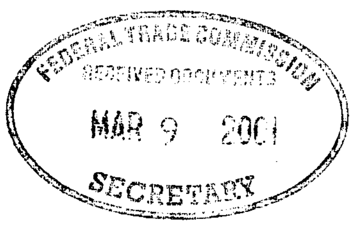
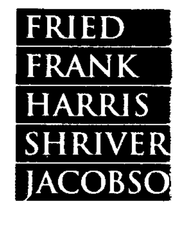
Fried, Frank, Harris, Shriver & Jacobson
1001 Pennsylvania Avenue, NW. Suite 800
Washington, DC 20004-2505
Tel: 202.639.7000
Fax: 202.639.7003 (4) (8)
www.ffhsj.com

Direct Phone: 212.859.8085
Direct Email: linda.blumkin@ffhsj.com



March 9, 2001

Office of the Secretary
Federal Trade Commission
6th Street and Pennsylvania Avenue, N.W.
Room 172
Washington, D.C. 20580



Re: Request for Approval of Divestiture - El Paso Energy Corporation/ The Coastal Corporation - File No. 001-0086

To: Federal Trade Commission:

Consistent with Paragraph IIIA of the Decision and Order in the above-captioned matter (the "Decision and Order"), El Paso Corporation ("El Paso"), formerly known as El Paso Energy Corporation, hereby notifies the Commission of its intent to sell an 8.72 percent interest as a general partner in Iroquois Gas Transmission System, L.P. to CNG Iroquois, Inc. ("CNG"), an indirect subsidiary of Dominion Resources, Inc. ("Dominion"). We believe that the Decision and Order should properly be construed to mean that the Commission has determined Dominion to be an approved acquirer because Paragraph IIIA expressly names Dominion and because Dominion is a signatory to the Order. If, however, the Commission determines that additional approval is necessary, we submit Attachments A-E for that purpose.

Capitalized terms not herein defined shall have the same meanings set forth in the Decision and Order. As discussed with Delores Wood, I am enclosing an original and ten (10) copies of this Public version of the divestiture application and attachments.

<u>Attachments to Request for Approval of Divestiture</u>

A. The Partnership Interest Purchase and Sale Agreement. This agreement is confidential and is not included in the public submission.

B. A description of the divestiture transaction.

A Partnership
Including
Professional
Corporations

New York
Washington
Los Angeles
London
Paris

C. A description of the purchaser.

D. A market analysis that describes how the sale of this partnership interest to CNG will accomplish the Commission's divestiture goals as set forth in the Decision and Order.

E. SEC and public documents, including the most recent Annual Report, 10-K, 10-Q and Proxy Statement for Dominion Resources, Inc., the parent company of CNG.

If you require further information concerning CNG's plans, please contact Paul Koonce, Senior Vice President of CNG. He can be reached at CNG's offices at 120 Tredegar Street, Richmond, VA 23219, or by phone at 804-819-2390.

Pursuant to the Order, El Paso is required to complete the divestiture by April 29, 2001. Accordingly, El Paso respectfully requests that this application receive expedited treatment.

Please call me if you have any questions regarding any of the above or need any additional information or documentation.[1]

Sincerely,

Linda Blumkin by [illegible]

LINDA R. BLUMKIN

cc: Jeffery Dahnke, Esq.

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[1] With respect to an accounting of sales and other transactions during the previous year between El Paso and CNG, other than ordinary course contracts entered into in 2000 between the parties, the parties are not aware of any material sales or other transactions between the parties or their affiliates in 2000.

Attachment A

Partnership Interest Purchase and Sale Agreement

The Partnership Interest Purchase and Sale Agreement is confidential and is not included in the public submission.

Attachment B

Description of the Divestiture Transaction

Transaction Overview

Iroquois Gas Transmission System, L.P. is a Delaware Limited Partnership (the "Partnership") of seven U.S. and Canadian energy entities, and is the owner of a 375-mile interstate natural gas pipeline extending from the U.S.-Canadian border at Waddington, N.Y. through western Connecticut to Long Island, N.Y. Its wholly-owned subsidiary, the Iroquois Pipeline Operating Company, headquartered in Shelton, Connecticut, is the agent for and operator of the pipeline.

Two of the pipeline partners, ANR Iroquois, Inc. ("ANRI") and ANR New England Pipeline Company ("ANRNE"), are subsidiaries of El Paso through ANR Pipeline Company, a Delaware corporation acquired by El Paso as a result of the Acquisition. Collectively, through ANRI and ANRNE, El Paso owns a 16 percent interest in the partnership (9.4 percent held by ANRI and 6.6 percent held by ANRNE). Pursuant to paragraph IIIA of the Decision and Order, El Paso is required to divest its interest in the Partnership not later than 90 days from the date the Commission accepted the Consent Agreement for public comment, which will expire on April 29, 2001.

ANRI and ANRNE have entered into agreements with each of the Partnership interest holders to which ANRI and ANRNE's interests will be divested. ANRI expects to divest its 9.4 percent interest in the Partnership in the following proportions, .84 percent to Iroquois Pipeline Investment, LLC ("Iroquois Investment"), 5.96 percent to TCPL Northeast LTD. ("TCPL"), .48 percent to NJNR Pipeline Company ("NJNR") and 2.12 percent to CNG Iroquois, Inc. ("CNG"). ANRNE expects to divest its entire 6.6 percent interest in the Partnership to CNG. By selling its 16 percent interest in the Partnership, El Paso will have divested all of its interest in the Iroquois Assets, as required by the Decision and Order. To effectuate the divestiture of its interest in the

Partnership, El Paso is making separate Requests for Approval of Divestiture for each of the four transactions that will take place.

Divestiture to CNG Iroquois, Inc.

Consistent with Paragraph IIIA of the Decision and Order, on December 11, 2000, ANRI, ANRNE and CNG, an indirect subsidiary of Dominion Resources, Inc., executed a Partnership Interest Purchase and Sale Agreement ("Agreement") pursuant to which ANRI and ANRNE agreed to sell to CNG that portion of ANRI and ANRNE's interest in the Partnership equal to 8.72 percent of the Partnership in the aggregate. ANRI will sell CNG a 2.12 percent interest, and ANRNE will sell CNG a 6.6 percent interest.

The Agreement contains the usual and customary conditions to closing, including approval of the Commission and applicable Attorneys General. Commission approval is also required by the Decision and Order. Other conditions include acceptance of the Decision and Order requiring the divestiture of the Iroquois Assets. The parties have requested confidential treatment with respect to the terms and conditions of the Agreement.

Attachment C

Description of the Purchaser -- CNG Iroquois, Inc.

CNG is an indirect subsidiary of Dominion Resources, Inc. ("Dominion").

Dominion Energy, Inc., is the company's electric power production and natural gas transportation and storage unit. Within that unit, Dominion Transmission, Inc. formerly CNG Transmission Corp., is based in Clarksburg, West Virginia, and operates gas pipelines and natural gas storage systems. CNG Iroquois Inc. is a wholly owned subsidiary of Dominion Transmission, Inc.

CNG currently holds a 16 percent interest in the Partnership, which will increase to 24.72 percent as a result of the transaction.

Attachment D

Market Analysis

In its complaint, the Commission alleged that El Paso's acquisition of Coastal might substantially reduce competition in transportation of natural gas to the Buffalo-Niagara Falls, Rochester, Syracuse and Albany-Schenectady-Troy MSAs ("Relevant Area"). In particular, the Commission alleged that El Paso and Coastal own or control a significant share of all natural gas pipeline capacity into the Relevant Area including the Iroquois Assets. The Iroquois Assets include a 375-mile interstate natural gas pipeline extending from the U.S.-Canadian border at Waddington, N.Y. through western Connecticut to Long Island, N.Y., which is a supplier of natural gas to the Albany-Schenectady-Troy MSA.

Without agreeing with the Commission that El Paso's acquisition of Coastal's 16 percent interest in the Iroquois Assets would have substantially lessened competition for the transmission of natural gas to the Relevant Area, the sale of the interest to other interest holders, including CNG, which currently holds a 16 percent interest in the Iroquois Assets, will eliminate any such lessening of competition. As noted above, CNG's parent company is a large and experienced provider of retail and wholesale energy services, including natural gas pipeline ownership and management.

CNG's acquisition of an 8.72 percent interest in the Iroquois Assets does not raise any competitive issues, as the company's total interest in the Partnership as a result of the transaction will amount to a minority position of only 24.72 percent. In addition, the pipeline will continue to be owned by five other entities and the pipeline will continue to be independently operated. In view of the above, the parties believe that El Paso's sale of its 16 percent interest in the Iroquois Assets to four other interest holders, including the sale of an 8.72 percent interest to CNG resolves the Commission's concerns as reflected in the Complaint and complies with the Decision and Order. The Commission's press release of January 29, 2001 is consistent with this

conclusion, stating that "Dominion Resources, which already owns 16 percent of Iroquois and will acquire part of respondents' interest in this pipeline, would be required to give the FTC advance written notification of transactions that would increase its interest in Iroquois beyond the additional 8.72 percent interest specified in the proposed agreement."

Attachment E

Dominion Resources, Inc.'s SEC and Public Documents

Dominion 1999 Annual Report

SEC Form 10-K for year ended December 31, 1999 (with amendments)

SEC Form 10-Q for quarter ended September 31, 2000

Proxy Statement dated March 16, 2000

CLEAR VISION

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Directors and Officers

Shareholder
Information

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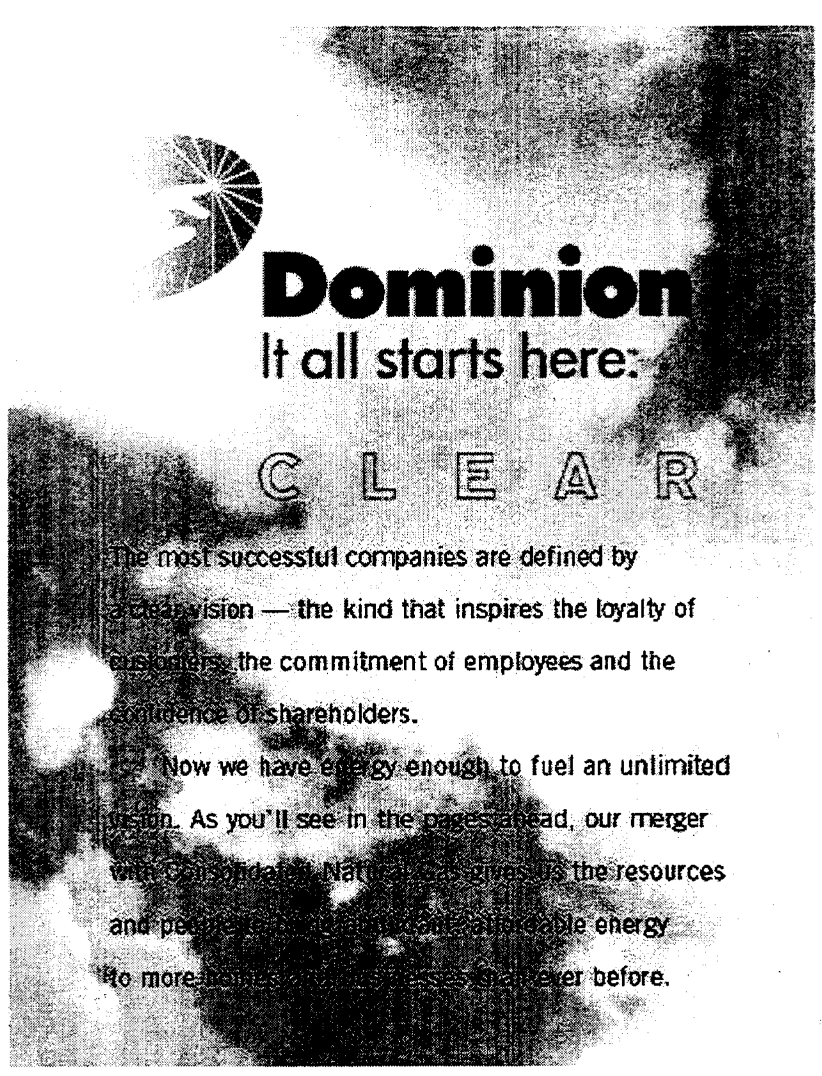

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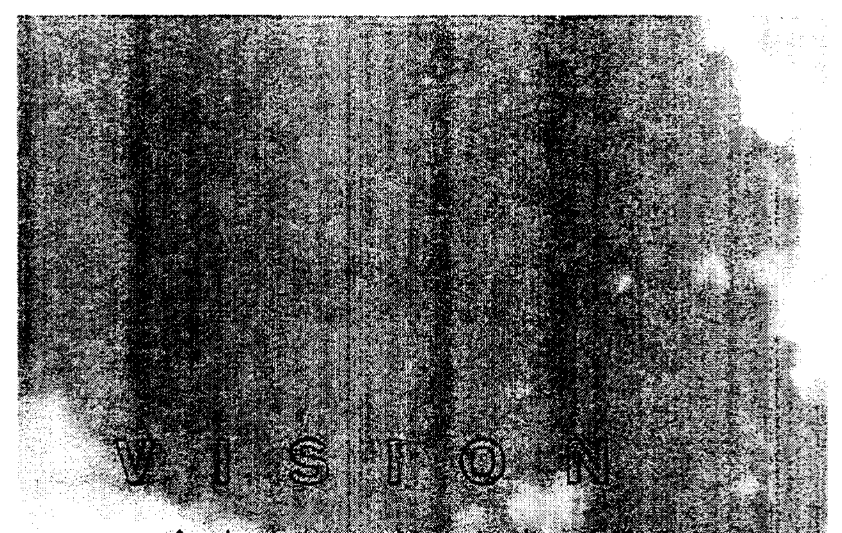
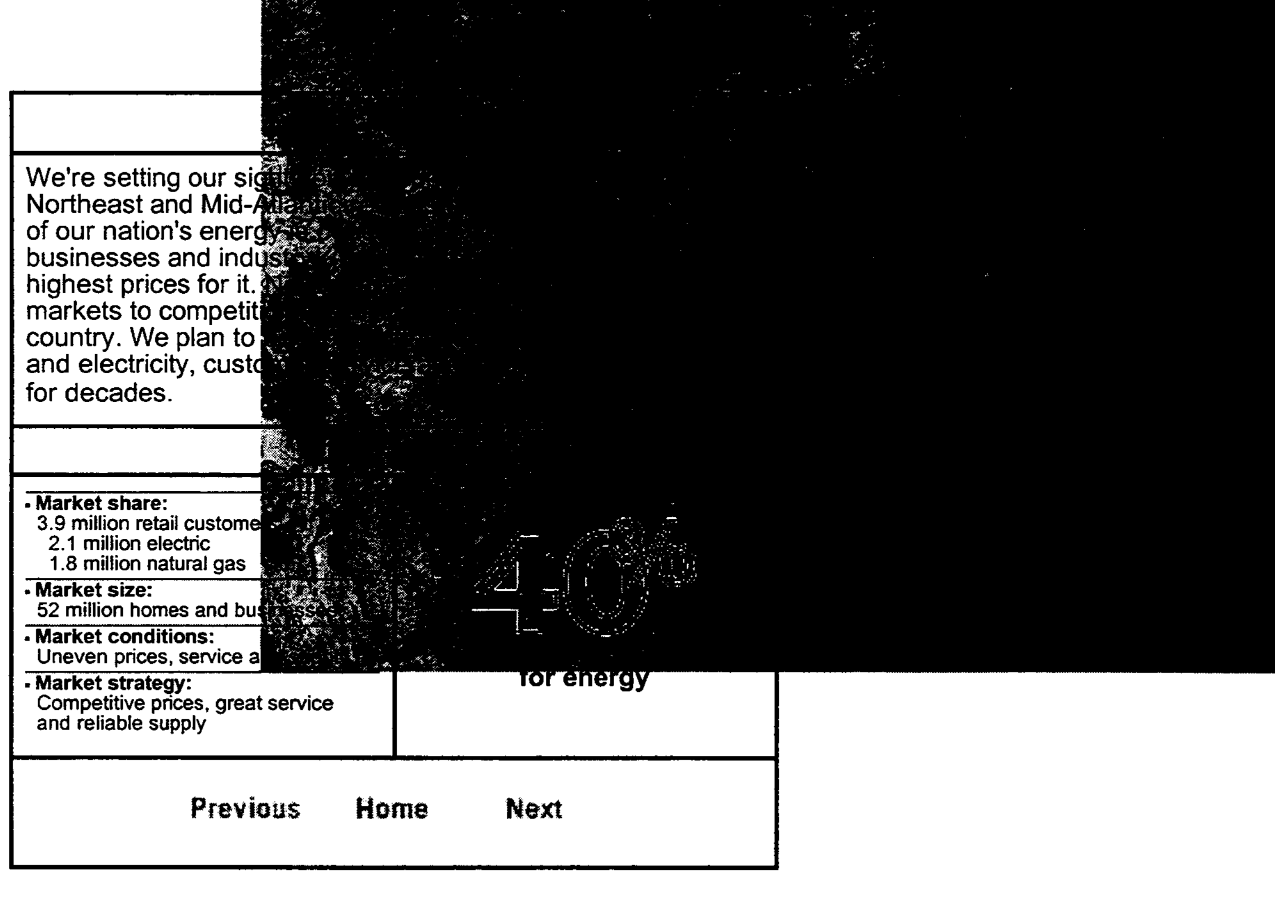


As clear as our goals may be, their full value can only be realized when supported by an effective rallying cry. That is why we are proud to unveil a brand that embodies the strength of our past with the promise of our future.

With the resources to bring more energy to more people and a history of trusted service, we can begin to build America's premier energy company.

At Dominion, it all starts here.



We're setting our sig
Northeast and Mid-A
of our nation's energ
businesses and indu
highest prices for it.
markets to competit
country. We plan to
and electricity, custo
for decades.

