	**(0.13)**	(0.11)	(0.02)
Consolidated	**$ 593**	$ 529	$ 64	**$ 1.00**	$ 0.90	$ 0.10

Year-To-Date						
DVP	**$ 382**	$ 366	$ 16	**$ 0.64**	$ 0.63	$ 0.01
Dominion Generation	**923**	794	129	**1.56**	1.36	0.20
Dominion Energy	**488**	482	6	**0.82**	0.82	
Primary operating segments	**1,793**	1,642	151	**3.02**	2.81	0.21
Corporate and Other	**(251)**	(575)	324	**(0.42)**	(0.98)	0.56
Consolidated	**$ 1,542**	$ 1,067	$ 475	**$ 2.60**	$ 1.83	$ 0.77

DVP

Presented below are selected operating statistics related to DVP s operations:

	Third Quarter			**Year-To-Date**		
	2015	2014	% Change	**2015**	2014	% Change
Electricity delivered (million MWh)	**22.6**	21.9	3%	**65.6**	63.6	3%
Degree days (electric distribution service area):						
Cooling	**1,174**	1,058	11	**1,819**	1,587	15
Heating		2	(100)	**2,578**	2,548	1
Average electric distribution customer accounts (thousands)[1]	**2,526**	2,501	1	**2,522**	2,496	1

(1) Period average.

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Presented below, on an after-tax basis, are the key factors impacting DVP s net income contribution:

	Third Quarter 2015 vs. 2014 Increase (Decrease)		Year-To-Date 2015 vs. 2014 Increase (Decrease)	
(millions, except EPS)	Amount	EPS	Amount	EPS
Regulated electric sales:				
Weather	$ 11	$ 0.02	$ 18	$ 0.03
Other	(7)	(0.01)		
FERC transmission equity return	10	0.02	30	0.04
Depreciation and amortization	(1)		(6)	(0.01)
Other operations and maintenance expense	2		(12)	(0.02)
Other	(9)	(0.02)	(14)	(0.02)
Share dilution				(0.01)
Change in net income contribution	$ 6	$ 0.01	$ 16	$ 0.01

Dominion Generation

Presented below are selected operating statistics related to Dominion Generation s operations:

	Third Quarter			Year-To-Date		
	2015	2014	% Change	**2015**	2014	% Change
Electricity supplied (million MWh):						
Utility	**22.9**	22.1	4%	**66.2**	64.0	3%
Merchant	**7.6**	7.2	6	**20.6**	19.4	6
Degree days (electric utility service area):						
Cooling	**1,174**	1,058	11	**1,819**	1,587	15
Heating		2	(100)	**2,578**	2,548	1
Average retail energy marketing customer accounts (thousands)(1)(2)	**1,319**	1,196	10	**1,285**	1,298	(1)

(1) Period average.

(2) 2014 excludes 511 thousand average retail electric energy marketing customer accounts due to the sale of this business in March 2014.

Presented below, on an after-tax basis, are the key factors impacting Dominion Generation s net income contribution:

	Third Quarter	Year-To-Date

	2015 vs. 2014		2015 vs. 2014	
	Increase (Decrease)		Increase (Decrease)	
(millions, except EPS)	Amount	EPS	Amount	EPS
Merchant generation margin	$ 19	$ 0.04	$ 39	$ 0.06
Regulated electric sales:				
Weather	30	0.05	45	0.08
Other	(16)	(0.03)	(7)	(0.01)
PJM ancillary services	(1)		(15)	(0.02)
Rate adjustment clause equity return	1		22	0.04
Depreciation and amortization	(8)	(0.01)	(20)	(0.03)
Outage costs	1		15	0.02
Renewable energy investment tax credits[(1)]	36	0.06	67	0.11
Other	3		(17)	(0.03)
Share dilution		(0.01)		(0.02)
Change in net income contribution	$ 65	$ 0.10	$ 129	$ 0.20

(1) Tax credit is reflected in Generation segment once project is placed into service.

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Dominion Energy

Presented below are selected operating statistics related to Dominion Energy s operations:

	Third Quarter			Year-To-Date		
	2015	2014	% Change	**2015**	2014	% Change
Gas distribution throughput (bcf):						
Sales	**2**	2	%	**21**	23	(9)%
Transportation	**89**	56	59	**341**	242	41
Heating degree days (gas distribution service area)	**48**	126	(62)	**4,191**	4,242	(1)
Average gas distribution customer accounts (thousands)(1):						
Sales	**234**	236	(1)	**237**	241	(2)
Transportation	**1,050**	1,044	1	**1,060**	1,054	1

(1) Period average.

