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Vice President and Assistant Treasurer

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120 Tredegar Street, Richmond, VA 23219



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Filed Electronically

Ms. Florence E. Harmon
Acting Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549-1090

Re: Proposed Rules Regarding Security Ratings, Release No. 33-8940,
File No. S7-18-08

Dear Ms. Harmon:

Dominion Resources, Inc. (“Dominion”)¹ welcomes this opportunity to submit comments on the Commission’s proposed changes to the Form S-3 eligibility rules. We concur with the position of the Edison Electric Institute (“EEI”) that, with respect to traditional, non-asset backed securities, credit rating agencies have performed well and that their “investment grade” ratings provide an appropriate basis for determining eligibility for use of Form S-3.

Furthermore, given that the recent turmoil in the credit markets primarily involved asset-backed securities related to residential mortgages and securities ratings that did not adequately reflect the risks of such securities, it is our view that the Commission should limit its remedies to the rules governing the issuance of asset-backed securities and the process by which such securities are rated. As noted by EEI, the credit rating metrics applied to traditional debt issuances have provided investors a valuable and reliable measurement to help guide their investment decisions. We do not believe that changing the Form S-3 eligibility rules for traditional debt security issuances is the appropriate solution for potential flaws in other sectors of the financial markets.

The Proposed Rules Could Impact Our Regulated Public Utility and Many Other Utility Operating Subsidiaries

We suspect that the proposed Form S-3 eligibility rules could render many utility operating subsidiaries, such as our regulated public utility, Virginia Electric & Power Company (“VEPCO”)², ineligible to use Form S-3. Because of the cyclical nature of

¹ Dominion is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 27,000 megawatts of generation, 1.1 trillion cubic feet equivalent of proved natural gas and oil reserves, 14,000 miles of natural gas transmission, gathering and storage pipeline and 6,000 miles of electric transmission lines. Dominion operates the nation's largest natural gas storage facility with 975 billion cubic feet of storage capacity and serves retail energy customers in 11 states.

² Dominion owns all of the common stock of VEPCO, a regulated public utility that generates, transmits, and distributes electricity for sale in Virginia and northeastern North Carolina. VEPCO serves

utilities' capital expenditure requirements, many utilities would not, currently or from time to time, be able to meet the proposed eligibility requirement of \$1 billion of debt issuances over a historical three-year period. VEPCO, for instance, currently exceeds the debt issuance threshold and, on this basis, would currently satisfy the Commission's proposed Form S-3 transaction requirements as a well known seasoned issuer ("WKSI"). However, if VEPCO enters a less active phase of major infrastructure development and fails to issue \$1 billion of debt securities over a three-year period, it could lose its ability to use the Form S-3 registration statement.³ For example, if over the next four calendar years VEPCO only issues debt securities to replace existing debt as it matures, and does not issue debt securities in connection with additional capital expenditures, it would no longer qualify as a WKSI under the proposed Form S-3 eligibility rules.

While Dominion's subsidiary, VEPCO, would face the prospective risk of losing its WKSI status and Form S-3 eligibility under the proposed rules, a former Dominion subsidiary, Consolidated Natural Gas Company ("CNG")⁴ would have suffered Form S-3 ineligibility during the last several years, had the Commission's proposed rules been in effect at the time. CNG would only have satisfied the WKSI criteria for one of its debt issuances between 2000 and 2007, despite having issued over \$2.2 billion in principal amount, aggregated across seven series of registered securities issued during that period.⁵ If the Commission's proposed rules had been in effect at the time, CNG would have been ineligible to use Form S-3 for three of the four marketing efforts. Specifically, despite having been a well-followed issuer in 2004 with operating revenues of approximately \$6.6 billion and total assets of \$16.7 billion, had the Commission's proposed rules been in effect when CNG issued \$400 million of debt securities on November 18, 2004, CNG would have been forced to incur the additional time and expense of a Form S-1 registration or resort to a private offering.

WKSI Status Does Not Accurately Reflect Market Scrutiny of Operating Subsidiaries

Although the WKSI standard may be an appropriate test for the ability to use automatically effective registration statements, in our view, it should not be applied to Form S-3 eligibility. The proposed changes would set the clock back to the early 1980's, before the Commission's adoption of continuous shelf registration rules, resulting in the impaired ability of well-followed operating subsidiaries to register debt quickly and efficiently and execute capital markets transactions. The ability to react quickly to capital markets conditions is extremely important in volatile markets such as those we are currently experiencing.

approximately 2.4 million retail customer accounts, including governmental agencies, as well as wholesale customers such as rural electric cooperatives and municipalities.

³ Since VEPCO's common stock is held by Dominion, VEPCO is not eligible for Form S-3 registration on the alternate basis of having public equity float in excess of \$75 million.

⁴ CNG was merged into Dominion in June 2007.

⁵ During the 2000-2007 period, CNG in fact issued each of the seven series of registered securities pursuant to two Form S-3 shelf filings, on the basis of its investment grade credit ratings.

Returning to the VEPCO example, if, under the proposed rules changes, VEPCO were to lose WKSI status and the ease of capital markets access afforded by Form S-3 registration, VEPCO would nonetheless continue to timely file periodic reports and provide investors with all necessary information. In addition, given that VEPCO's assets and operating revenues contribute substantially to Dominion's financial position, VEPCO's filings are subject to as much scrutiny as those of Dominion. Accordingly, the Commission's proposal could result in Form S-3 ineligibility for many closely-followed operating subsidiaries, while their parent companies remain eligible.

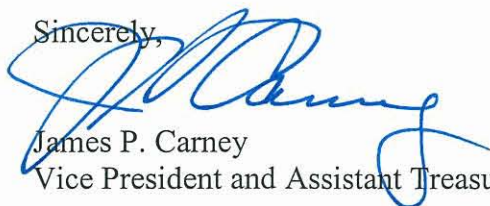
Subsidiaries of WKSIs that Remain in Good Standing with the Commission Should be Eligible to Use Form S-3

Although Dominion opposes eliminating investment grade credit ratings as a standard for determining Form S-3 eligibility, if the Commission determines that such a change is necessary, Dominion would support the following eligibility criteria. The Commission should provide Form S-3 eligibility to any subsidiary that is subject to the reporting requirements of the Exchange Act, provided that substantially all of its voting securities are held by a WKSI parent company and provided further that the subsidiary has timely filed all required Exchange Act reports with the Commission for a period of 12 months prior to the proposed debt securities issuance. We believe that such subsidiaries generate a large following in the marketplace in connection with their WKSI parents' securities such that it is appropriate to permit use of Form S-3.

We think the foregoing proposal would be a more effective eligibility standard than an issuer's status as a state regulated utility, as proposed by EEI. While EEI has focused on the role of state utility regulators in minimizing the risks associated with utility debt securities, this protection alone is perhaps insufficient to give the SEC comfort regarding Form S-3 eligibility. In general, a utility's ability to meet its debt service obligations is not assured by its authorized return on equity. Rather, a regulated utility typically may not issue debt securities without the prior approval of its state utility commission, which approval is generally premised on the commission's determination that the issuance is not contrary to the public good, which includes consideration of the utility's ability to meet its public service obligation. In addition, there are many companies that are not subject to the regulation of any state utility commission that are nonetheless deserving of Form S-3 eligibility, for instance by virtue of being a closely-followed subsidiary of a WKSI, just as our subsidiary holding company CNG was until June of 2007.

Dominion appreciates the opportunity to comment on this important matter.

Sincerely,



James P. Carney
Vice President and Assistant Treasurer