- **Market share:**
  3.9 million retail custome
  2.1 million electric
  1.8 million natural gas
- **Market size:**
  52 million homes and bu
- **Market conditions:**
  Uneven prices, service a
- **Market strategy:**
  Competitive prices, great service and reliable supply

for energy

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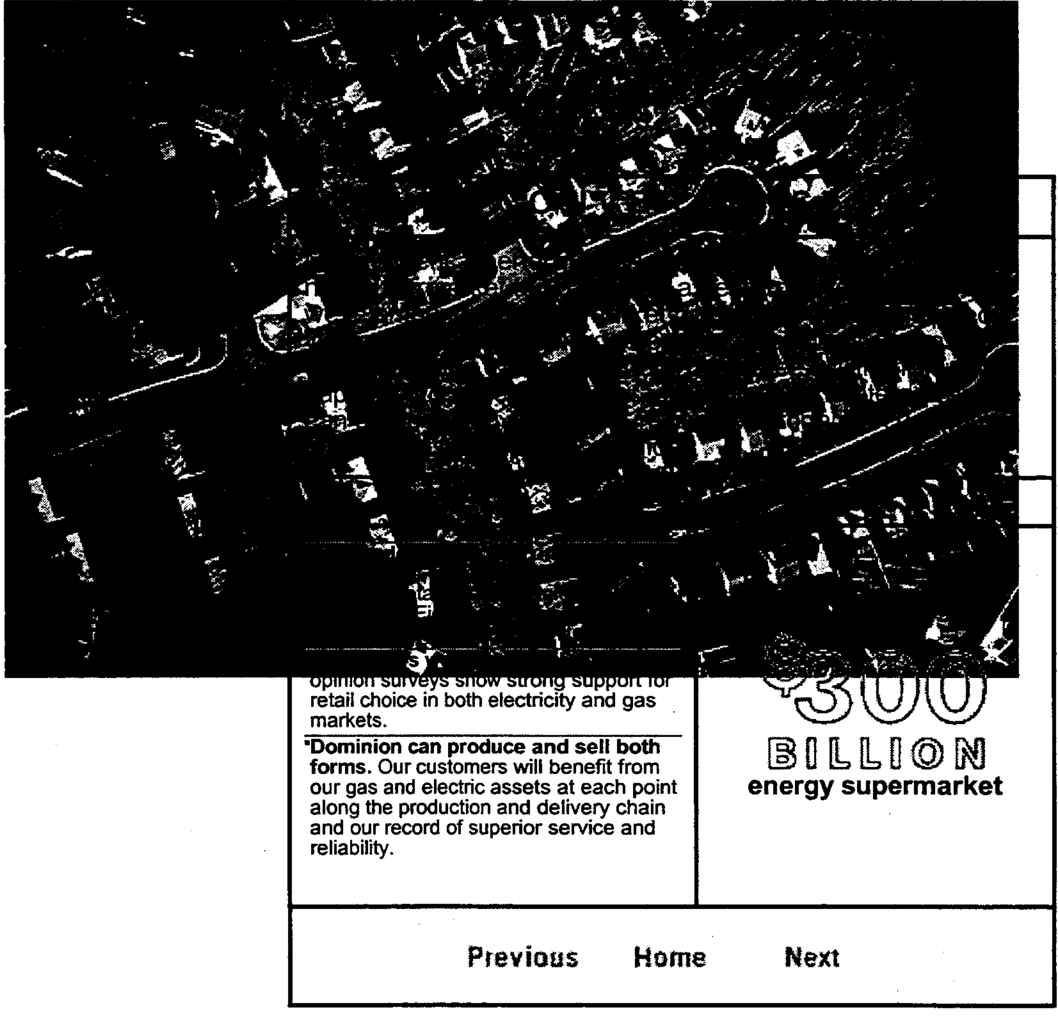

opinion surveys show strong support for retail choice in both electricity and gas markets.

•**Dominion can produce and sell both forms.** Our customers will benefit from our gas and electric assets at each point along the production and delivery chain and our record of superior service and reliability.

$300 BILLION energy supermarket

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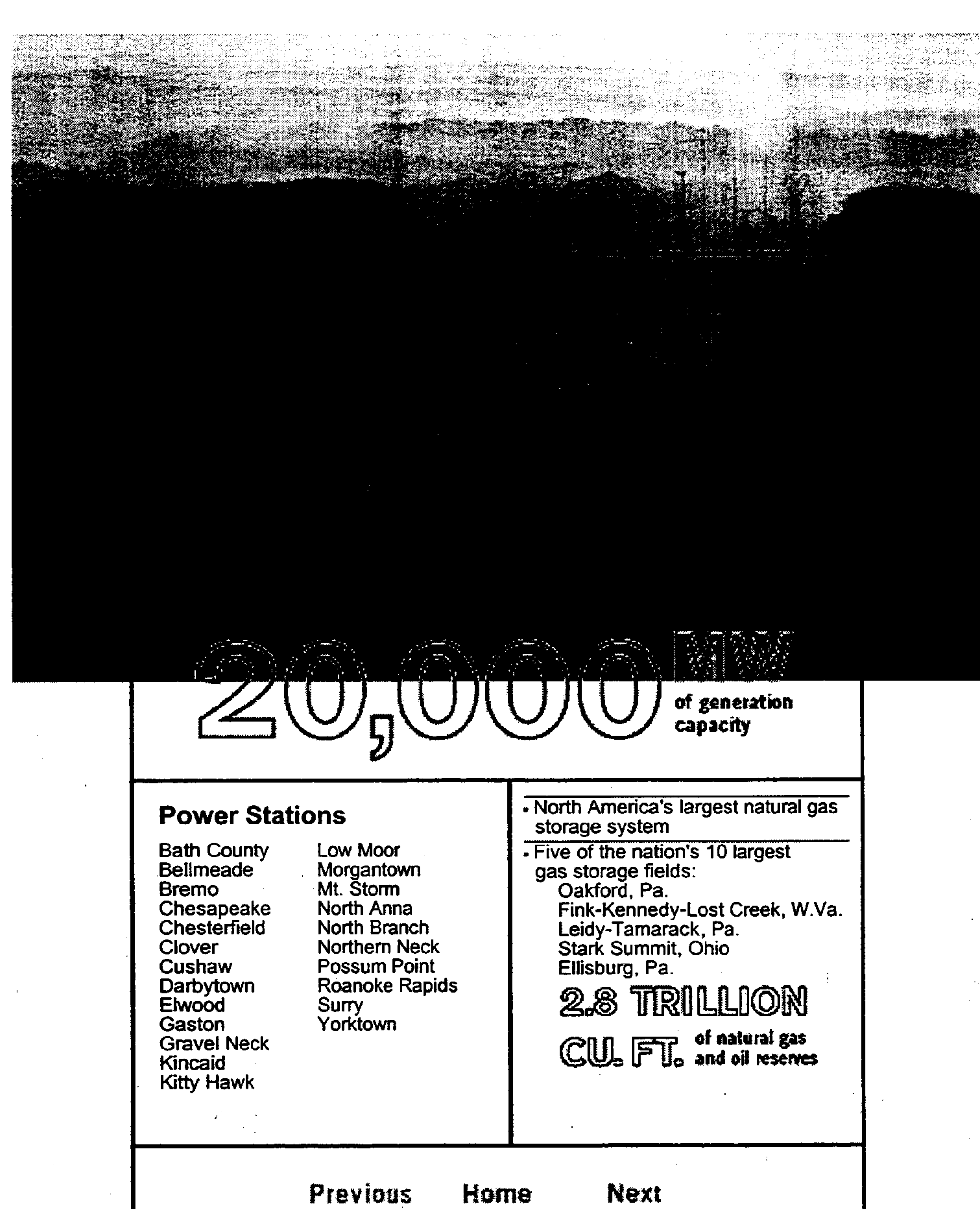

of generation capacity

Power Stations

Bath County	Low Moor
Bellmeade	Morgantown
Bremo	Mt. Storm
Chesapeake	North Anna
Chesterfield	North Branch
Clover	Northern Neck
Cushaw	Possum Point
Darbytown	Roanoke Rapids
Elwood	Surry
Gaston	Yorktown
Gravel Neck	
Kincaid	
Kitty Hawk	

- North America's largest natural gas storage system
- Five of the nation's 10 largest gas storage fields:
  - Oakford, Pa.
  - Fink-Kennedy-Lost Creek, W.Va.
  - Leidy-Tamarack, Pa.
  - Stark Summit, Ohio
  - Ellisburg, Pa.

2.8 TRILLION CU. FT. of natural gas and oil reserves

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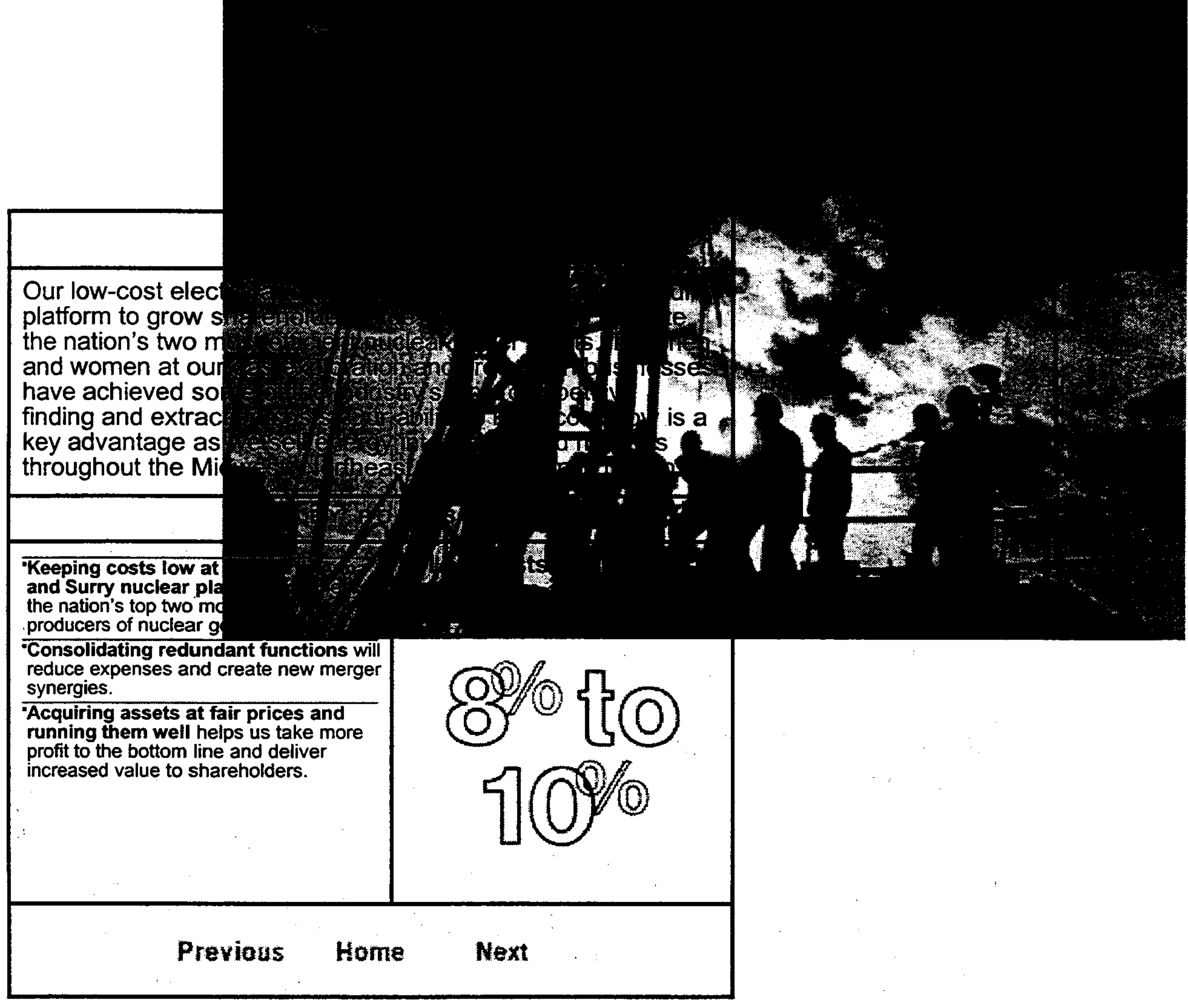

Our low-cost elec... platform to grow s... the nation's two m... and women at our... have achieved so... finding and extrac... is a key advantage as... throughout the Mi...

- **Keeping costs low at ... and Surry nuclear pla...** the nation's top two mo... producers of nuclear g...
- **Consolidating redundant functions** will reduce expenses and create new merger synergies.
- **Acquiring assets at fair prices and running them well** helps us take more profit to the bottom line and deliver increased value to shareholders.

8% to 10%

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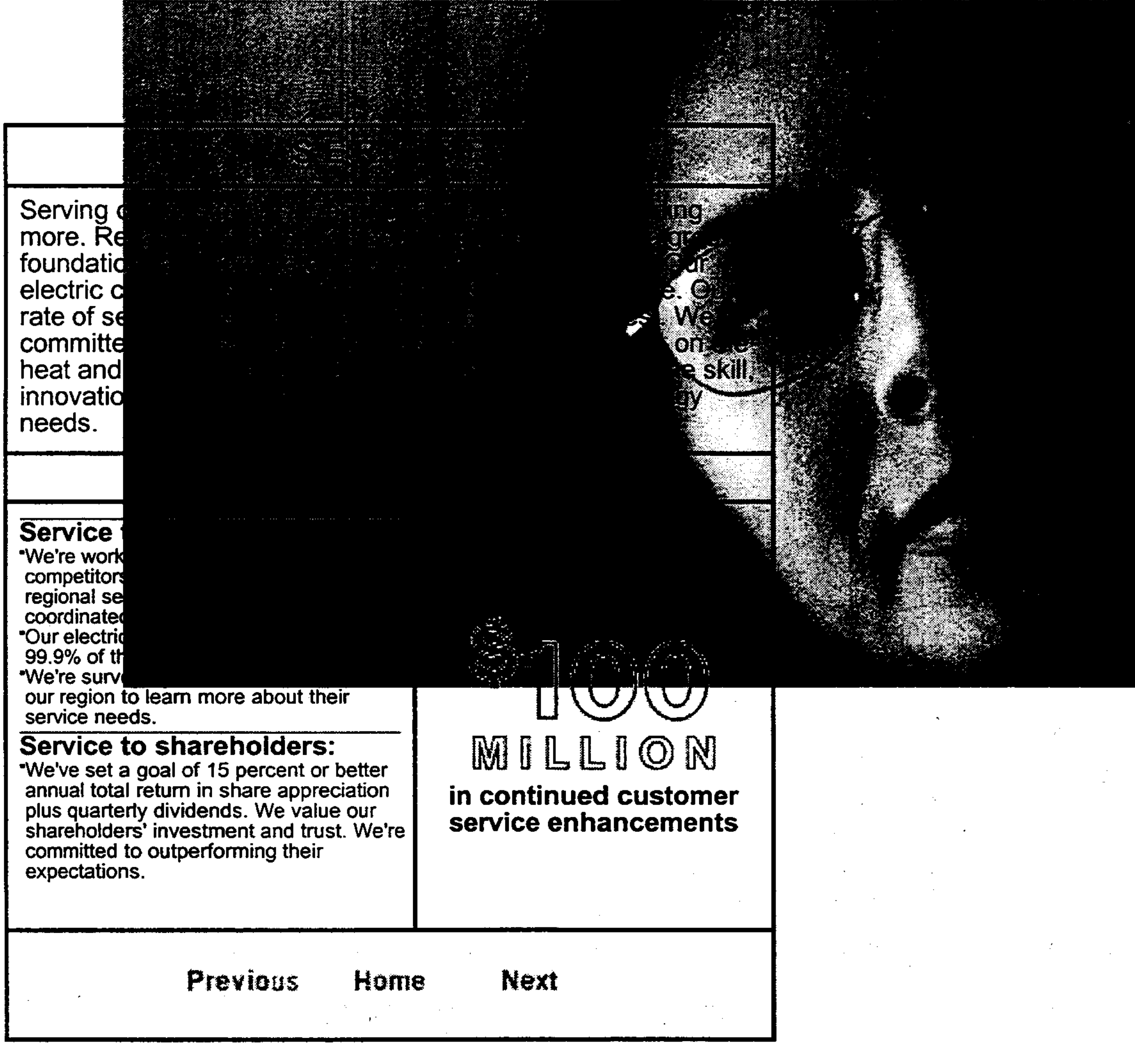
needs.
our region to learn more about their
service needs.
Service to shareholders:
•We've set a goal of 15 percent or better annual total return in share appreciation plus quarterly dividends. We value our shareholders' investment and trust. We're committed to outperforming their expectations.
MILLION
in continued customer service enhancements
Previous Home Next

DEAR FELLOW SHAREHOLDERS

THOS. E. CAPPS
President and
Chief Executive Officer

Dear Fellow Shareholders
Thanks to your 99-percent confidence vote for our merger with Consolidated Natural Gas, we're now the nation's largest fully integrated natural gas and electric company. You and I are business partners in an energy provider that serves nearly 4 million homes and businesses in the Midwest, Northeast and Mid-Atlantic regions of the United States.

Today, our combined annual revenues total $8.6 billion; our assets, more than $24 billion. Our annual operating cash flow exceeds $1.6 billion.

We own and operate some of the nation's most valued electric and natural gas businesses. We can produce energy, transport it over long distances, distribute it to our existing customers, and, in the case of gas, use it to generate power or store it and save it for a better sales day. We can use clean-burning natural gas as the fuel of choice for generators that will electrify our nation in this new century. And we have the potential to reach more than 50 million homes and businesses with one-stop energy shopping, freeing them from the confusion and hassles of multiple suppliers.

Many industry leaders and experts say bigger is better. I agree - but only if size helps us earn more income by better serving our customers, earning their loyalty and winning more of them.

Advantages of size
As a merged company, we have better access to capital. We benefit from greater economies of scale and can achieve savings through the cost-effective consolidation of functions. As a merged company, we have a powerful array of assets in the heart of the nation's most energy-intensive region - home to 40 percent of the nation's demand for energy, some of its highest prices and, as a result, some of the fastest moves toward deregulation and restructuring.

...we have the potential to reach more than 50 million homes and businesses with one-stop energy shopping, freeing them from the confusion and hassles of multiple suppliers.

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Looking ahead, we've set as a goal a 15 percent or better annual total return - the combination of share appreciation and our quarterly dividends.

But customers don't really care how big we are. For our company to deliver great service at the competitive prices they'll expect, we'll have to be swift of foot, be flexible and make decisions fast. These qualities don't typically come to mind when you think of big companies.

Fortunately, we've already demonstrated that we can move quickly.

Consider: Our transition team announced and closed one of the energy industry's biggest mergers in only 11 months. In about the same time, they created an entirely new management structure. Just six weeks after our merger announcement, a Dominion-CNG working group began siting and permitting four quick-start, natural gas merchant power plants in Ohio, Pennsylvania and West Virginia, three states in significant need of additional generation to meet peak demand.