Presented below, on an after-tax basis, are the key factors impacting Dominion Energy s net income contribution:

	Third Quarter 2015 vs. 2014 Increase (Decrease)		Year-To-Date 2015 vs. 2014 Increase (Decrease)	
	Amount	**EPS**	**Amount**	**EPS**
(millions, except EPS)				
Blue Racer	$ 1	$	$ (36) (1)	$ (0.06)
Assignment of shale development rights	28	0.05	70	0.12
Noncontrolling interest (2)	(3)		(9)	(0.01)
Depreciation and amortization	(3)		(11)	(0.02)
Gas distribution margin:				
Weather	(1)			
Rate adjustment clauses	4		13	0.02
Other	5	0.01	10	0.02
Other operations and maintenance	(13)	(0.02)	(13)	(0.02)
Other	(10)	(0.02)	(18)	(0.03)
Share dilution		(0.01)		(0.02)
Change in net income contribution	$ 8	$ 0.01	$ 6	$

(1) Primarily represents absence of a gain from the sale of the Northern System.

(2) Represents the portion of earnings attributable to Dominion Midstream s public unitholders.

Corporate and Other

Presented below are the Corporate and Other segment s after-tax results:

	Third Quarter			Year-To-Date		
	2015	2014	$ Change	**2015**	2014	$ Change
(millions, except EPS)						
Specific items attributable to operating segments	**$ (18)**	$ (33)	$ 15	**$ (80)**	$ (435)	$ 355
Specific items attributable to corporate operations		17	(17)	**(2)**	(11)	9
Total specific items	**(18)**	(16)	(2)	**(82)**	(446)	364
Other corporate operations:						
Renewable energy investment tax credits	**5**	35	(30)	**15**	91	(76)
Other	**(62)**	(79)	17	**(184)**	(220)	36
Total other corporate operations	**(57)**	(44)	(13)	**(169)**	(129)	(40)
Total net expense	**$ (75)**	$ (60)	$ (15)	**$ (251)**	$ (575)	$ 324
EPS impact	**$ (0.13)**	$ (0.11)	$ (0.02)	**$ (0.42)**	$ (0.98)	$ 0.56

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Total Specific Items

Corporate and Other includes specific items attributable to Dominion s primary operating segments that are not included in profit measures evaluated by executive management in assessing those segments performance or in allocating resources among the segments. See Note 20 to the Consolidated Financial Statements in this report for discussion of these items in more detail.

Virginia Power

Results of Operations

Presented below is a summary of Virginia Power s consolidated results:

	Third Quarter			Year-To-Date		
	2015	2014	$ Change	**2015**	2014	$ Change
(millions)						
Net income	**$ 385**	$ 314	$ 71	**$ 900**	$ 707	$ 193

Overview

Third Quarter 2015 vs. 2014

Net income increased 23%, primarily due to an increase in sales to retail customers, primarily due to an increase in cooling degree days, an increase from rate adjustment clauses, and the absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities, partially offset by a decrease in sales to customers due to the effect of changes in customer usage and other factors.

Year-To-Date 2015 vs. 2014

Net income increased 27%, primarily due to the absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities.

Analysis of Consolidated Operations

Presented below are selected amounts related to Virginia Power s results of operations:

	Third Quarter			Year-To-Date		
	2015	2014	$ Change	**2015**	2014	$ Change
(millions)						
Operating revenue	**$ 2,058**	$ 2,053	$ 5	**$ 6,008**	$ 5,765	$ 243
Electric fuel and other energy-related purchases	**554**	649	(95)	**1,861**	1,817	44
Purchased electric capacity	**75**	86	(11)	**259**	261	(2)
Net revenue	**1,429**	1,318	111	**3,888**	3,687	201

Other operations and maintenance	**375**	401	(26)	**1,216**	1,375	(159)
Depreciation and amortization	**244**	260	(16)	**713**	695	18
Other taxes	**69**	63	6	**212**	205	7
Other income	**13**	24	(11)	**49**	60	(11)
Interest and related charges	**116**	101	15	**332**	311	21
Income tax expense	**253**	203	50	**564**	454	110

An analysis of Virginia Power s results of operations follows:

Third Quarter 2015 vs. 2014

Net revenue increased 8%, primarily reflecting an increase in sales to retail customers, primarily due to an increase in cooling degree days ($68 million) and an increase from rate adjustment clauses ($63 million), partially offset by a decrease in sales to customers due to the effect of changes in customer usage and other factors ($41 million).

Other operations and maintenance decreased 6%, primarily reflecting the absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities ($43 million), partially offset by a $26 million increase in certain electric transmission-related expenditures, which are primarily recovered through state and FERC rates and do not impact net income.

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Other income decreased 46%, primarily reflecting a decrease in the equity component of AFUDC ($5 million), a decrease in amounts collectible from customers for taxes in connection with contributions in aid of construction ($3 million) and lower realized gains (net of investment income) on nuclear decommissioning trust funds ($2 million).