It's important to acknowledge the roles of the forward-looking legislators whose policies are opening up our energy markets. Also, we're grateful to state and federal regulators whose equally prompt actions made our powerful combination possible.

In Illinois, we announced our first joint-venture merchant facility in 1998. And our energetic project team sited, permitted and built the facility and began booking profits in just over a year. In the summer of 1999, when power disruptions occurred with alarming consequences, the facility "opened just in time to start supplying much-needed electricity," said the *Chicago Tribune.*

Sale of Latin American generation portfolio and Dominion Capital

In a matter of months, we sold our profitable Latin American generation businesses (but kept our notes and lessons learned). We're also selling our portfolio of financial services businesses at Dominion Capital and will use proceeds from both sales to pay down debt and reinvest in our focused energy business. Dominion Capital is an old friend that has contributed several hundred million dollars in profits since its inception and taught us much about bare-knuckle competition. We wish our friends and colleagues there the very best, and we'll watch its progress with enthusiasm.

In 1998, as I told you last year, we swiftly reached legislative and regulatory agreements that set the rules for Virginia's transition to competitive energy markets — rules that cap rates for consumers and

Earnings are up

We reported a 9.5-percent increase in earnings from operations — earnings that exclude one-time gains and losses. Earnings from operations were $3.01 per share in 1999 compared to $2.75 per share the preceding year. We continued the annual dividend payment of $2.58 per share, a strong yield last year of 6.6 percent. We intend to maintain the dividend at that level. A dividend is money in our pockets. It's an important and often underappreciated part of a stock's value.

Looking ahead, we've set as a goal a 15 percent or better annual total return — the combination of share appreciation and our quarterly dividends. In addition to paying our existing dividend, our goal is to increase earnings by 8 percent to 10 percent annually.

Last year, when value investing was at a historical low, total shareholder return for utility stocks was minus 18.9 percent based on the S&P Electric Utilities Index, one of the industry's most prominent indicators. Our total return was minus 10.5 percent. But it's cold comfort to outperform a down market and, frankly, relative performance doesn't pay the bills.

We are committed to producing a total return in excess of 15 percent going forward and will continue to be focused on a broad range of performance indicators.

Helping the state to grow — and *Fortune* magazine's "Most Admired"

One of the best ways to promote our own growth is to help the economies of the states and cities we now serve. We've been especially successful in Virginia and North Carolina, where we have more than 2 million retail electric customers. Last year, Virginia Power's support to state and local agencies helped bring more than 4,000 new jobs to the service area and $739 million in capital investment. By the end of 1999, another 15 projects were under construction. They're expected to provide about 7,200 new jobs and an additional $1.4 billion in capital investment.

As recognition of this effort, *Site Selection* magazine named Virginia Power's economic development program one of the nation's "10 Best" out of 275 U.S. gas and electric companies.

There were other indicators of our progress.

We were honored and privileged last year when analysts, industry participants and others saw fit to list us among *Fortune* magazine's "Top Ten Most Admired"

allow us to carry future savings to the bottom line. We told you the settlement would help the bottom line, and in 1999 it did.

corporations in the U.S. natural gas and electric power sectors.

The judges considered many factors, high among them the ability to execute. Nowhere is this ability better illustrated than our low-cost generation business.

We were honored and privileged last year when analysts, industry participants and others saw fit to list us among *Fortune* magazine's "Top Ten Most Admired" corporations in the U.S. natural gas and electric power sectors.

Setting the standard for nuclear performance
Our energy portfolio includes almost 20,000 megawatts of power generation, virtually all in the Midwest to Northeast to Mid-Atlantic quadrant of the United States. Thanks to a lot of hard work by a lot of good people, all are efficiently and safely operated.

Our ability to grow earnings is sustained by our low-cost nuclear generation in fast-growing Virginia. The company's nuclear units are the nation's best. We count on them for a third of the generation distributed by Virginia Power and that puts us in a superb competitive position.

Fact: Our North Anna and Surry stations ranked as the nation's first and second lowest-cost nuclear generators on a three-year average, according to *Nucleonics Week* magazine. Our competitors had median production costs more than 45 percent higher than ours. Our team at North Anna set a new dual-unit Westinghouse record for continuous operation after running both units for 340 straight days before taking Unit 2 off line to refuel, a national record for units of that type. Last year our nuclear generators increased production by 4 percent, generating more than 28.3 million megawatt hours, enough to light nearly 2.4 million homes for an entire year.

At the heart and soul
At the heart and soul of this success, and other successes within our family of businesses, is a gifted, dedicated work force committed to our most important advantage in a competitive world — customer satisfaction and loyalty. My hat is off to all of our people. Their examples of commitment, energy and pride in their jobs could fill a book.

Remember Hurricanes Dennis and Floyd last summer? They destroyed poles, lines and substations in nearly 11,000 North Carolina and Virginia locations. Our linemen and other important support people — not in the public eye — worked around the clock and kept hard at it until all customers had their lights back. They faced extraordinarily poor working conditions with commitment and courage. The fact that many of our employees were without electricity in their own homes further increased their hardship, but they showed up for duty. In fact, in some cases, a few of their own homes were flooded and their families had to seek temporary shelter elsewhere.

It happened to Joel Bek, a North Carolina Power customer coordinator in the small town of Ahoskie, N.C. Flooding in Ahoskie Creek forced Joel's family out of their home for 10 days, and left a foot of standing water inside the house. Despite his loss, Joel worked during and after Hurricane Floyd to restore power to other customers, and hundreds of others hooked up 350 emergency housing units for flood victims. Hats off to all our employees like Joel!

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To use an old - but appropriate - cliché, management is putting our money where our mouth is.

Linking the money — and the mouth

For years, I've been proud that our employees are among Dominion's largest groups of shareholders. Together, we've got more than $300 million of our hard-earned money invested in the company. I'm also proud to be one of Dominion's largest individual shareholders. I'm so confident in our employees, their ability to serve and our vision for growth that I'm buying even more shares. Earlier this year, I purchased an additional 10 times my annual salary in shares. And I won't be the only company officer with a substantial investment. As a group, the officers of your company recently increased their personal stake in Dominion by nearly $70 million.

To use an old — but appropriate — cliché, management is putting our money where our mouth is.

Under voluntary guidelines adopted by the board last December, our officers are expected to own company shares in amounts totaling from three to eight times their base salaries, not including their current share ownership through the company savings plan. Of course, this is a significant financial commitment for all of us, and the company will support a third-party loan program to help officers meet these guidelines. Our dividend will help pay the interest. But the ultimate financial obligation will belong to our officers.

Our board believes this degree of common interest between our managers and our shareholders will spur the kind of decision making and action needed to produce the results shareholders deserve.

Warm under the collar

I'm proud of my senior management. They're an energetic and ambitious bunch. But I want them to begin each day warm under the collar at any thought or hint of a decline in share value or dividend reduction.

As an enticing carrot, the board authorized the distribution of 7 million options to purchase our shares at a fixed price over the next ten years. These options have been distributed to about 250 members of senior and middle management in our combined company.

Our clear vision: BTUs in any form

Simply put, our strategy to create growth — our clear vision — boils down to "BTUs in any form." As an energy company, our goal is to deliver the type of energy that customers find most useful and economical. In some cases, it's electricity; in others, it's natural gas. And in still others, it's electricity that we've put on the wires by burning natural gas.

This is particularly important as monopolies are breaking down in the Midwest, Northeast and Mid-Atlantic. In the words of one top company policy analyst, "It's happening with the speed of a row of tumbling dominoes."

Opening competitive retail markets

Competitive retail electric markets have been scheduled to open in Virginia and New Jersey under laws adopted in February 1999. In March of the same year, Delaware followed suit. Maryland acted in April. In June, Ohio — one of the nation's leading industrial states, where we're planning two merchant generation plants — joined the competitive ranks. So far, 14 states in the Midwest to Mid-Atlantic to Northeast regions of the United States have approved retail choice for electric customers.

The natural gas industry is going about it with just as much determination. So far, eight states in our target region have opened their retail gas markets to customer choice or plan to do so in the near future.

Simply put, our strategy to create growth - our clear vision - boils down to "BTUs in any form."

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Unfortunately for consumers in our other target states, high prices and substandard service are common.

Unfortunately for consumers in our other target states, high prices and substandard service are common.The typical monthly residential electric bill on Long Island is 61 percent higher than that of a Virginia Power customer. In Philadelphia, the bill is 56 percent higher; in Newark, it's 36 percent higher; and in Wilmington, Del., it's 16 percent higher.

For commercial customers, the differentials are just as staggering. On average, the typical commercial customer pays 65 percent more each month on Long Island than does his or her Virginia counterpart.

These statistics aren't a pure apples-to-apples comparison. The gaps would narrow if we exported power from existing plants or built plants to gain market share. But the numbers clearly and convincingly illustrate a community of customers in need of choice.

Surveys: People want choice

Supply is also constrained. Sometimes it's unreliable, especially in extreme heat and frigid cold. Last July, at the peak of the summer heat wave, people in the Midwest and New England went through several power shortages. High demand for cooling outstripped available power supply. People literally sweltered in the dark. In coming summers and winters, we'll be there to serve.

It's no mystery why public-opinion surveys show strong support for retail choice in both the electricity and gas retail markets. In November 1998, more than 70 percent of voters in Massachusetts said they wanted to choose their electricity supplier. You don't need a survey to read the pulse. Whenever I'm out of town, I always ask my taxi drivers what they think of their local electric supplier. My non- scientific conclusion: A lot of homes and businesses are open to change.

The challenge to distinguish and differentiate

A critical challenge for us will be to distinguish and differentiate ourselves. After all, electrons and natural gas are the same everywhere, and customers don't really care if they come from Pennsylvania, Virginia or Alaska.

We intend to stand out in a time-honored way. We'll stick to what has served us so well in the past — the reliable delivery of utility service.

$100 million in new customer investment

Remember that our record as a low-cost producer with a reliability record of 99.9 percent is only part of our customer service story.

In fact, we are investing more than $100 million for customer service. Last year, I told you about our new phone system that gives our customer service center the ability to respond to 100,000 calls per hour during an emergency. This system proved itself golden during devastating hurricanes last summer. In September, during the first 24 hours of Hurricane Floyd, we received more than 308,000 customer calls, including a peak of about 50,000 calls in one hour. Not one of those customers received a busy signal. Not one.

We'll keep using the best new technology — such as automated meters and mobile data dispatch systems — to provide the very best in customer service. Of course, new technology had all of us, indeed the entire world, focused on ensuring a smooth transition last New Year's Eve into the new century. Overall, we spent $30 million to prepare. Our people did an outstanding job ensuring that the rollover went smoothly.

In the short term, I'm pleased that fast economic growth in Virginia is keeping most of our low-cost power booked. To serve more customers in the immediate future, we'll have to build more quick-start, natural gas-fired generating units.

A need for more

We made a start with those merchant facilities now under development in Ohio, Pennsylvania and West Virginia. When they come on line, they'll offer a combined output of up to 2,100 megawatts.

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We're interested, but only if it's at a price that's right - a price that adds immediately to earnings and earns a higher return than our cost of capital.

In Illinois, at our new, jointly owned 600-megawatt, natural gas-fired facility in Elwood, we gladly flipped the switches when one of our wholesale customers asked us to turn on the juice a few days before its official on-line date. In fact, we finished the summer with enough run time to keep the air conditioners humming in Chicago and to book significant profits from the station in the third quarter. "The new plant," a local paper said, "appears to have solved the problem."

We're also in the market to purchase existing units, as we did with our highly successful, profitable Kincaid Power Station. It's our largest non-utility generation business, a 1,108-megawatt facility near Springfield, Ill. Our team there wrapped up its first full year of operations under company ownership with an 84-percent improvement in availability. We successfully switched to a cheaper, cleaner fuel source. Low-sulfur coal from Wyoming's Powder River Basin will help us further reduce emissions and ensure competitively priced generation. Hard work at Kincaid paid off. Pretax net income came in millions of dollars above our planned level in 1999.

We purchased Kincaid in competitive bidding from Chicago's Commonwealth Edison under an agreement to improve the facility's performance and make environmental upgrades. As part of the agreement, ComEd is purchasing all of the station's output for about 12 more years.

Other generating stations like this are coming up for sale, particularly in the East, as some companies decide they can't compete in the generation business. We're interested, but only if it's at a price that's right — a price that adds immediately to earnings and earns a higher return than our cost of capital. Otherwise, we don't want it.

Acquire only when it adds immediately to earnings

Our actions at Kincaid speak clearly — acquire assets only when their prices support an immediate and significant earnings contribution; operate at existing company standards of excellence; protect the environment; and stay focused on core businesses in our region.

Whether we build them or buy them, merchant peaking facilities represent a large part of our future. In the old days, power companies that needed new generation got regulatory permission to build plants, then put them up and passed the costs along to captive consumers. Today, we have no guarantees that a customer will stay with us. We go where the demand is, find a site, win local support, obtain our environmental approvals and start building. If we can operate efficiently, customers will buy our power.

Regional cooperation as a key to success

In instances where our customers can benefit, we'll work with our neighboring competitors to improve reliable, regional service and promote a coordinated marketplace. Take, for example, our work on a regional transmission organization, which is sometimes known by the acronym "RTO." It sounds arcane, but creating successful RTOs is instrumental to the coordinated exchange between buyers and sellers doing business in tomorrow's energy marketplace.

Think of the transmission systems as our industry's roads and rivers. If pipes can be compared to rivers, then wires can be seen as highways. We want to make sure we've got assets properly placed and fairly priced, good pavement on all stretches and systems to divert flow in the case of a jam.

Our company owns more than 6,000 miles of electric transmission lines. We're well positioned to transmit power from the Southeast into the high-priced markets to the north and northeast.

We also operate a major interstate gas transmission pipeline system and have the continent's largest natural gas storage capacity — nearly 900 billion cubic feet.

Clearly, we think regional management is a key to making sure power flows freely. That's why in 1999 Virginia Power and four

other utilities to the north and west joined together to form an organization to jointly manage all five transmission systems. The organization reached a major milestone in December when it won conditional approval from the Federal Energy Regulatory Commission.

Growing exploration and production

At our merged company, however, generation and transmission are only one part of the Dominion picture.

We're also one of the largest independent oil and gas producers in the United States, with reserves of nearly 3 trillion cubic feet. (An *independent* is a gas producer not affiliated with one of the well-known petroleum giants.) Our annual production exceeds 300 billion cubic feet. And our expected annual production growth rate is about 10 percent.

In fact, our reserve base alone ranks us among the nation's top dozen independent natural gas operators.

We're fortunate that the combined mix of Dominion's onshore gas businesses will complement CNG's offshore assets. We'll work hard to make the most of this excellent fit. We're looking to our natural gas production business to make substantial contributions to our overall earnings goals. It will be rewarding to see the experienced natural gas teams from both sides of the merged company meld and continue to grow. Their single new business brings to one table the best practices, field experience and winning attitudes that distinguished each as two of the nation's fastest-growing independents.

Firm steps to protect our environment

As an energy provider, being mindful of the environment is not just good citizenship, it's good business.

In Virginia, we developed a productive working relationship with consumer and environmental groups to make sure that adequate and reasonable environmental protections were included in the state's electric utility restructuring act. The law equips consumers with information on all suppliers' emissions and fuel mix. No doubt, it'll help environmentally conscious consumers make informed decisions.

We closely monitor new and developing environmental laws, regulations and policies and actively support efforts to protect our environment with sound, rational measures. We intend to carry on our fine record of environmental protection.

Action speaks louder than words

At our Mt. Storm Power Station in West Virginia, we started a massive $126 million environmental protection initiative. New scrubbers at the station will be able to reduce sulfur dioxide emissions by 95 percent from two of its generating units. Each scrubber can remove up to 50,000 tons of sulfur dioxide per year from the station's emissions.

In June, we reopened the North Branch Power Station in West Virginia to provide electricity for the wholesale market. North Branch uses a sophisticated technology that injects limestone into the burning coal, greatly reducing sulfur emissions.

We also donated some extraordinary unspoiled land in West Virginia to the Nature Conservancy, one of the most respected conservation organizations in the world. The Bear Rocks property, which was owned by Virginia Power, harbors rare plants and animals. It's known for its natural beauty and, from certain vantage points, the property serves up views of the Alleghenies that'll take your breath away.

Philanthropist of the Year

Last year, our employees worked weekends and evenings giving back. They built playgrounds at schools in the communities of South Boston, Chesapeake, Suffolk, Portsmouth, Orange and Prince William County. They also refurbished the school grounds. They even built a bird observation deck at Dutch Gap near the small town of Chester, Va.

We closely monitor new and developing environmental laws, regulations and policies and actively support efforts to protect our environment with sound, rational measures.

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To the transition teams from both Dominion Resources and Consolidated Natural Gas who have worked many nights, weekends and holidays during the last year to make this combination come about as quickly and seamlessly as we promised - great job!

A playground at Essex Village Day Care got a nice boost when former Virginia Power Senior Vice President Larry Girvin retired. Larry transferred funds earmarked for his retirement party to the volunteer program.

I swelled with pride when the 1999 Virginia Governor's Community Service and Volunteerism Award went to members of our community relations group and Virginia Power volunteers.

And I got even more puffed up when we were designated 1999's "Philanthropist of the Year" by the National Society of Fund Raising Executives. We actively give back to the communities where we work — thousands of volunteer hours and hundreds of thousands of dollars annually.

Our new logo

Our focus and determination to brighten our future is clearly reflected in the new corporate logo that we unveiled in November. You can expect our new logo to become a familiar, friendly sight wherever we market our energy and services. Its most striking feature is a burst of energy — emanating from a human hand — squarely in the middle of the corporate stock ticker symbol "D." It has sweep and majesty and even brings to mind the Michelangelo painting on the ceiling of the Sistine chapel.

I'm confident this symbol will make a strong impression on existing and potential customers. It will reinforce our message that Dominion is a powerful source of energy — not just gas, not just electricity, but energy. And the human hand reinforces our emphasis on people.

Thank you

None of this exciting enterprise would be possible without you. Thank you for your investment and continued confidence. As always, a lot of hardworking and talented people are doing their best to live up to your trust and faith in our abilities as careful stewards of your investment. I want you to know that this is a responsibility we take seriously. We believe only in growth at a reasonable price, not growth at any cost.

Again, I want to recognize another great job by our collective workforce and thank them. They have performed well each and every day while facing the uncertainty and anxiety that all mergers inevitably create. No enterprise can survive without customers, so to all of our customers I can only say it has been our pleasure to serve. We hope you will continue to stay with us and will help send others our way.

To the transition teams from both Dominion Resources and Consolidated Natural Gas who have worked many nights, weekends and holidays during the last year to make this combination come about as quickly and seamlessly as we promised — great job!

To the hardworking vendors, suppliers, contractors and agencies who help us every minute, our deepest thanks.

Last, I would like to thank our board of directors for its guidance. With our collective resources and the people and assets that we have in place, I'm a long-term bull about our prospects. I look forward in the coming year to making good on the trust that you've invested in us.

Sincerely,

THOS. E. CAPPS
President and
Chief Executive Officer

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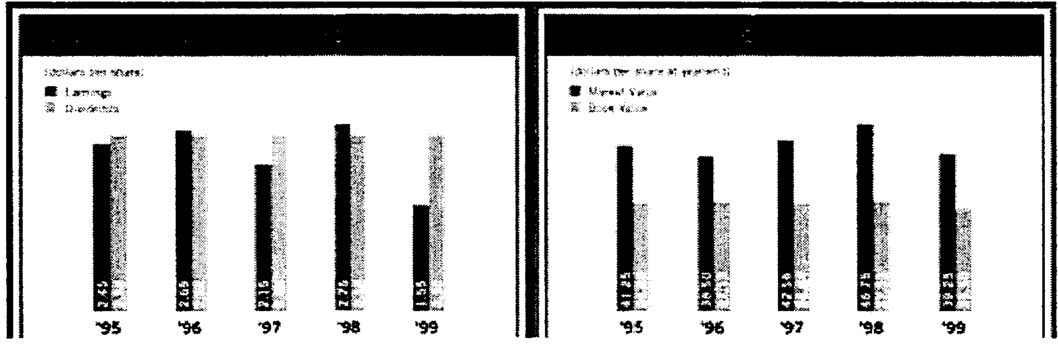
Consolidated Financial Highlights

For The Years Ended December 31,	**1999**	1998	% Change
Operating Results (millions)			
Operating revenue and income	$ 5,520	$ 6,081	(9.2)
Income from operations	1,311	1,086	20.7
Net Income – reported	296	536	(44.8)
Net income – excluding non-recurring items(1)	575	536	7.3
Data Per Common Share			
Earnings – reported	$ 1.55	$ 2.75	(43.6)
Earnings – excluding non-recurring items(1)	3.01	2.75	9.5
Dividends paid	2.58	2.58	0.0
Market value (year-end)	39.25	46.75	(16.0)
Book value (year-end)	25.50	27.33	(6.7)
Financial Position at December 31			
Assets (millions)	$ 17,747	$17,517	
Capitalization (millions)	14,019	13,402	
Capitalization ratios			
Debt and capital lease obligations	58%	52%	
Preferred securities of subsidiary trust	3%	3%	
Preferred stock	5%	5%	
Common equity	34%	40%	
Other Statistics			
Return on average common equity	5.9%	10.1%	
Market to book value (year-end)	153.9%	171.1%	
Common stock price range	49 3/8 - 36 9/16	48 15/16 - 37 13/16	
Outstanding shares of common stock (thousands)			
– average	191,391	194,886	
– actual (year-end)	186,320	194,458	
Number of registered common shareholders (year-end)	188,317(2)	201,553	
Number of full-time employees	11,035	11,033	
Domestic generation			
– Regulated summer capability (megawatts)	18,109	18,150	
– Regulated retail electric sales (MWh-thousands)	65,826	64,323	
– Unregulated owned capacity (megawatts)	1,487	1,180	
– Independent power generation (MWh-thousands)	4,426	4,253	
Proved natural gas reserves at year-end (billion cubic feet equivalent)	1,234	616	
Natural gas production (billion cubic feet equivalent)	109	69	

(1) 1999 amounts exclude write-off of regulatory assets and liabilities of $255 million or $1.33 per share; loss on sale of foreign generation of $21 million or $0.11 per share; and merger transition costs of $3 million or $0.02 per share.
1998 amounts exclude rate case settlement of $201 million or $1.03 per share and gain on sale of East Midlands Electricity of $201 million or $1.03 per share.

(2) Includes 101,367 holders of record (certificate holders).



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Consolidated Statements of Income

For The Years Ended December 31, (millions, except per share amounts)	**1999**	1998	1997
Operating revenues and income:			
Domestic electric utility service	$4,274	$4,013	$4,230
East Midlands-electric utility service		1,010	1,970
Other	1,246	1,058	1,063
Total	5,520	6,081	7,263
Expenses:			
Fuel, net	996	961	1,222
Purchased power capacity, net	809	806	718
Supply and distribution — East Midlands		655	1,466
Impairment of regulatory assets		159	38
Other operation and maintenance	1,384	1,374	1,226
Depreciation, depletion and amortization	716	734	819
Other taxes	304	306	302
Total	4,209	4,995	5,791
Income from operations	1,311	1,086	1,472
Other income and expense:			
Gain on sale (windfall profits tax) — East Midlands		332	(157)
Other	91	99	39
Total other income and expense	91	431	(118)
Income before fixed charges and income taxes	1,402	1,517	1,354
Fixed charges:			
Interest charges	507	583	627
Distributions— preferred securities and preferred stock	67	65	48
Total fixed charges	574	648	675
Income before provision for income taxes, minority interests and extraordinary item	828	869	679
Provision for income taxes	259	306	233
Minority interests	18	27	47
Income before extraordinary item	551	536	399
Extraordinary item (net of income taxes of $197)	255		
Net income	$ 296	$ 536	$ 399
Basic earnings per common share:			
Income before extraordinary item	$ 2.88	$ 2.75	$ 2.15
Extraordinary item	$ (1.33)		
Net income	$ 1.55	$ 2.75	$ 2.15
Diluted earnings per common share:			
Income before extraordinary item	$ 2.81	$ 2.75	$ 2.15

Extraordinary item	$ (1.33)		
Net income	$ 1.48	$ 2.75	$ 2.15
Dividends paid per common share	$ 2.58	$ 2.58	$ 2.58
Average common shares outstanding	191.4	194.9	185.2

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

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Consolidated Balance Sheets

Assets

At December 31, (millions)	1999	1998
Current assets:		
Cash and cash equivalents	$ 280	$ 426
Accounts receivable:		
Customers (less allowance for doubtful accounts of $12 in 1999 and $5 in 1998)	664	778
Other	269	256
Materials and supplies at average cost or less:		
Plant and general	143	158
Fossil fuel	111	95
Mortgage loans in warehouse	119	140
Commodity contract assets	362	180
Finance receivables held for sale	15	174
Other	229	252
Total current assets	2,192	2,459
Investments:		
Loans receivable, net	2,034	1,513
Investments in affiliates	433	382
Available for sale securities	512	500
Nuclear decommissioning trust funds	818	705
Investments in real estate	86	94
Other	334	263
Total net investments	4,217	3,457
Property, plant and equipment	18,646	18,106
Less accumulated depreciation, depletion and amortization	7,882	7,469
Net property, plant and equipment	10,764	10,637
Deferred charges and other assets:		
Goodwill, net	132	150
Regulatory assets, net	221	620
Other, net	221	194
Total deferred charges and other assets	574	964
Total assets	$17,747	$17,517

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

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Liabilities and Shareholders' Equity

At December 31, (millions)	1999	1998
Current liabilities:		
Securities due within one year	$ 536	$ 443
Short-term debt	870	301
Accounts payable, trade	711	699
Accrued interest	121	109
Accrued payroll	93	86
Accrued taxes	89	175
Commodity contract liabilities	347	266
Other	232	259
Total current liabilities	2,999	2,338
Long-term debt	6,936	6,252
Deferred credits and other liabilities:		
Deferred income taxes	1,699	1,793
Investment tax credits	146	221
Other	222	212
Total deferred credits and other liabilities	2,067	2,226
Total liabilities	12,002	10,816
Minority interest	99	311
Commitments and contingencies (See Note Q)		
Obligated mandatorily redeemable preferred securities of subsidiary trusts*	385	385
Preferred stock:		
Preferred stock subject to mandatory redemption		180
Preferred stock not subject to mandatory redemption	509	509
Common shareholders' equity:		
Common stock -- no par authorized 500.0 shares, outstanding -- 186.3 shares at 1999 and 194.5 shares at 1998	3,561	3,933
Retained earnings	1,190	1,387
Accumulated other comprehensive income	(15)	(20)
Other paid-in capital	16	16
Total common shareholders' equity	4,752	5,316
Total liabilities and shareholders' equity	$17,747	$17,517

* As described in Note M, the 7.83% and 8.05% Junior Subordinated Notes totaling $258 million and $139 million principal amounts, respectively constitute 100% of the Trusts' assets.

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

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Consolidated Statements of Shareholders' Equity

(millions)	Common Stock Shares	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Income	Other Paid-In Capital	Total
Balance at January 1, 1997	181	$3,472	$1,438	$(10)	$16	$4,916
Issuance of stock through employee and direct stock purchase plans	5	176				176
Other common stock activity	2	26				26
Comprehensive income			399	7		406
Dividends and other adjustments			(483)			(483)
Balance at December 31, 1997	188	$3,674	$1,354	$(3)	$16	$5,041
Issuance of stock through public offering	7	268				268
Issuance of stock through employee and direct stock purchase plans	2	86				86
Stock repurchase and retirement	(2)	(99)				(99)
Other common stock activity		4				4
Comprehensive income			536	(17)		519
Dividends and other adjustments			(503)			(503)
Balance at December 31, 1998	195	$3,933	$1,387	$ (20)	$16	$5,316
Stock repurchase and retirement	(9)	(372)				(372)
Comprehensive income			296	5		301
Dividends and other adjustments			(493)			(493)
Balance at December 31, 1999	186	$3,561	$1,190	$(15)	$16	$4,752

Consolidated Statements of Comprehensive Income

For The Years Ended December 31, (millions)	1999	1998	1997
Net income	$296	$536	$399
Other comprehensive income, net of tax:			
Unrealized holding gains (losses) arising during a period	(14)	(3)	9
Less: reclassification adjustment for gains realized in net income	3	3	--
Unrealized gains (losses) on investment securities*	(17)	(6)	9
Foreign currency translation adjustment	22	(11)	(2)
Other comprehensive income	5	(17)	7
Comprehensive income	$301	$519	$406

* Reclassification adjustments for gains (losses) realized in net income were not material in any of the periods presented.

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

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Consolidated Statements of Cash Flows

For The Years Ended December 31, (millions)	1999	1998	1997
Cash flows from (used in) operating activities:			
Net income	$ 296	$ 536	$ 399
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation, depletion and amortization	798	814	905
Gain on sale of East Midlands		(332)	
Deferred income taxes	64	22	13
Deferred fuel expense	(35)	(34)	10
Extraordinary item, net of income taxes	255		
Impairment of regulatory assets		159	38
Changes in current assets and liabilities:			
Accounts receivable	81	(90)	(176)
Materials and supplies	(6)	(24)	16
Purchase and origination of mortgages	(2,575)	(2,503)	(1,695)
Proceeds from sale and principal collections of mortgages	2,597	2,450)	1,672
Accounts payable, trade	(24)	65	113
Accrued interest and taxes	(48)	100	119
Commodity contract assets and liabilities	(92)	66	14
Other	(56)	(4)	(116)
Net cash flow from operating activities	1,255	1,225	1,312
Cash flow from (used in) financing activities:			
Issuance of common stock		354	176
Repurchase of common stock	(372)	(99)	
Issuance of preferred securities of subsidiary trust			250
Issuance (repayment) of short-term debt	394	65	(100)
Issuance of long-term deb	6,446	4,027	6,316
Repayment of long-term debt	(5,790)	(4,207)	(4,376)
Common dividend payments	(493)	(503)	(478)
Other	(44)	(90)	42
Net cash flows from (used in) financing activities	141	(453)	1,830
Cash flows from (used in) investing activities:			
Utility capital expenditures	(737)	(624)	(649)
Acquisition of natural gas and independent power properties	(157)	(131)	(53)
Loan originations	(2,581)	(2,580)	(1,147)
Repayments of loan originations	2,238	1,778	1,065
Purchase of East Midlands			(1,902)
Sale of businesses, including East Midlands	180	1,462	123
Purchase of property, plant and equipment	(67)	(80)	(124)
Sale of marketable securities	35	70	117
Purchase of debt securities	(53)	(120)	(138)
Acquisitions of businesses	(167)	(338)	(145)
Other investments	(152)	(75)	(50)
Other	(81)	(30)	(28)
Net cash flows used in investing activities	(1,542)	(668)	(2,931)
(Decrease) increase in cash and cash equivalents	(146)	104	211
Cash and cash equivalents at beginning of the year	426	322	111
Cash and cash equivalents at end of the year	$ 280	$ 426	$ 322

Cash and cash equivalents at end of the year	$ 280	$ 426	$ 322
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest, excluding capitalized amounts	$ 522	$ 474	$ 440
Income taxes	199	202	190
Non-cash transactions from investing and financing activities:			
Assumption or issuance of debt as part of acquisitions	260	26	18
Note issued in sale of business		57	
Exchange of securities		12	52
Equity contribution for Wolverine acquisition			21

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

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Management's Discussion and Analysis of Financial Condition and Results of Operations

(unaudited)

Forward-Looking Information

We have included certain information in this annual report which contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995, including (without limitation) discussions as to expectations, beliefs, plans, objectives and future financial performance, or assumptions underlying or concerning matters discussed in this document. These discussions, and any other discussions, including certain contingency matters (and their respective cautionary statements) discussed elsewhere in this report, that are not historical facts, are forward-looking and, accordingly, involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

The business and financial condition of Dominion Resources, Inc. and its subsidiaries (Dominion or the Company) is influenced by a number of factors including political and economic risks, market demand for energy, inflation, capital market conditions, governmental policies, legislative and regulatory actions (including those of the Federal Energy Regulatory Commission [FERC], the Securities and Exchange Commission [SEC], the Environmental Protection Agency [EPA], the Department of Energy, the Nuclear Regulatory Commission, the Virginia State Corporation Commission [Virginia Commission], and the North Carolina Utilities Commission [North Carolina Commission]), industry and rate structure, and legal and administrative proceedings. Some other important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements include changes in and compliance with environmental laws and policies, weather conditions and catastrophic weather-related damage, present or prospective wholesale and retail competition, competition for new energy development opportunities, pricing and transportation of commodities, operation of nuclear power facilities, acquisition and disposition of assets and facilities, effects of the merger with Consolidated Natural Gas (CNG), nuclear decommissioning costs, exposure to changes in the fair value of commodity contracts, counter-party credit risk and unanticipated changes in operating expenses and capital expenditures. All such factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond the control of Dominion. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on Dominion.

Any forward-looking statement speaks only as of the date on which such statement is made, and Dominion undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Introduction

In Management's Discussion and Analysis of Financial Condition and Results of Operations, we explain the general financial condition and the results of operations for Dominion. As you read this section, it will be helpful to refer to our consolidated financial statements and notes.

At December 31, 1999, Dominion's principal subsidiaries were Virginia Electric and Power Company (Virginia Power), Dominion Energy, Inc. (DEI), and Dominion Capital, Inc. (Dominion Capital). Virginia Power, a regulated public utility, is engaged in the generation, transmission, distribution and sale of electric energy within a 30,000 square mile area in Virginia and northeastern North Carolina. Virginia Power is also engaged in off-system wholesale purchases and sales of electricity and purchases and sales of natural gas beyond the geographic limits of its service territory. DEI is engaged in independent power production and oil and gas exploration, development and production. Dominion Capital's primary business is financial services which includes commercial lending, merchant banking, asset management and residential mortgage lending.

In preparation for the transition to competition for electric generation in Virginia, Dominion is evaluating operating results and financial information across Virginia Power's and DEI's current business lines. Although the employees and assets involved remain with their respective legal entities, Dominion currently evaluates the operations of DEI and Virginia Power in the following business segments:

- generation-related operations of both Virginia Power and DEI (referred to as Dominion Energy);
- regulated electric transmission and distribution services (referred to as Dominion Delivery); and
- oil and gas operations of DEI (referred to as Dominion E&P).

In addition to the business segments mentioned above, Dominion also reviews the following as business segments:

- the financial services of Dominion Capital;
- East Midlands which was sold by Dominion in mid-1998; and
- Corporate Operations which include: corporate costs of Dominion's holding company; Corby Power (Corby) operations; intercompany eliminations; the impact of the impairment of regulatory assets and one-time refund recorded as a result of Virginia Power's 1998 rate settlement; and the extraordinary item recorded in 1999. Dominion has structured its Management's Discussion and Analysis of Operations to reflect these business segments. Certain activities are currently evaluated based on

Operations to reflect these business segments. Certain activities are currently evaluated based on existing legal entities rather than operating segments. In those cases, discussion is provided on a legal entity basis.

Three major events occurred in 1999 which will have a significant effect on Dominion's future operations and business segments. These events are more fully described in *Future Issues* and include:

- the announcement of Dominion's merger with CNG which closed on January 28, 2000;
- the enactment of law which established a detailed plan to restructure the electric industry in Virginia; and
- the sale of Dominion Energy's interests in Latin American power generation.

RESULTS OF OPERATIONS

Overview

Dominion achieved earnings of $296 million in 1999 or $1.55 per average common share, compared with earnings of $536 million in 1998 or $2.75 per share. Absent the extraordinary item, earnings would have been $551 million in 1999, or $2.88 per share. Significant factors impacting earnings in 1999 and 1998 include:

- the write-off of generation-related assets and liabilities at Virginia Power in 1999;
- the loss recorded by Dominion Energy in 1999 related to its interests in Latin American power generation;
- the increased contribution from Dominion Energy's energy marketing business during 1999;
- the sale of East Midlands which resulted in a gain in 1998 and the absence of East Midlands' contribution to earnings in 1999; and
- the impairment of regulatory assets and one-time base rate refund resulting from the settlement of Virginia Power's 1998 Virginia jurisdictional rate proceedings.

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Earnings increased $137 million in 1998 as compared to 1997 primarily due to the gain on the sale of East Midlands in mid-1998 offset by the impact of Virginia Power's 1998 rate case settlement and the recognition of the windfall profits tax by East Midlands in 1997.