Interest and related charges increased 15%, primarily reflecting higher long-term debt interest expense resulting from debt issuances in October 2014 and May 2015.

Income tax expense increased 25%, primarily reflecting higher pre-tax income.

Year-To-Date 2015 vs. 2014

Net revenue increased 5%, primarily reflecting:

- An increase from rate adjustment clauses ($213 million);
- An increase in sales to retail customers, primarily due to an increase in cooling degree days ($103 million); partially offset by
- An $85 million write-off of deferred fuel costs associated with Virginia legislation enacted in February 2015;
- A decrease in PJM ancillary revenues ($39 million); and
- A decrease in sales to customers due to the effect of changes in customer usage and other factors ($19 million).

Other operations and maintenance decreased 12%, primarily reflecting:

- The absence of charges associated with Virginia legislation enacted in April 2014 relating to the development of a third nuclear unit located at North Anna and offshore wind facilities ($325 million); and
- A $21 million decrease in planned outage costs primarily due to a decrease in scheduled outage days at certain non-nuclear utility generation facilities.

These decreases were partially offset by:

- A $76 million increase in certain electric transmission-related expenditures. These expenses are primarily recovered through state and FERC rates and do not impact net income;

A $45 million charge related to incremental future ash pond and landfill closure costs at certain utility generation facilities due to the enactment of the final CCR rule in April 2015; and

A $40 million increase in utility nuclear refueling outage costs primarily due to the amortization of outage costs that were previously deferred pursuant to Virginia legislation enacted in April 2014.

Other income decreased 18%, primarily reflecting a decrease in amounts collectible from customers for taxes in connection with contributions in aid of construction ($5 million) and a decrease in the equity component of AFUDC ($3 million).

Income tax expense increased 24%, primarily reflecting higher pre-tax income.

Dominion Gas

Results of Operations

Presented below is a summary of Dominion Gas consolidated results:

	Third Quarter			Year-To-Date		
	2015	2014	$ Change	**2015**	2014	$ Change
(millions)						
Net income	**$ 111**	$ 107	$ 4	**$ 357**	$ 364	$ (7)

Overview

Third Quarter 2015 vs. 2014

Net income increased 4%, primarily due to a gain from an agreement to convey shale development rights underneath a natural gas storage field, partially offset by the absence of gains on the sale of assets and higher interest expense.

Year-To-Date 2015 vs. 2014

Net income decreased 2%, primarily due to the absence of gains on the sale of assets to Blue Racer, a decrease in income from NGL activities and higher interest expense, partially offset by increased gains from agreements to convey shale development rights underneath several natural gas storage fields.

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Analysis of Consolidated Operations

Presented below are selected amounts related to Dominion Gas results of operations:

	Third Quarter			Year-To-Date		
(millions)	**2015**	2014	$ Change	**2015**	2014	$ Change
Operating revenue	**$ 365**	$ 391	$ (26)	**$ 1,291**	$ 1,388	$ (97)
Purchased gas	**8**	34	(26)	**103**	247	(144)
Other energy-related purchases	**4**	8	(4)	**17**	29	(12)
Net revenue	**353**	349	4	**1,171**	1,112	59
Other operations and maintenance	**63**	91	(28)	**261**	253	8
Depreciation and amortization	**53**	50	3	**157**	146	11
Other taxes	**35**	31	4	**127**	117	10
Other income	**4**	5	(1)	**17**	18	(1)
Interest and related charges	**18**	7	11	**53**	19	34
Income tax expense	**77**	68	9	**233**	231	2

An analysis of Dominion Gas results of operations follows:

Third Quarter 2015 vs. 2014

Net revenue increased 1%, primarily reflecting:

An $8 million increase from regulated natural gas distribution operations, primarily due to an increase in off-system sales ($7 million) and an increase in AMR and PIR program revenues ($5 million), partially offset by a decrease in rate adjustment clause revenue related to low income assistance programs ($3 million); partially offset by

A $4 million decrease from regulated natural gas transmission operations, primarily reflecting:

A $15 million decrease in NGL activities, primarily due to decreased prices; and

Decreased regulated gas sales ($3 million); partially offset by

A $16 million net increase primarily due to services performed for Atlantic Coast Pipeline and Blue Racer.

Other operations and maintenance decreased 31%, primarily reflecting:

- A $52 million gain from an agreement to convey shale development rights underneath a natural gas storage field; partially offset by

- A $16 million net increase due to services performed for Atlantic Coast Pipeline and Blue Racer. These expenses are billed to these entities and do not significantly impact net income; and

- The absence of gains on the sale of assets ($11 million).

Other taxes increased 13%, primarily due to increased investment resulting in higher property taxes.

Interest and related charges increased $11 million, primarily due to higher long-term debt interest expense resulting from debt issuances in December 2014.

Income tax expense increased 13%, primarily reflecting higher pre-tax income.

Year-To-Date 2015 vs. 2014

Net revenue increased 5%, primarily reflecting:

- A $58 million increase from regulated natural gas distribution operations, primarily due to an increase in rate adjustment clause revenue related to low income assistance programs ($26 million), an increase in AMR and PIR program revenues ($19 million) and various expansion projects being placed into service ($19 million); and

- A $1 million increase from regulated natural gas transmission operations, primarily reflecting:

  - A $13 million increase in gas transportation and storage activities, primarily due to decreased fuel costs ($23 million) and various expansion projects being placed into service ($23 million), partially offset by decreased regulated gas sales ($35 million); and

  - A $40 million net increase primarily due to services performed for Atlantic Coast Pipeline and Blue Racer; partially offset by

  - A $41 million decrease in NGL activities, primarily due to decreased prices.

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Other operations and maintenance increased 3%, primarily reflecting:

- A $40 million net increase due to services performed for Atlantic Coast Pipeline and Blue Racer. These expenses are billed to these entities and do not significantly impact net income;
- A $26 million increase in bad debt expense at regulated natural gas distribution operations primarily related to low income assistance programs. These bad debt expenses are recovered through rates and do not impact net income; and
- The absence of gains on the sale of assets to Blue Racer ($59 million); partially offset by
- Gains from agreements to convey shale development rights underneath several natural gas storage fields ($123 million).

Interest and related charges increased $34 million, primarily due to higher long-term debt interest expense resulting from debt issuances in December 2014.

Liquidity and Capital Resources

Dominion depends on both internal and external sources of liquidity to provide working capital and as a bridge to long-term debt financings. Short-term cash requirements not met by cash provided by operations are generally satisfied with proceeds from short-term borrowings. Long-term cash needs are met through issuances of debt and/or equity securities.

In September 2015, Dominion initiated a program to purchase from the market up to $50 million of common units representing limited partner interests in Dominion Midstream. The common units may be acquired by Dominion over the next 12 months at the discretion of management. During the third quarter of 2015, Dominion purchased approximately 77,000 common units for approximately $2 million. In October 2015, Dominion purchased approximately 478,000 additional common units for approximately $13 million.

At September 30, 2015, Dominion had $1.9 billion of unused capacity under its credit facilities.

A summary of Dominion s cash flows is presented below:

(millions)	**2015**	2014
Cash and cash equivalents at January 1	**$ 318**	$ 316
Cash flows provided by (used in):		
Operating activities	**3,453**	2,410
Investing activities	**(4,350)**	(3,533)
Financing activities	**817**	1,025

Net decrease in cash and cash equivalents	**(80)**	(98)
Cash and cash equivalents at September 30	**$ 238**	$ 218

Operating Cash Flows

Net cash provided by Dominion s operating activities increased $1.0 billion, primarily due to the absence of losses related to the repositioning of Dominion s producer services business in 2014, higher deferred fuel cost recoveries in its Virginia jurisdiction, higher revenue from rate adjustment clauses, lower net margin collateral requirements, the impact from more favorable weather in 2015, and changes in other working capital items.

Dominion believes that its operations provide a stable source of cash flow to contribute to planned levels of capital expenditures and maintain or grow the dividend on common shares.

Dominion s operations are subject to risks and uncertainties that may negatively impact the timing or amounts of operating cash flows, which are discussed in Item 1A. Risk Factors in the Companies Annual Report on Form 10-K for the year ended December 31, 2014.

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Credit Risk

Dominion s exposure to potential concentrations of credit risk results primarily from its energy marketing and price risk management activities. Presented below is a summary of Dominion s credit exposure as of September 30, 2015 for these activities. Gross credit exposure for each counterparty is calculated prior to the application of collateral and represents outstanding receivables plus any unrealized on- or off-balance sheet exposure, taking into account contractual netting rights.

(millions)	Gross Credit Exposure	Credit Collateral	Net Credit Exposure
Investment grade[1]	$ 108	$ 47	$ 61
Non-investment grade[2]	1		1
No external ratings:			
Internally rated investment grade[3]	17		17
Internally rated non-investment grade[4]	69		69
Total	$ 195	$ 47	$ 148

(1) Designations as investment grade are based upon minimum credit ratings assigned by Moody s and Standard & Poor s. The five largest counterparty exposures, combined, for this category represented approximately 29% of the total net credit exposure.
(2) The five largest counterparty exposures, combined, for this category represented less than 1% of the total net credit exposure.
(3) The five largest counterparty exposures, combined, for this category represented approximately 11% of the total net credit exposure.
(4) The five largest counterparty exposures, combined, for this category represented approximately 42% of the total net credit exposure.

Investing Cash Flows

Net