Below we have provided a comparison of net income and earnings per share contributions by segment:

Year ended December 31,	1999 Net Income	1999 EPS	1998 Net Income	1998 EPS	1997 Net Income	1997 EPS
(millions, except per share amounts)						
Dominion Delivery	$ 175	$ 0.91	$ 168	$ 0.86	$ 193	$ 1.04
Dominion Energy	271	1.42	262	1.35	275	1.48
Dominion E&P	43	0.22	22	0.11	35	0.19
Dominion Capital	78	0.41	59	0.30	45	0.24
East Midlands			26	0.14	47	0.25
Corporate:						
Operations	(16)	(0.08)	(1)	(0.01)	(15)	(0.08)
Rate case settlement			(201)	(1.03)		
Extraordinary item	(255)	(1.33)				
Impairment — regulatory assets					(24)	(0.12)
East Midlands						
Gain on sale/ (windfall profits tax)			201	1.03	(157)	(0.85)
Consolidated	$ 296	$ 1.55	$ 536	$ 2.75	$ 399	$ 2.15
Average Shares	191.4		194.9		185.2	

Domestic Electric Utility Service

As mentioned above, Dominion is evaluating the operating results of its domestic utility operations as two separate businesses. Although distinct discussions are presented for these businesses below, this section provides a general discussion of factors that affect both the utility operations of Dominion Energy and the regulated transmission and distribution business of Dominion Delivery.

Revenue

Domestic electric utility service revenue for fiscal years 1999, 1998, and 1997 were allocated to the utility operations of Dominion Energy and Dominion Delivery businesses as follows:

Year ended December 31, (millions)	1999	1998	1997
Revenue:			
Dominion Energy	$3,129	$3,075	$3,150
Dominion Delivery	1,148	1,092	1,080
Corporate Operations	(3)	(154)	
Total revenue	$4,274	$4,013	$4,230

See Note R for discussion of the nature of items in this caption.

The following factors contributed to the increase in domestic electric utility service revenue in 1999 as compared to 1998 and the decrease in 1998 as compared to 1997:

(millions)	1999 vs. 1998	1998 vs. 1997
Increase (decrease) due to:		
Customer growth	$ 68	$ 60

Customer growth	$ 68	$ 60
Weather	2	(7)
Base rate refund	154	(154)
Base rate variance	(57)	(88)
Fuel rate variance	24	(121)
Other retail, net	31	99
Total retail	222	(211)
Other electric service revenue	39	(6)
Total increase (decrease) in domestic electric service revenue	$261	$(217)

Domestic electric utility service revenue consists primarily of sales to retail customers in Virginia Power's service territory at rates authorized by the Virginia and North Carolina commissions and sales to cooperatives and municipalities at wholesale rates authorized by FERC. Also, included in this revenue are amounts received from others for use of our transmission system to transport electric energy under tariffs authorized by FERC. The primary factors affecting this revenue in both fiscal years 1999 and 1998 were customer growth and changes in rates.

Retail Customer Growth

Virginia Power's retail customer base increased by approximately 39,000 in 1999 and 35,000 in 1998 over the respective prior year periods. These additional customers increased our electric utility service revenue by an estimated $68 million in 1999 compared to 1998 and an estimated $60 million in 1998 compared to 1997.

Weather

Weather typically has a significant impact on the Company's revenue. However, for the comparative periods presented, weather did not have a significant impact.

Base Rate Reduction

Electric utility service revenue in 1998 was less than revenue in both 1999 and 1997 as a result of a one-time $150 million base rate refund. Further, a two-phased rate reduction in Virginia ($100 million effective March 1, 1998 and an additional $50 million effective March 1, 1999), reduced 1999 electric service revenue by $57 million compared to 1998 and 1998 revenue by $88 million compared to 1997. As a result of Virginia law enacted in 1999, Virginia Power's jurisdictional base rates will remain unchanged until mid-2007. See Note (C) to Consolidated Financial Statements.

Fuel Rates

Currently, Virginia Power is permitted to recover the cost of fuel used in generating electricity through fuel rates approved by regulatory authorities. The decrease in 1998 fuel rate revenue of $121 million, as compared to 1997, is primarily attributable to lower fuel rates. The reduction recognized savings from negotiated changes to power supply contracts. In December 1998, Virginia Power's annual fuel case resulted in an increase in fuel rates and increased electric utility service revenue in 1999 by $24 million as compared to 1998.

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Dominion Delivery

The business segment Dominion Delivery includes customer service, bulk power transmission, distribution and metering services that continue to be subject to cost-based regulation.

Overall Dominion Delivery's operating income increased in 1999, as compared to 1998, primarily due to an increase in revenue for electric transmission services and from retail electric service customer growth, offset in part by increased expenses associated with storm damage. The decrease in Dominion Delivery's operating income in 1998, as compared to 1997, reflects primarily the excess of increased storm damage costs and other routine operational expenses over the increase in revenue for electric transmission services. Selected financial information relevant to Dominion Delivery is as follows:

Year ended December 31, (millions)	1999	1998	1997
Domestic electric utility service revenue	$1,148	$1,092	$1,080
Operation and maintenance	313	286	266
Operating income	431	424	442

Operation and maintenance

Operation and maintenance increased in 1999 and 1998 as compared to respective prior years, primarily due to increased service restoration costs associated with storm damage.

Dominion Energy

The business segment Dominion Energy consists of the independent power generation operations of DEI and the utility generation operations of Virginia Power. Dominion Energy's 1999 operating income increased when compared to 1998 primarily due to the performance of the energy marketing business. The performance was attributable to changes in the composition and the fair value of its portfolio of commodity contracts as well as the settlement of commodity contract liabilities using Dominion Energy resources rather than market purchases. Selected financial information relevant to Dominion Energy is as follows:

Year ended December 31, (millions)	1999	1998	1997
Domestic electric utility service revenue	$3,129	$3,075	$3,150
Other revenue	464	435	599
Fuel, net	996	961	1,222
Purchased power capacity, net	809	806	718
Other operation and maintenance	690	605	624
Operating income	624	615	645

Other revenue includes sales of electricity beyond Virginia Power's retail service territory, including trading revenues, and sales of natural gas, nuclear consulting services and energy management services. The increase in other revenue in 1999 over 1998 reflects primarily changes in the composition and fair value of our portfolio of commodity contracts.

Other revenue decreased in 1998 as compared to 1997 due to electricity trading revenue being reported net of purchased energy for the entirety of 1998 and only for the last four months of 1997. Such revenue was reported gross for the first eight months of 1997 as a result of being subject to cost of service rate regulation during that time.

Fuel, net increased in 1999, as compared to 1998, primarily due to increased fuel costs resulting from higher production from our generating units and increased energy purchases.

Fuel, net decreased in 1998, as compared to 1997, primarily due to the inclusion of the cost of power marketing purchases for the first eight months of 1997. However, the cost of power marketing purchases since September 1997 is being reported net of related revenue in Other revenue. Prior to September 1997, this activity was subject to cost of service rate regulation.

Purchased power capacity, net increased in 1998 as compared to 1997 primarily due to (1) increased expenses associated with the restructuring of certain contracts and (2) the discontinuance of deferral accounting for such expenses. See Note (C) to the Consolidated Financial Statements.

The increase in *Operation and maintenance* in 1999 as compared to 1998, includes the following:

- increased maintenance activities performed during planned outages at fossil plants;
- adjustments to inventories related to the planned disposal of identified obsolete and excess materials and supplies;

materials and supplies;

- certain accounting policy changes, including the recognition of losses on retirement of equipment and related removal costs; and
- the recognition of a loss related to the sale of the Latin American power generation businesses.

See Note (B) to the Consolidated Financial Statements for discussion of accounting policy changes made in connection with the discontinuance of Statement of Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* (SFAS No. 71), to utility generation operations.

Dominion E&P

In 1999, DEI acquired interests in certain gas producing properties located in the San Juan Basin of New Mexico for approximately $115 million. In addition, DEI completed its purchase of all of the issued and outstanding shares of Remington Energy Ltd. (Remington), a publicly traded natural gas exploration and production company headquartered in Calgary, Alberta, Canada. DEI paid $33 million and assumed $260 million of Remington's debt and liabilities.

Selected financial information relevant to Dominion E&P is as follows:

Year ended December 31,	1999	1998	1997
(millions)			
Revenue	$256	$164	$158
Operating income:			
Oil and gas*	73	44	53
Adjustments*	(46)	(32)	(25)
Total operating income	27	12	28

*Oil and gas Operating income includes Nonconventional Fuels Tax Credits. Such credits are reversed on the Adjustments line as they are not ordinarily reported as a component of Operating income.

Operating income increased in 1999 primarily due to increased natural gas production. Natural gas production rose to 109 billion cubic feet equivalent (Bcfe) in 1999, compared to 69 Bcfe in 1998, a 58 percent increase. At December 31, 1999, proved gas reserves totaled 1,234 Bcfe, an increase of 618 Bcfe over 1998. The 1999 increase in production and reserves resulted primarily from the development of existing acreage, a full year's production at Dominion Energy Canada, Ltd., and the acquisition of interests discussed above.

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Natural gas production rose to 69 Bcfe in 1998, compared to 59 Bcfe in 1997, a 17 percent increase. At December 31, 1998, proved gas reserves totaled 616 Bcfe, an increase of 157 Bcfe over 1997. The 1998 increase resulted primarily from the development of existing acreage and the acquisition of Dominion Energy Canada, Ltd. The increased production for 1998 was offset by a $0.38 reduction in average sales price per Mcfe, from $2.44 in 1997 to $2.06 in 1998. The 1998 decreases in gas prices resulted from a combination of shifting geographic production mix and lower overall market price.

Dominion Capital

Dominion Capital's 1999 results of operations increased as compared to 1998 primarily due to a higher earnings contribution from the commercial lending, merchant banking, asset management and residential mortgage lending operations in 1999, partially offset by a decrease in net investment gains.

Dominion Capital's 1998 operating income increased over 1997 primarily due to earnings contribution from its commercial finance, merchant banking and asset management operations.

Selected financial information relevant to Dominion Capital is as follows:

Year ended December 31, (millions)	1999	1998	1997
Revenue	$473	$409	$296
Operating income:			
Financial services	267	212	143
Other	(2)	(2)	14
Total operating income	265	210	157

Operating income increased in 1999 and 1998 primarily due to increased contributions from our financial services businesses. Our mortgage lending volumes were $2.4 billion in 1999, up from $2.1 billion in 1998. Our commercial finance operations portfolio has grown to $2.0 billion at the end of 1999, compared to $1.7 billion at the end of 1998. In addition, assets under management were $4.8 billion and $3.5 billion at December 31, 1999 and 1998, respectively.

Income from investments decreased in 1998 over 1997 primarily due to a valuation adjustment to other investments and higher real estate operating costs.

Corporate

Corporate earnings include transactions for which the segments are not held accountable for internal reporting purposes and other miscellaneous items. Corporate earnings include the effects of the utility operations' write-off of generation-related assets and liabilities as an extraordinary item in 1999 and the impairment of regulatory assets and one-time refund recorded as a result of the settlement of Virginia Power's 1998 Virginia jurisdictional rate proceedings. See Note (C) to the Consolidated Financial Statements.

Other Income and Expense

In 1999, *Other income and expense* decreased as compared to 1998 because of the gain on the sale of East Midlands in 1998. *Other income and expense* increased in 1998 as compared to 1997 primarily due to the gain on the sale of East Midlands in 1998 and the recognition of the windfall profits tax by East Midlands in 1997.

Fixed Charges

Interest charges decreased in 1999 as compared to 1998, primarily due to:

- cancellation of the debt associated with East Midlands which was sold in mid-1998;
- interest paid in 1998 in connection with the settlement of Virginia Power's Virginia jurisdictional rate proceeding; and
- the utility generation operations starting to capitalize interest on construction projects. These

reductions were offset by:

- the issuance of debt to fund DEI's acquisitions of Kincaid Power Station and Dominion Energy Canada, Ltd. in 1998 and
- the increase in funding needs for loan originations at Dominion Capital's financial services businesses.

Interest charges decreased in 1998 as compared to 1997 because of the cancellation of the debt associated with East Midlands which was sold in 1998. The debt cancellation for East

debt associated with East Midlands which was sold in 1998. The debt cancellation for East Midlands was offset by the issuance of debt to fund DEI's acquisitions.

Provision For Income Taxes
The taxes on the gain on the sale of East Midlands recorded in 1998 were the primary reasons for the decrease in taxes in 1999 as compared to 1998 and the increase in taxes in 1998 as compared to 1997. In 1998, the taxes related to the sale of East Midlands were partially offset by the income tax provisions associated with the effects of Virginia Power's Virginia rate proceeding settlement.

Extraordinary Item, Net of Tax
This extraordinary item was recorded in connection with the passage of new legislation in 1999 establishing a detailed plan to restructure the electric utility industry in Virginia. The legislation's deregulation of generation was an event that required discontinuation of SFAS No. 71 for our utility generation operations. Generation-related assets and liabilities not expected to be recovered through cost-based rates were written off in March 1999, resulting in an after-tax charge to earnings of $255 million. See Note (C) to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Certain activities discussed under Liquidity and Capital Resources are currently evaluated based on existing legal entities rather than the operating segments defined by the new organizational structure. References are made to specific operating segments as appropriate.

Dominion funds its operations and supports the financing needs of its subsidiaries primarily through the issuance of commercial paper, backed by lines of credit and the issuance of debt, preferred or common securities, which is facilitated by the equity plans described below and a $950 million dollar shelf registration, $675 million of which was still available to Dominion as of December 31, 1999.

The proceeds of Dominion's financing activities are provided to its subsidiaries as needed under inter-company agreements.

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CNG Merger Financing

In 2000, Dominion initially financed the cash used in the CNG merger with a $3.5 billion commercial paper program backed by a short-term credit facility and $1 billion of short-term, privately placed money market notes. Dominion expects to refinance these amounts with a combination of debt, preferred and convertible securities along with the proceeds from sales of non-core assets, including DEI's interests in Latin American power generation, CNG's foreign investments, Virginia Natural Gas, and Dominion Capital. See *Future Issues —CNG Merger.*

A $4.5 billion shelf registration was filed with the SEC and it became effective on January 6, 2000. The shelf is expected to be used to facilitate the refinancing of the CNG merger.

Immediately before the CNG merger, we concluded a first step transaction in which 33 million shares of Dominion common stock were exchanged for approximately $1.4 billion.

Commercial Paper

Dominion's nonutility subsidiaries may finance their working capital for operations with the proceeds of Dominion commercial paper sales. Dominion sells its commercial paper in regional and national markets and provides the proceeds to the nonutility subsidiaries under the terms of intercompany credit agreements. At the end of 1999, Dominion Resources, Inc. supported these borrowings through bank lines of credit totaling $601 million. The nonutility subsidiaries repay Dominion through cash flow from operations and proceeds from permanent financings. Virginia Power and Dominion Capital also have commercial paper programs as discussed below.

Equity Plans

In 1998 and 1997, Dominion raised $87 million and $176 million, respectively, from the sale of common stock through the Dominion Direct Investment and Employee Savings plans. In 1998, management made the decision that purchases of shares required by the Company's equity plans would be purchased on the open market instead of issuing new shares. However, Dominion continues to have access to capital through the Dominion Direct Investment and the Employee Savings plans in the future.

Virginia Power

Operating activities continue to be a strong source of cash flow, providing $1.1 billion in each of the years 1999, 1998, and 1997. Over the past three years, cash flow from operating activities, after dividend payments, has, on average, covered 120% of Virginia Power's total construction requirements and provided 77% of its total cash requirements. Virginia Power's cash requirements not met by the timing or amount of cash flow from operations are generally satisfied with proceeds from the sale of securities and short-term borrowings.

Cash from (used in) financing activities was as follows:

(millions)	1999	1998	1997
Issuance of long-term debt	$ 305	$ 270	$ 270
Repayment of long-term debt	(345)	(334)	(311)
Issuance (repayment) of short-term debt	156	(4)	(86)
Common dividend payments	(383)	(378)	(380)
Other	(53)	(53)	(50)
Total	$(320)	$(499)	$(557)

Financing activities have represented a net outflow of cash in recent years as strong cash flow from operations has reduced Virginia Power's reliance on debt financing.

During 1999, Virginia Power issued $305 million in aggregate principal of unsecured debt securities. In 1999, Virginia Power issued $150 million in aggregate principal of unsecured Senior Notes, Series 1999-A, with an annual coupon rate of 6.7%, due 2009; and $80 million of Medium-Term Notes, Series G, with an annual coupon rate of 6.3%, due 2001. Virginia Power also issued $75 million in aggregate principal of unsecured Senior Notes, Series 1999-B, with an annual coupon rate of 7.2%, due 2004.

During 1999, Virginia Power retired $321 million in aggregate principal amount of mandatory debt maturities. In 1999, Virginia Power repurchased $24 million in aggregate principal amount of First and Refunding Mortgage Bonds that were made available through the open market.

the open market.

As of December 31, 1999, Virginia Power has $740 million under effective shelf registration statements with the SEC available for its use to meet capital requirements. Virginia Power also has a commercial paper program that is supported by two revolving credit facilities totaling $500 million. Proceeds from the sale of commercial paper are primarily used to provide working capital. Net borrowings under the program were $378 million at December 31, 1999.

Cash used in investing activities was as follows:

(millions)	1999	1998	1997
Plant and equipment	$(673)	$(451)	$(397)
Nuclear fuel	(64)	(81)	(85)
Nuclear decommissioning contributions	(35)	(37)	(36)
Other	(3)	(13)	(28)
Total	$(775)	$(582)	$(546)

Plant and equipment expenditures for generation-related projects were approximately $327 million in 1999 and included significant expenditures for additional capacity and environmental upgrades—See *Capital Requirements* below. Transmission and distribution-related projects accounted for approximately $282 million of our total plant and equipment expenditures. These projects included routine capital improvements and expenditures associated with new connections. Remaining plant and equipment expenditures of $64 million reflect general projects and information technology enhancements. These information technology projects include development of remote metering and dispatch technology, and continued implementation of new financial systems.

Capital Requirements

Capacity Virginia Power anticipates that peak demand will grow approximately 2% per year through 2002. Virginia Power will complete construction of four 150-megawatt combustion turbines in Fauquier County, Virginia by mid-2000. Virginia Power will spend an estimated

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$190 million on the project of which approximately $145 million has been incurred through December 31, 1999. In January 2000, Virginia Power filed for approval from the Virginia Commission for the construction of two additional combustion turbines. The Virginia Commission has set a hearing date in May 2000 to consider this request. Commercial operation is planned to begin in June 2001. Virginia Power expects that any future additional capacity and energy requirements will be met through a combination of market purchases and company-constructed generation.

Plant and Equipment Virginia Power's construction and nuclear fuel expenditures during 2000, 2001 and 2002 are expected to total $856 million, $822 million and $760 million, respectively. Virginia Power expects these construction and nuclear fuel expenditures to be met through cash flow from operations, sales of securities and short-term borrowings. These projected expenditures include the effects of environmental costs discussed below.

Virginia Power is installing sulfur dioxide (SO_2) emission control equipment at two coal-fired generating units. The total cost for this project is estimated to be $126 million of which $33 million has been incurred as of December 31, 1999. Management believes the installation of scrubbers on these two units will provide the most cost-effective means of complying with the Clean Air Act.

In response to a rule adopted by the EPA in September 1998, Virginia Power plans to install nitrogen oxide (NOx) reduction equipment on a portion of its generating units at an estimated capital cost of $454 million over the next five years. Whether these costs are actually incurred is dependent on the implementation plans adopted by the states in which Virginia Power operates. No significant costs have been incurred as of December 31, 1999. See *Future Issues —Clean Air Act Compliance.*

Maturities Virginia Power will require $375 million to meet maturities of securities in 2000.

Funding Capital Requirements

Virginia Power expects to meet its capital funding requirements with cash flow from operations and issuance of replacement debt or preferred securities.

DEI

Net cash flow from operating activities was $151 million, $148 million and $162 million in 1999, 1998 and 1997, respectively. During 1999, cash flow from operating activities increased as compared to 1998 primarily due to normal business operations.

Net cash flow provided by operating activities decreased in 1998, as compared to 1997, primarily due to a reduction in ownership of a subsidiary that occurred during the third quarter of 1997.

DEI funds its capital requirements through cash flow from operations, equity contributions by Dominion, an intercompany credit agreement with Dominion, and bank revolving credit agreements. Cash flow from (used in) financing activities was as follows:

(millions)	1999	1998	1997
Contribution from parent	$ 115		
Issuance of long-term debt	14	$455	$ 108
Repayment of debt			(213)
Common dividend payments	(62)	(48)	(48)
Issuance (repayment) of intercompany debt	(10)	1	22
Other	(27)	4	
Total	$ 30	$412	$(131)

During 1999, cash flow from financing activities was $30 million primarily due to an equity contribution from Dominion, net of dividends. Proceeds were used primarily to fund acquisitions which expanded DEI's natural gas exploration, development and production operations. Also, in 1998, DEI borrowed funds to expand and upgrade its independent power plants.

Cash from (used in) investing activities was as follows:

	1999	1998	1997

(millions)	1999	1998	1997
Purchase of fixed assets	$ (57)	$ (73)	$(12)
Purchase of natural gas properties	(65)	(35)	(53)
Purchase of electric plant	(92)	(96)	
Sale of business	180	53	123
Acquisition of businesses	(167)	(338)	(28)
Other	(36)	(26)	(20)
Total	$(237)	$(515)	$ 10

During 1999, cash flow was used in investing activities for the following:
- the acquisitions of Remington and interests in certain gas producing properties located in the San Juan Basin of New Mexico and
- expansion and upgrade activities at certain independent power plants, offset by
- proceeds from the sale of DEI's interest in its Latin American subsidiaries in Peru and Belize.

Capital Requirements
DEI and Peoples Energy Corporation plan to expand the capacity at their jointly-owned electric generating peaking facility near Elwood, Illinois. The expansion is expected to be completed in 2001 and will add a combined 600 megawatts of natural gas-fired electric power to the facility's capacity for a total of 1,200 megawatts. The cost of the expansion is estimated at $280 million. DEI and Peoples Energy Corporation will share equally in the construction costs.

In response to a rule adopted by the EPA in 1998, DEI expects to install NOx reduction equipment at its Kincaid plant at an estimated capital cost of approximately $100 million over the next five years. Whether these costs are actually incurred is dependent on the implementation plans adopted by Illinois and the outcome of litigation regarding this rule. The power purchase agreement with Commonwealth Edison Company provides that DEI will recover a portion of these capital expenditures through monthly reimbursement over the term of the agreement. The agreement also provides that DEI will be reimbursed for operations, maintenance and fuel costs that may be incurred as a result of NOx emission reduction regulations. For more information, see *Future Issues —Clean Air Act Compliance.* The capital requirements will be funded by cash flow from operations and existing sources of financing.

Dominion Capital
Dominion Capital's net cash flow provided by operations for 1999 increased by $76 million as compared to 1998 due to an increase in mortgage sales and principal collections, net of originations, plus normal operations. Cash flow provided by operations for 1998 increased by $61 million as compared to 1997 primarily due to higher operating income from financial services and liquidation of marketable equity securities.

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Dominion Capital funds its capital requirements through cash flow from operations, an intercompany credit agreement with Dominion, equity contributions from Dominion, bank revolving credit agreements, term loans and commercial paper programs. Cash flow from (used in) financing activities was as follows:

(millions)	1999	1998	1997
Contribution from parent	$ 100	$ 118	$ 162
Issuance of long-term debt	5,331	3,212	3,911
Repayment of long-term debt	(5,446)	(2,992)	(3,865)
Common dividend payments	(71)	(55)	(43)
Issuance of commercial paper, net	541	492	33
Issuance (repayment) of intercompany debt	(96)	114	28
Total	$ 359	$ 889	$ 226

During 1999, cash flow from financing activities was $359 million and was used primarily to fund loan originations.

Dominion Capital has a senior unsecured 364-day $400 million revolving credit agreement. The credit agreement is used by Dominion Capital for general corporate purposes including providing liquidity to support a $400 million commercial paper program which was established in February 1999. Net borrowings under the agreement were $275 million at December 31, 1999.

Cash used in investing activities was as follows:

(millions)	1999	1998	1997
Loan originations, net	$(343)	$(802)	$ (82)
Purchase of securities	(156)	(125)	(139)
Other	(24)	(4)	(22)
Total	$(523)	$(931)	$(243)

During 1999, cash flow used in investing activities decreased chiefly because of an increase in commercial loan syndications, sales and repayments. In addition, Dominion Capital also has an interest in a hydroelectric facility, real estate and other investments. In mid 1999, Dominion Capital sold one half of its interest in its hydroelectric facility for $45 million.

Capital Requirements

Until its divestiture, Dominion Capital will continue to fund the operations of its financial services activities through net cash flows from operations, sales of existing real estate and other assets and borrowings through the intercompany credit agreement and various third party credit sources.

FUTURE ISSUES

This section discusses information that may have an impact on future operating results. The SEC encourages companies to provide forward-looking information because it provides investors with an insight into management's outlook for the future. It should be noted that any forward-looking information is expressly covered by the safe harbor rule for projections. For a more detailed description of some of the uncertainties associated with forward-looking information, please refer to the *Forward-Looking Information* section on page 26.

Three major events occurred in 1999 which will have a significant effect on Dominion's future operations. These events were:

- the announcement of the CNG merger;
- the enactment of law which established a detailed plan to restructure the electric industry in Virginia; and
- the sale of Dominion Energy's interests in Latin American power generation.

CNG Merger

On January 28, 2000, Dominion and CNG closed the merger of CNG into a subsidiary of Dominion. The aggregate purchase price was $6.4 billion. Shareholders of CNG received either Dominion common stock or cash in consideration of their CNG shares. The combination with CNG, based in Pittsburgh, Pa., creates a fully integrated electric and natural gas utility in the Midwest, Northeast and Mid-Atlantic regions of the United States with selective energy businesses located abroad. Immediately before the CNG Merger, we concluded a first step transaction in which 33 million shares of Dominion common stock were exchanged for approximately $1.4 billion.

With the CNG Merger, Dominion has an energy portfolio of almost 20,000 megawatts of domestic power generation and 2.8 trillion cubic feet equivalent in natural gas and oil reserves, producing more than 300 billion cubic feet equivalent annually. Dominion now operates a major interstate gas pipeline system and the largest natural gas storage system in North America and has approximately 6,000 miles of electric transmission lines. Dominion is the eleventh largest independent oil and gas producer in the United States, measured by reserves, and provides integrated energy services to approximately four million retail customers.

As a result of the merger, Dominion is a registered public utility holding company subject to the provisions of the Public Utility Holding Company Act of 1935 (1935 Act). The 1935 Act imposes a number of restrictions on the operations of registered holding company systems. One such restriction limits the ability of a registered holding company to engage in activities unrelated to its utility operations. Consequently, as part of the SEC order approving the merger, Dominion must divest itself of Dominion Capital, its financial services subsidiary. Although a formal plan for divestiture has not been adopted, the SEC allowed three years for this to be accomplished.

During the merger approval process, Dominion and CNG also agreed to divest Virginia Natural Gas, Inc. (VNG), CNG's gas distribution subsidiary located in Virginia Beach, Va. Dominion has one year after the merger is completed to sell VNG to a third party. If the sale of VNG is not completed within one year, VNG will be spun off as an independent company with the common stock distributed to Dominion shareholders. Both deadlines are subject to reasonable extensions, which may be granted by regulatory authorities. For more information on the CNG merger, see Note (X) to the Consolidated Financial Statements.

As part of the merger, Dominion created a subsidiary service company, Dominion Resources Services, Inc. (Services), which will provide certain services to Dominion's operating subsidiaries. Employees of Dominion Resources and Virginia Power who will perform those functions became employees of Services, effective February 1, 2000. CNG also has a service company. The operating subsidiaries may elect to purchase services from either service company; however, service company functions are expected to be centralized into a single service company in 2001.

In addition, our business operations are being reviewed in conjunction with the merger to identify opportunities for operational efficiencies. As a result of the formation of the service company and this operational review, restructuring charges for items such as employee severance and other special termination benefits and the elimination of duplicate facilities are likely to be incurred during 2000 and 2001.

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Dominion intends to manage the oil and gas exploration and production operations of CNG and DEI on a combined basis. Dominion also intends to review CNG's local gas distribution companies, Virginia Power's transmission and distribution operations and the related customer services functions on a combined basis.

Virginia Legislation
On March 25, 1999, the Governor of Virginia signed into law legislation establishing a detailed plan to restructure the electric utility industry in Virginia. The legislation will deregulate generation by 2002 with the phase-in of retail customer choice beginning at that time. When customer choice begins, customers will have the right to choose their energy supplier. However, we will continue to transport all energy to customers within Virginia Power's service territory. Under this legislation, Virginia Power's base rates will remain generally unchanged until July 2007 and recovery of generation-related costs will continue to be provided through capped rates. For more information, see Note (C) to the Consolidated Financial Statements and *Competition —Legislative Initiatives* below.

Sale of Interests in Latin American Power Generation
In 1999, DEI reached an agreement to sell its interests in approximately 1,200 megawatts of gross generation capacity located in Latin America. Duke Energy International is purchasing the interests for approximately $405 million. Dominion Energy completed the sale of its interests in Belize and Peru in November 1999 and expects to complete the sale of its interests in Argentina and Bolivia in 2000, following receipt of certain regulatory approvals.

During 1999, DEI recorded a one-time after-tax charge of $21 million related to the sale. For additional information, see Note (V) to the Consolidated Financial Statements and *Future Issues —Dominion Energy.*

Recently Issued Accounting Standards
The Financial Accounting Standards Board (FASB) recently issued SFAS No. 137, *Accounting for Derivative Instruments and Hedging Activities —Deferral of the Effective Date of FASB Statement No. 133,* which defers the effective date of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities.* As a result, Dominion must adopt SFAS No. 133 no later than January 1, 2001. SFAS No. 133 requires that derivative instruments (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at fair value. The statement requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge-accounting criteria are met.

The FASB-sponsored Derivatives Implementation Group is addressing implementation issues related to SFAS No. 133. Dominion does not believe that its long-term purchased power contracts would be subject to SFAS No. 133. Dominion's portfolio of commodity contracts held for trading purposes is currently marked to fair value and would not be affected by this statement. Dominion is in the process of assessing the impact of SFAS No. 133. To the extent that contracts are subject to SFAS No. 133 fair value accounting, implementing appropriate hedging strategies could possibly mitigate the potential impact on earnings volatility.

However, Dominion has not yet quantified the impacts of adopting SFAS No. 133.

Year 2000 Compliance
Dominion experienced a successful transition to the Year 2000. Immediately after the rollover and throughout the rollover weekend, Dominion's transmission and distribution systems and its generating units continued to operate smoothly. Our customers did not lose power as a result of a Year 2000 problem.

We are continuing to monitor systems for any Year 2000 issues, and we will be especially alert to any problems caused by the transition through February 29, 2000. However, as with the rollover to January 1, 2000, no significant problems are expected.

We expect total Year 2000 costs to be approximately $32 million. Actual Year 2000 costs of $30 million had been expended as of December 31, 1999.

We cannot estimate or predict the potential adverse consequences, if any, that could result from a third party's failure to effectively address remaining Year 2000 issues, if any, but believe that any impact would be short-term in nature and would not have a material adverse impact on results of operations.

Dominion Delivery Business and Utility Operations of Dominion Energy
The following discussion is about Virginia Power, Dominion's principal subsidiary, and the environment in which it operates. As previously discussed, Dominion evaluates the operations of Virginia Power in two of its operating segments, Dominion Delivery

operations of Virginia Power in two of its operating segments, Dominion Delivery (regulated electric distribution and transmission operations) and Dominion Energy (utility generation operations).

Competition — General

Dominion has recently seen federal and state developments toward increased competition. Electric utilities have been required to open up their transmission systems for use by potential wholesale competitors. In addition, non-utility power producers now compete with electric utilities in the wholesale generation market. At the federal level, retail competition is under consideration. Some states, including Virginia, Ohio and Pennsylvania, have already enacted legislation requiring the introduction of retail competition.

Today, Dominion faces competition in the wholesale market. There is no general retail competition in Virginia Power's principal service area at this time. However, Virginia enacted a law in 1999 establishing a detailed plan to restructure the electric utility industry in Virginia. Dominion actively supported this restructuring legislation. See *Competition —Retail and Competition —Legislative Initiatives* below and Note (C) to the Consolidated Financial Statements.

Dominion has responded to the trend toward competition by cutting costs, re-engineering core business processes, and pursuing innovative approaches to serving traditional markets and future markets. Dominion's strategy also includes the development of non-traditional products and services with an objective of providing growth in future earnings. These products and services include electric energy and capacity in the emerging wholesale market; natural gas and other energy-related products and services; nuclear management and consulting services; power distribution and transmission related services, including engineering and metering; and telecommunication services. In addition, Dominion may from time to time identify and investigate opportunities to expand its markets through strategic alliances with partners whose strengths, market position and strategies complement those of Dominion.

Competition — Wholesale

Virginia Power sells electricity in the wholesale market under its market based sales tariff authorized by FERC, but has agreed not to make wholesale power sales under this tariff to loads located within Virginia Power's service territory. However, Virginia Power expects to file in the first quarter 2000 an application with FERC to make sales under its market-based sales tariff to loads within its service territory to facilitate the retail access pilot program. Also, Virginia Power expects to file in the first

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quarter 2000 an application with FERC to amend its open access transmission tariff to accommodate the retail access pilot program. Until such authorization has been granted by FERC, any agreements which allow Virginia Power to sell wholesale power to loads located within its service territory are to be at cost-based rates accepted by FERC.

During 1999, sales to wholesale customers under requirements contracts represented approximately 4 percent of Virginia Power's total revenues from electric sales. Since FERC issued its Order 888 requiring open access to transmission service, Virginia Power has faced increased competitive pressures on sales to wholesale customers served under requirements contracts. In response, Virginia Power has renegotiated long-term contracts with wholesale customers. Virginia Power has also implemented a new arrangement with its largest wholesale customer that provides for a transition from cost-based rates to market-based rates.

Competition — Retail

Currently, Virginia Power has the exclusive right to provide electricity at retail within its assigned service territories in Virginia and North Carolina. As a result, Virginia Power now faces competition for retail sales only if certain of its business customers move into another utility service territory, use other energy sources instead of electric power, or generate their own electricity.

However, in 1998, the Virginia General Assembly passed legislation that established a timeline for deregulation of retail electric service but left the details regarding implementation to future enabling legislation. In March 1999, the Governor of Virginia signed into law new legislation establishing a detailed plan to restructure the electric utility industry in Virginia which will provide for customer choice beginning in 2002. For a discussion of Virginia Power's pilot program for customer choice beginning in 2000, see *Competition —Regulatory Initiatives* below. Under this legislation, Virginia Power's base rates will remain unchanged until July 2007 and recovery of generation-related costs will continue to be provided through capped rates and a wires charge assessed to those customers opting for alternate suppliers. See Note (C) to the Consolidated Financial Statements.

Competition — Legislative Initiatives

Virginia As discussed above, the Governor of Virginia signed into law legislation establishing a detailed plan to restructure the electric utility industry. Under the legislation, the generation portion of Virginia Power's Virginia jurisdictional operations will no longer be subject to cost-based rate regulation beginning in 2002.

A legislative transition task force is charged with specific assignments including the monitoring of possible over- or under-recovery of stranded costs by incumbent utilities. This monitoring begins at the onset of customer choice and the task force will submit annual reports to the Governor and the General Assembly offering recommendations as it deems necessary.

The legislation also addressed divestiture, functional separation and other corporate relationships. Although mandatory divestiture is prohibited by the law, functional separation is required and must be completed by January 1, 2002. Utilities must submit their plans to the Virginia Commission by January 1, 2001, outlining steps to be taken to functionally separate generation, transmission and distribution.

Dominion is currently supporting certain technical amendments to the restructuring legislation being considered by the 2000 General Assembly.

North Carolina The 1997 session of the North Carolina General Assembly created a study commission on the future of electric service in North Carolina. In October 1999, Duke Energy Corp. and Carolina Power and Light Company submitted a proposal to the study commission addressing certain municipal debt issues that must be resolved before a comprehensive restructuring plan can be developed. The North Carolina Commission continues to study the subject of deregulation in anticipation that the 2000 session of the General Assembly may consider the issue when it convenes in May.

Federal The U.S. Congress is expected to consider federal legislation in the near future authorizing or requiring retail competition. Dominion cannot predict what, if any, definitive actions the Congress may take.

Competition — Regulatory Initiatives

Virginia In 1998, the Virginia State Corporation Commission issued an order instructing Virginia Power and American Electric Power (AEP)-Virginia, as the Commonwealth's two largest investor-owned utilities, to design and file retail access pilot programs. Virginia

largest investor-owned utilities, to design and file retail access pilot programs. Virginia Power filed a report in November 1998 describing the details, objectives and characteristics of its proposed retail access pilot program. In August 1999, the Commission's Hearing Examiner issued a report on interim rules for the introduction of electric and natural gas retail competition in Virginia. In September 1999, Virginia Power, the Virginia Commission Staff and two other parties entered into a stipulated agreement which resolved the size and scope of the proposed pilot program and the methodology for determining the market price of electricity used in calculating the wires charge assessed to those customers opting for alternate suppliers. The pilot program will initially give approximately 35,000 customers the ability to choose their electricity supplier. The scope of the program will be expanded to include approximately 70,000 customers by year end 2000. A Hearing was held in September 1999. The Hearing Examiner's Report was issued in November 1999, recommending certain changes to Virginia Power's pilot plan and a modification of the stipulated market price methodology. Virginia Power filed comments and exceptions in December 1999. A Final Order from the Virginia Commission is anticipated in early 2000.

In March 1998, the Virginia Commission issued an Order Establishing Investigation with regard to independent system operators (ISOs), regional power exchanges (RPXs) and retail access pilot programs. The Order directed all investor-owned electric utilities to begin work, in conjunction with the Virginia Commission Staff and other interested parties, to develop one or more ISOs and RPXs to serve the public interest in Virginia. The Virginia Electric Utility Restructuring Act (Act), signed into law in 1999, requires that Virginia's incumbent electric utilities join or establish regional transmission entities (RTEs) by January 2001, and seek authorization from the Virginia Commission to transfer ownership or operational control of their transmission facilities to such RTE's. In May 1999, the Virginia Commission issued an Order Establishing an Investigation and inviting comments concerning the development of the rules required by the Act. Virginia Power submitted comments in June 1999 and reply comments in July 1999, urging the Virginia Commission to adopt rules and regulations that are identical to FERC's regulations concerning ISOs. In January 2000, the Virginia Commission issued an Order giving notice of, and requesting comments to, the proposed rules and regulations establishing the elements of RTE structures. Under the proposed rules, Virginia Power would be required to seek authorization to transfer operational control of its transmission facilities on or before May 1, 2000. Virginia Power submitted comments on the proposed rules and regulations in February 2000.

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Federal Virginia Power maintains major interconnections with Carolina Power and Light Company, AEP, Allegheny Energy (AE) and the utilities in the Pennsylvania-New Jersey-Maryland Power Pool. Through this major transmission network, Virginia Power has arrangements with these utilities for coordinated planning, operation, emergency assistance, and exchanges of capacity and energy.

In June 1999, Virginia Power, together with American Electric Power Services Corporation, Consumers Energy Company, The Detroit Edison Company and First Energy Corporation, on behalf of themselves and their public utility operating company subsidiaries (Alliance Companies), filed with FERC applications under Sections 205 and 203 of the Federal Power Act for approval of the proposed Alliance Regional Transmission Organization (Alliance RTO).

In December 1999, FERC issued an Order under Section 203 of the Federal Power Act granting the application, subject to certain conditions and requirements discussed in the Order, and directing the Alliance Companies to submit a compliance filing as discussed in the Order. In January 2000, the Alliance Companies filed an application seeking a rehearing of certain conditions and requirements of the Order. In February 2000, the Alliance Companies filed amendments to the Alliance RTO documents to comply with certain conditions and requirements of the Order.

In December 1999, FERC issued Order 2000 which amended its regulations to advance the formation of Regional Transmission Organizations (RTOs). The regulations require that each public utility that owns, operates, or controls transmission facilities make certain filings with respect to forming and participating in an RTO. FERC also codified minimum characteristics and functions that a transmission entity must satisfy in order to be considered an RTO. In January 2000, the Alliance Companies filed an application seeking a rehearing of such order.

Competition — Exposure To Potentially Stranded Costs

Under traditional cost-based regulation, utilities have generally had an obligation to serve, supported by an implicit promise of the opportunity to recover prudently incurred costs. The most significant potential impact of transitioning from a regulated to a competitive environment is "stranded costs." Stranded costs are those costs incurred or commitments made by utilities under cost-based regulation that may not be reasonably expected to be recovered in a competitive market. If no recovery mechanism is provided during the transition, the financial position of a utility could be materially adversely affected.

At December 31, 1999, Virginia Power's exposure to potentially stranded costs was comprised of the following:

- long-term purchased power contracts that could ultimately be determined to be above market (see *Purchased Power Contracts*, Note (Q) to the Consolidated Financial Statements);
- generating plants that could possibly become uneconomic in a deregulated environment; and
- unfunded obligations for nuclear plant decommissioning and postretirement benefits not yet recognized in the financial statements (see Notes (F) and (O) to the Consolidated Financial Statements).

Dominion believes the capped rates provided by the 1999 legislation present a reasonable opportunity to recover a substantial portion of our potentially stranded costs. In the absence of capped rates, Virginia Power would otherwise have been exposed, on a pre-tax basis, to an estimated $3.2 billion of potential losses related to long-term power purchase commitments. See Note (C) to the Consolidated Financial Statements. Recovery of potentially stranded costs remains subject to numerous risks including, among others, exposure to long-term power purchase commitment losses, future environmental compliance requirements, changes in tax laws, decommissioning costs, inflation, increased capital costs, and recovery of certain other items.

Rate Matters

In obtaining approval for the CNG Merger in North Carolina, Virginia Power agreed not to request an increase in its North Carolina retail electric base rates until after December 31, 2005, except for certain events that would have a significant financial impact on Dominion.

Virginia Power's fuel rates are still subject to change under the annual fuel cost adjustment proceedings in both Virginia and North Carolina.

Competition — Retail Gas

Gas industry competition at the retail level is receiving increased attention from both regulators and legislators. Governments in three of the states in which Dominion, subsequent to the CNG Merger, operates distribution subsidiaries have enacted or considered legislation regarding deregulation of natural gas at the retail level. In Ohio, a 1996 law established customer choice as a state policy in the supply of natural gas services. Implementation of the law, which allows retail customers to obtain gas from an array of suppliers, is under way. In Pennsylvania,

retail customers to obtain gas from an array of suppliers, is under way. In Pennsylvania, legislation was enacted to unbundle gas utility merchant functions and permit the Pennsylvania Public Utility Commission to certify marketers, in addition to gas utilities, as suppliers of last resort, creating competition in a traditional gas utility function. Virginia is currently operating under a one-year unbundling pilot program, enacted in 1999. The Virginia General Assembly is currently considering legislation to make the program permanent.

Dominion Energy

Dominion Energy's future focus in its domestic power generation business is to acquire and develop additional power generation in the MAIN to Maine region. The MAIN region consists of the Mid-America Interconnected Network. This network includes the range of electric utility service territories that begins in the upper Midwest and covers an area northeastward through Maine. Dominion Energy will benefit from the merger with CNG as it plans to develop natural gas-fired power generation facilities along CNG's natural gas pipeline system. Dominion has identified a number of potential development sites along CNG's natural gas pipeline network in Ohio, Pennsylvania, New York, West Virginia and Virginia.

As indicated above, Dominion Energy's business is increasingly competitive, particularly given the deregulation and consolidation activity the industry is experiencing. In its existing independent power investments, Dominion Energy intends to counter competition by focusing on cost structure, operating efficiencies and actively exercising management control.

Environmental Matters

Dominion Energy is subject to rising costs resulting from a steadily increasing 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. Historically, these costs for utility operations could be recovered from customers through utility rates. However, to the extent environmental costs are incurred during the period ending June 30, 2007, in excess of the level currently included in Virginia jurisdictional rates, Dominion's results of operations will decrease. After that date, recovery may be sought for only those environmental costs related to transmission and distribution operations through regulated utility rates.

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Environmental Protection and Monitoring Expenditures

Dominion Energy incurred $78 million, $72 million, and $71 million (including depreciation) during 1999, 1998 and 1997, respectively, in connection with the use of environmental protection facilities. Dominion Energy expects these expenses to be $79 million in 2000. In addition, capital expenditures to limit or monitor hazardous substances were $84 million, $22 million, and $25 million for 1999, 1998 and 1997, respectively. The amount estimated for 2000 for these expenditures is $148 million.

Clean Air Act Compliance

The Clean Air Act, as amended in 1990, requires Dominion Energy to reduce its emissions of SO2 and NOx which are gaseous by-products of fossil fuel combustion. The Clean Air Act also requires Dominion Energy to obtain operating permits for all major emissions-emitting facilities. Permit applications have been submitted for Dominion Energy's power stations.

The Clean Air Act's SO_2 reduction program is based on the issuance of a limited number of SO_2 emission allowances, each of which may be used as a permit to emit one ton of SO_2 into the atmosphere or may be sold to someone else. The EPA administers the program. Dominion Energy's compliance plans are reviewed periodically and may include switching to lower sulfur coal, purchase of emission allowances, and installation of SO_2 control equipment. In December 1998, Dominion Energy initiated a capital project to install SO_2 control equipment on two units at the Mt. Storm power station at an estimated cost of $126 million. These SO_2 controls are expected to be operational by January 2002. In July 1999, Dominion Energy's Kincaid plant converted to low-sulfur Powder River Basin coal, further reducing SO2 emissions.

Dominion Energy began complying with Clean Air Act Phase I NOx limits at eight of its units in Virginia in 1997, three years earlier than otherwise required. As a result, the units will not be subject to more stringent Phase II limits until 2008. Dominion Energy has established a plan to comply with the Phase II limits at remaining coal-fired units subject to the Phase II limits.

In September 1998, EPA adopted a rule requiring 22 states, including states within which we operate, to reduce and cap ozone season (May-September) NOx emissions beginning in May 2003. The affected states were to submit a compliance plan to EPA by September 1999, but a May 1999 ruling by the U.S. District Court of Appeals in the DC Circuit has granted an indefinite stay of the states' submittal requirements. However, in December 1999, EPA issued a finding in support of petitions filed by several Northeastern states seeking relief from long-range pollutant transport from utility and large industrial sources that essentially enforces the same NOx emission caps beginning in May 2003. In response to these requirements, Dominion Energy plans to install NOx reduction equipment at its coal-fired generating facilities at an estimated capital cost of approximately $554 million over the next five years. Whether these costs are actually incurred and the timing of such expenditures are dependent on both the outcome of pending litigation of these rules and on the implementation plans adopted by the states in which Dominion Energy operates.

Evaluation and planning of future projects to comply with SO_2 and NOx reduction requirements are ongoing and will be influenced by changes in the regulatory environment, availability of SO_2 and NOx allowances, and emission control technology.

Global Climate Change

In 1993, the United Nation's Global Warming Treaty became effective. The objective of the treaty is the stabilization of greenhouse gas concentrations at a level that would prevent man-made emissions from interfering with the climate system.

As a continuation of the effort to limit man-made greenhouse emissions, an international Protocol was formulated in December 1997 in Kyoto, Japan. This Protocol calls for the United States to reduce greenhouse emissions by 7 percent from 1990 baseline levels by the period 2008-2012. The Protocol has been signed by the United States but will not constitute a binding commitment unless submitted to and approved by the United States Senate. Emission reductions of the magnitude included in the Protocol, if adopted, would likely result in a substantial financial impact on companies that consume or produce fossil fuel-derived electric power, including Dominion.

Dominion E&P

One of Dominion E&P's primary goals in its oil and gas business is to sustain and increase earnings from non-tax credit oil and gas properties. Dominion E&P's operating focus is on cost structure and operating efficiencies. Dominion E&P expects to compete in regional markets by expanding its reserve base through drilling and the acquisition of oil and gas properties.

properties.

Dominion E&P will benefit from the merger with CNG through the optimization of the value of the Company's reserve portfolio. This optimization will be achieved through the convergence of the Company's gas and electric products and maximization of gas storage facilities, to achieve the most favorable market conditions when selling energy. In addition, Dominion E&P's oil and gas operations should realize the benefits of sharing past experiences and sound business practices developed over time. This should help improve operational efficiencies and minimize finding, developing, and lifting costs. Additional efficiencies will be achieved by elimination of duplicate administrative functions.

Dominion Capital

Under the SEC's order approving the CNG merger, Dominion must divest itself of Dominion Capital within three years. No formal plan of divestiture has been adopted. However, Dominion has begun identifying suitable buyers. Until Dominion Capital is sold, Dominion will continue to operate these financial services businesses and be subject to their risks.

The financial performance of Dominion Capital's diversified financial services businesses depends to a certain degree on the movement of interest rates, overall economic conditions, and increasing competition. Dominion Capital intends to manage the effect of these issues by maintaining a balanced diversified business approach, maintaining underwriting, credit quality and service, and focusing on specialized markets. Dominion Capital expects continued growth in its existing financial service business units through increased market share, developing new products and services and entering new financial markets.

Business Opportunities

Because Dominion's industry is rapidly changing, especially in the U.S., there are many opportunities for acquisitions of assets and business combinations. We investigate any opportunity we learn about that may increase shareholder value and build on our existing businesses. We have participated in the past and our security holders may assume that at any time Dominion may be participating in bidding or other negotiating processes for such transactions. Such participation may or may not result in a transaction for Dominion. However, any such transaction that does take place may involve consideration in the form of cash, debt or equity securities and may involve payment of a premium over book or market values. Such transactions or payments could affect the market prices and rates for Dominion's securities.

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Market Rate Sensitive Instruments and Risk Management

Dominion is exposed to market risk because it utilizes financial instruments, derivative financial instruments, and derivative commodity instruments. The market risks inherent in these instruments are represented by the potential loss due to adverse changes in commodity prices, equity security prices, interest rates, and foreign currency exchange rates as described below. Interest rate risk generally is related to Dominion and its subsidiaries' outstanding debt as well as their commercial, consumer, and mortgage lending activities. Currency risk exists principally through Dominion E&P's investment in Canada and some debt denominated in European currencies associated with Dominion Energy's investment in Latin America. Dominion is exposed to equity price risk through various portfolios of equity securities. Commodity price risk is experienced in Dominion's power generation and oil and gas businesses, Dominion Energy and Dominion E&P. They are exposed to effects of market shifts in the sales prices they receive and pay for natural gas and electricity.

Dominion has utilized the sensitivity analysis methodology to disclose the quantitative information for the interest rate, commodity price and foreign exchange risks. Sensitivity analysis provides a presentation of the potential loss of future earnings, fair values, or cash flows from market risk-sensitive instruments over a selected time period due to one or more hypothetical changes in interest rates, foreign currency exchange rates, commodity prices, or other similar price changes. The tabular presentation methodology continues to be used to disclose equity price market risk.

Interest Rate Risk Non-Trading Activities

Dominion manages its interest rate risk exposure by maintaining a mix of fixed and variable rate debt. In addition, Dominion enters into interest rate sensitive derivatives. Examples of these derivatives are swaps, forwards and futures contracts.

Dominion's sensitivity analysis estimates the impact of a hypothetical change in interest rates on its variable-rate long-term and short-term financial instruments and interest rate-sensitive derivatives. For financial instruments outstanding at December 31, 1999, a hypothetical 10% increase in market interest rates would decrease annual earnings by approximately $31 million. A similar hypothetical increase in market interest rates, as determined at December 31, 1998, would have resulted in a decrease in annual earnings of $12 million.

Dominion Capital, through subsidiaries, retains ownership in the residual classes of the asset-backed securities utilized to sell home equity loans originated and purchased. At December 31, 1999, these assets are classified as available for sale securities on the balance sheet and total $307 million.

The residual securities represent the net present value of the excess of interest payable on the underlying mortgage collateral, net of interest payments to outstanding bond holders, servicing costs, over-collateralization requirements, and credit losses. Fair value of the residual is analyzed quarterly by Dominion Capital to determine whether prepayment experience, losses and changes in the interest rate environment have had an impact on the valuation. Expected cash flows of the underlying loans sold are reviewed based upon current economic conditions and the type of loans originated and are revised as necessary.

Foreign Exchange Risk Activities

Dominion's exposure to foreign currency exchange rates results from debt which is denominated in a currency different from the company's functional currency, the U.S. dollar. In this situation, the company is subject to gains and losses due to the relative change in the foreign currency rate of the debt versus the U.S. dollar. This risk is mitigated by entering into contracts which are denominated or indexed to the U.S. dollar. In the past, Dominion has also used currency swaps to minimize this exposure. As of December 31, 1999, no currency swaps were outstanding.

Dominion has performed sensitivity analyses to estimate its exposure to foreign-exchange market risk. If the U.S. dollar declines in value by 10% as compared to its value at December 31, 1999, the impact on the fair value of the foreign denominated debt would be insignificant. Comparatively, the same percentage decline of the U.S. dollar at December 31, 1998 would have resulted in an insignificant increase in the fair value of the foreign denominated debt.

Commodity Price Risk Non-Trading Activities

Dominion E&P is exposed to the impact of market fluctuations in the sales price it receives for its produced natural gas and oil. To reduce price risk caused by market

receives for its produced natural gas and oil. To reduce price risk caused by market fluctuations, Dominion E&P generally follows a policy of hedging a portion of its natural gas and oil sales commitments by selecting derivative commodity instruments whose historical price fluctuations correlate strongly with those of the production being hedged. Dominion E&P enters into options, swaps, and collars to mitigate a loss in revenues, should natural gas or oil prices decline in future production periods. Dominion E&P also mitigates price risk by entering into fixed price sale agreements with physical purchasers of natural gas.

When conducting sensitivity analysis of the change in the fair value of Dominion E&P's oil and gas portfolio which would result from a hypothetical change in the future market price of oil and natural gas, the fair value of the contracts are determined from models which take into account estimated future market prices of oil and natural gas, the volatility of the market prices in each period, as well as the time value factors of the underlying commitments. In most instances, market prices and volatility are determined from quoted prices on the futures exchange.

Dominion has determined a hypothetical change in fair value for its oil and natural gas contracts assuming a 10% unfavorable change in market prices. This hypothetical 10% change in market prices would have resulted in a decrease in fair value of approximately $20 million and $8 million as of December 31, 1999 and December 31, 1998, respectively.

The impact of a change in oil and natural gas commodity prices on Dominion E&P's oil and natural gas contracts at a point in time is not necessarily representative of the results that will be realized when such contracts are ultimately settled.

Commodity Price Risk Trading Activities

As part of its strategy to market energy from owned generation capacity and to manage related risks, Dominion Energy manages a portfolio of derivative commodity contracts held for trading purposes. These contracts are sensitive to changes in the prices of natural gas and electricity. Dominion Energy employs established policies and procedures to manage the risks associated with these price fluctuations and uses various commodity instruments, such as futures, swaps and options, to reduce risk by creating offsetting market positions. In addition, Dominion Energy seeks to use its generation capacity,

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when not needed to serve electric utility service customers, to satisfy commitments to sell energy.

Under sensitivity analysis, the fair value of the portfolio is a function of the underlying commodity, contract prices and market prices represented by each derivative commodity contract. For swaps, forward contracts and options, market value reflects our best estimates considering over-the-counter quotations, time value and volatility factors of the underlying commitments. Exchange-traded futures and options are marked to market based on closing exchange prices.

Dominion Energy has determined a hypothetical loss by calculating a hypothetical fair value for each contract assuming a 10% unfavorable change in the market prices of the related commodity and comparing it to the fair value of the contracts based on market prices at December 31, 1999 and 1998. This hypothetical 10% change in commodity prices would have resulted in a hypothetical loss of approximately $5 million and $13 million in the fair value of Dominion Energy's commodity contracts as of December 31, 1999 and 1998, respectively. The commodity contracts' sensitivity to unfavorable price changes decreased in 1999 primarily due to reduced price exposure from options included in the portfolio at December 31, 1999, as compared to December 31, 1998.

The sensitivity analysis does not include the price risks associated with utility operations, including those underlying utility fuel requirements. In the normal course of business, Dominion Energy also faces risks that are either nonfinancial or nonquantifiable. Such risks principally include credit risk, which is not reflected in the sensitivity analysis above.

Equity Price Risk Activities

Dominion is subject to equity price risk due to marketable securities held as investments and in trust funds. Trust funds are maintained by Virginia Power in order to fund certain nuclear decommissioning costs.

In accordance with current accounting standards, the marketable securities are reported on the balance sheet at fair value. The following table presents descriptions of the equity securities, other than trading, held by Dominion at December 31, 1999 and 1998.

	1999		1998	
(millions)	Cost	Fair Value	Cost	Fair Value
Trading:				
Short-term marketable securities	$1	$2	$1	$1
Other than trading:				
Marketable securities	$134	$126	$165	$169
Nuclear decommissioning trust investments	$274	$565	$252	$470

Other Risk Management Factors and Matters

Foreign Risks

Dominion's investment in Corby, a generation project in the United Kingdom, and a significant portion of DEI's operations are located in foreign countries. DEI's foreign operations include interests in Latin American power production included in Dominion Energy and certain Canadian activities included in Dominion E&P. These investments represent primarily investments in affiliates which own energy-related production, generation and transmission facilities. Dominion is exposed to foreign currency risk and sovereignty risk with respect to these investments. Sovereignty risk relates to losses due to actions initiated by foreign governments that preclude actions by Dominion to mitigate such losses. Dominion seeks to manage this risk by limiting its exposure in any single country and by limiting its investments to those countries and regions where it believes these risks are less significant.

The sale of DEI's interests in Belize and Peru in November 1999 and the pending completion of the sale of its interests in Argentina and Bolivia in 2000 will reduce Dominion's exposure to foreign currency and sovereignty risk.

Financial Service Business Risk

Dominion Capital manages a number of risks in its operations in addition to interest rate risk as discussed above. Its lending groups are concerned with credit risks, loan loss reserves,

as discussed above. Its lending groups are concerned with credit risks, loan loss reserves, prepayments, and oil and natural gas market fluctuations.
Credit risks are managed by:

- experienced management and effective underwriting policies and procedures;
- controlling the average loan size;
- geographic diversification of the portfolio;
- compensating for risk grade by lowering loan to values and higher interest rates; and
- servicing and quality control efforts. Commercial credit risks are managed by:
- diversification of clients by industry classification;
- primarily maintaining first position in collateralized assets;
- underwriting by experienced professionals and effective underwriting policies and procedures; and
- portfolio monitoring and credit collection.

Dominion Capital's mortgage investments are adversely impacted by increases in the rate at which home equity loans prepay. Accordingly, Dominion Capital actively manages this risk by:

- including prepayment penalties, when possible, as part of loan structure;
- aggressively enforcing premium recapture provisions with sellers of mortgage loans;
- limiting the acquisition of below market (teaser) start rates on adjustable rate mortgages to those covered by prepayment penalties; and
- constructing prudent valuation assumptions based on historical prepayment rates globally and within the company.

The market price of natural gas assets are monitored and coverages are maintained in the underwriting structures of Dominion Capital's loan assets as well as oil and gas hedges.

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Notes to Consolidated Financial Statements

NOTE A: Nature of Operations

General Organization and Legal Description Dominion Resources, Inc. (Dominion or the Company) is a holding company headquartered in Richmond, Va. Its principal subsidiary is Virginia Electric and Power Company (Virginia Power), which is a regulated public utility. Virginia Power is engaged in the generation, transmission, distribution and sale of electric energy within a 30,000 square mile area in Virginia and northeastern North Carolina. It sells electricity to retail customers (including government agencies) and to wholesale customers such as rural electric cooperatives, power marketers and municipalities. The Virginia service area comprises about 65 percent of Virginia's total land area, but accounts for 80 percent of its population. Virginia Power engages in off-system wholesale purchases and sales of electricity and purchases and sales of natural gas beyond the geographic limits of its service territory.

Dominion's subsidiary, Dominion Energy, Inc. (DEI), is engaged in independent power production and oil and gas exploration, development and production. Some of the independent power and natural gas and oil businesses are located in foreign countries. In Latin America, DEI is engaged in power generation. See Note (V) for information about the sale of such interests. In Canada, DEI is engaged in natural gas exploration, production and storage. Including the Latin American power generation assets being sold in 2000, DEI's net investment in foreign operations was approximately $277 million at December 31, 1999.

Dominion Capital, Inc. (Dominion Capital) is Dominion's financial services subsidiary. Dominion Capital's primary business includes commercial lending, merchant banking, asset management and residential mortgage lending.

Dominion's United Kingdom subsidiary, Dominion U.K. Holding, Inc., owns an 80% interest in Corby Power Station (Corby), a 350-megawatt natural gas-fired power station located in Northamptonshire, about 90 miles north of London. Until mid-1998, this subsidiary also owned East Midlands Electricity, plc (East Midlands), an electricity distribution and supply company in the United Kingdom.

Dominion evaluates its businesses along functional lines rather than legal entities. The functional segments include Dominion Delivery (representing the regulated transmission and distribution operations of Virginia Power); Dominion Energy (including the generation-related operations of Virginia Power and DEI); Dominion E&P (representing oil and gas exploration and production activities); Dominion Capital (consistent with legal entity described above); and Corporate Operations (including general corporate items as well as Corby).

In 1999, Dominion announced its merger with Consolidated Natural Gas Company (CNG) which closed on January 28, 2000. As a result, Dominion became a registered holding company under the Public Utility Holding Company Act of 1935 (the 1935 Act). See Note (X) for further discussion.

NOTE B: Significant Accounting Policies

General The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Consolidated Financial Statements include the accounts of Dominion and its subsidiaries. In consolidation, all significant intercompany transactions and accounts have been eliminated.

Accounting for the utility business conforms with generally accepted accounting principles as applied to regulated public utilities and as prescribed by federal agencies and the commissions of the states in which the utility business operates.

As discussed in Dominion's Form 8-K, filed March 29, 1999, Virginia Power discontinued the application of Statement of Financial Accounting Standards No. 71 (SFAS No. 71), *Accounting for the Effects of Certain Types of Regulation,* to its generation operations. The effect thereof was an after-tax charge of $255 million. See Note (C).

In connection with the discontinuance of SFAS No. 71, for its utility generation operations, Dominion prospectively changed certain of its accounting policies to those used by nonregulated entities. These policy changes primarily relate to the capitalization of interest on and depreciation of generation-related property. Dominion also reevaluated the economic useful life estimates of its generation-related property in light of the scheduled deregulation of the generation business in Virginia. In addition,

of the scheduled deregulation of the generation business in Virginia. In addition, Dominion no longer provides for the cost of removal in its provision for depreciation of generation-related utility property, as prescribed by regulatory accounting practices. Effective April 1999, such costs are expensed as incurred. Also, Dominion no longer records retirements of generation-related utility property by charging accumulated depreciation. Rather, Dominion records gains and losses upon retirement of such property based upon the difference between proceeds received, if any, and the property's undepreciated basis at the retirement date. The overall impact of these changes was not material to Dominion's results of operations and financial condition.

Earnings per share Basic earnings per common share are calculated by dividing net income by the average number of common shares outstanding during the year. Under Statement of Financial Accounting Standards No. 128, Earnings Per Share, and Emerging Issues Task Force (EITF) Topic No. D-72, *Effect of Contracts That May Be Settled in Stock or Cash on the Computation of Diluted Earnings Per Share,* diluted earnings per share includes an adjustment to reflect the cost incurred under a total return equity swap associated with Dominion's repurchase of Dominion common stock. The adjustment reduced basic earnings per share by $0.07. For more information on the transaction, see Note (P).

Revenue Revenue is recorded on the basis of services rendered, commodities delivered or contracts settled and include amounts yet to be billed to customers. Revenues from trading activities include realized commodity contract revenues, net of related cost of sales, amortization of option premiums, and unrealized gains and losses resulting from marking to market those commodity contracts not yet settled. Dividend income on securities owned is recognized on the ex-dividend date. Interest income is accrued on the unpaid principal balance.

Fuel, Net Fuel, net includes the cost of fossil fuel and nuclear fuel used in electric generation and purchased energy used to serve electric sales. It also includes the cost of purchased energy associated with power marketing sales subject to cost of service rate regulation.

Approximately 95% of Virginia Power's rate regulated fuel costs are subject to deferral accounting. Deferral accounting provides that the difference between reasonably incurred actual expenses and the level of expenses included in current rates is deferred and matched against future revenues. Fuel, net includes the effect of this deferral accounting and may therefore show expenses that are marginally higher or lower than the actual cost of fuel consumed during the period.

Investments in Affiliates Investments in common stocks of affiliates representing 20% to 50% ownership, and joint ventures and partnerships representing generally 50% or less ownership interests, are accounted for under the equity method.

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Notes to Consolidated Financial Statements, continued

Dominion also uses the equity method when accounting for its 80% investment in Corby, as the Company believes that Corby's governing agreements give substantive participating rights to the minority shareholder. Corby owns and operates a 350-megawatt gas-fired power station in England. At December 31, 1999, Corby's assets and liabilities were as follows: current assets of $40 million, current liabilities of $31 million, non-current assets of $263 million, and non-current liabilities of $232 million. Corby had total revenues of $137 million and total expenses (including interest and taxes) of $122 million in 1999.

Goodwill Goodwill is the excess of the cost of net assets acquired in business combinations over their fair value. It is amortized on a straight-line basis over periods ranging from 20 to 40 years. Goodwill is evaluated for impairment at least annually.

Property, Plant and Equipment Property, plant and equipment is recorded at original cost, which includes labor, materials, services, and other indirect costs.

The cost of acquisition, exploration and development of natural resource properties is accounted for under the successful efforts method.

Interest is capitalized in connection with the construction of major facilities. The capitalized interest is recorded as part of the asset and is depreciated over the asset's estimated useful life. In 1999, 1998 and 1997, $30 million, $10 million and $4 million of interest cost was capitalized, respectively.

Depreciation, Depletion and Amortization Depreciation of power generation plant (other than nuclear fuel) is computed using the straight-line method based on projected useful service lives. For Virginia Power's transmission and distribution assets, which remain subject to SFAS No. 71, the cost of depreciable utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation. The provision for depreciation applicable to utility operations resulted in a weighted average rate of 3.2% for 1999, 1998 and 1997.

Owned nuclear fuel is amortized on a unit-of-production basis sufficient to amortize fully, over the estimated service life, the cost of the fuel plus permanent storage and disposal costs.

Natural gas properties are depleted using the units-of-production method.

Federal Income Taxes Dominion and its subsidiaries file a consolidated federal income tax return.

Deferred income taxes are provided for all significant temporary differences between the financial and tax basis of assets and liabilities using presently enacted tax rates in accordance with SFAS No. 109, Accounting for Income Taxes. Temporary differences occur when events and transactions recognized for financial reporting result in taxable or tax-deductible amounts in future periods. The regulatory treatment of temporary differences can differ from the requirements of SFAS No. 109. Accordingly, a regulatory asset has been recognized if it is probable that future revenues will be provided for the payment of deferred tax liabilities.

Dominion accounts for investment tax credits related to utility plant subject to cost-based regulation under the "deferral method," which provides for the amortization of these credits over the service lives of the property giving rise to the credits.

Regulatory Assets The financial statements reflect assets and costs in accordance with SFAS No. 71 and related literature. SFAS No. 71 provides that certain expenses normally reflected in income are deferred on the balance sheet as regulatory assets. Regulatory assets represent probable future revenue associated with certain costs that will be recovered from customers through the ratemaking process. See Notes (C) and (E) for information on regulatory assets and the impact of legislation on continued application of SFAS No. 71.

Foreign Currency Translation Dominion translates foreign currency financial statements by adjusting balance sheet accounts using the exchange rate at the balance sheet date and income statement accounts using the average exchange rate for the year. Translation gains and losses are recorded in shareholders' equity as a component of accumulated other comprehensive income. Gains and losses resulting from the settlement of transactions in a currency other than the functional currency are reflected in income.

Amortization of Debt Issuance Costs Dominion defers and amortizes any expenses incurred in the issuance of long-term debt, including premiums and discounts associated

incurred in the issuance of long-term debt, including premiums and discounts associated with such debt, over the lives of the respective issues. Any gains or losses resulting from the refinancing of debt allocable to utility operations that are subject to cost-based regulation are also deferred and amortized over the lives of the new issues of long-term debt as permitted by regulatory commissions. In addition, gains or losses resulting from the redemption of debt allocable to utility operations that are subject to cost-based regulation without refinancing are amortized over the remaining lives of the redeemed issues.

Investment Securities Dominion accounts for and classifies investments in equity securities that have readily determinable fair values and for all investments in debt securities based on management's intent. The investments are classified into three categories and accounted for in the following manner: Debt securities which are intended to be held to maturity are classified as held-to-maturity securities and reported at amortized cost. Debt and equity securities purchased and held with the intent of selling them in the current period are classified as trading securities and are reported at fair value with unrealized gains and losses included in earnings. Debt and equity securities that are neither held-to-maturity or trading are classified as available-for-sale securities. These are reported at fair value with unrealized gains and losses reported in shareholders' equity, as a component of accumulated other comprehensive income, net of tax. However, for a discussion of the treatment for securities held in nuclear decommissioning trusts and classified as available for sale, see Note (H).

Mortgage Investments Mortgage investments at December 31, 1999 consist of subordinated bonds and interest-only strips retained at securitization of the mortgage loans. In accordance with SFAS No. 134, Accounting for Mortgage-Backed Securities Retained after the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise, mortgage investments are classified as available for sale as defined by SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Changes in the fair value of the mortgage investments are reported in accumulated other comprehensive income. Fair value of the residual is analyzed quarterly on a security level stratum, further disaggregated between the fixed rate and adjustable rate pieces of interest-only strips to determine whether prepayment experience, losses and changes in the interest rate environment have had an impact on the valuation. Expected cash flows of the underlying loans sold are reviewed based upon current economic conditions and the type of loans originated and are revised as necessary.

Mortgage Loans in Warehouse Mortgage loans in warehouse consist of mortgage loans secured by single family residential properties. Any price premiums or discounts on mortgage loans, including any capitalized costs or deferred fees on originated loans, are deferred as an adjustment to the cost of the loans and are therefore included in the determination of any gains or losses on sales of the related loans. Mortgage loans in warehouse are carried at the lower of cost or market value.

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Loans Receivable, Net and Finance Receivables Held for Sale Loans receivable and finance receivables held for sale are stated at their outstanding principal balance, net of the allowance for credit losses and any deferred fees or costs. Origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield of the related loans receivable.

The allowance for credit losses is established through provisions for credit losses charged against income. Loans and finance receivables deemed to be uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are credited to the allowance. At December 31, 1999 and 1998, the allowance for credit losses for loans receivable, net was $47 million.

Gain on Sale of Loans Gain on sale of loans represents the present value of amounts based on the difference between the interest rate received on the mortgage loans and the interest rate received by the investor in the securities after considering the effects of estimated prepayments, credit losses, costs to service the mortgage loans, and non-refundable fees and premiums on loans sold. Gains on the sale of loans are recognized on the settlement date and are based on the relative fair market value of the portion sold and retained. Concurrently with recognizing such gain on sale, a corresponding asset representing interest-only strips retained at securitization is recorded based on the net present value of the projected cash flows. The asset, which is classified as available for sale, is amortized in proportion to the estimated income received.

Loan Servicing Rights SFAS No. 125, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities,* (SFAS No. 125) requires that a mortgage banking enterprise recognize as separate assets rights to service mortgage loans. Mortgage servicing rights are recorded when purchased or when mortgage loans are originated and subsequently sold or securitized with the servicing rights retained. The total cost of the mortgage loans is allocated to the mortgage servicing rights and the loans (without the mortgage servicing rights) based on their relative fair values. The cost of servicing rights is capitalized and amortized in proportion to, and over the period of, estimated future net servicing income.

In order to determine the fair value of the servicing rights, the company uses market prices under comparable servicing sales contracts, or alternatively, it uses a valuation model that calculates the present value of future cash flows.

In accordance with SFAS No. 125, the company assesses the impairment of the capitalized mortgage servicing portfolio based on the fair value of those rights, and any impairment is recognized through a valuation allowance.

Mortgage loans serviced require regular monthly payments from borrowers. Income on loan servicing is generally recorded as payments are collected and is based on a percentage of the principal balance of loans serviced. Loan servicing expenses are charged to operations when incurred.

Derivatives — Other Than Trading Dominion utilizes futures and forward contracts and derivative instruments, including swaps, caps and collars, to manage exposure to fluctuations in interest rates, foreign currency exchange rates, lease payments, and natural gas and electricity prices.

These futures, forwards and derivative instruments are deemed effective hedges when the item being hedged and the underlying financial or commodity instrument show strong historical correlation. Dominion uses deferral accounting to account for futures, forwards and derivative instruments which are designated as hedges. Under this method, gains and losses (including the payment of any premium) related to effective hedges of existing assets and liabilities are recorded on the balance sheet and recognized in earnings in conjunction with earnings of the designated asset or liability. Gains and losses related to effective hedges of firm commitments and anticipated transactions are included in the measurement of the subsequent transaction. Cash flow from derivatives designed as hedges are reported in *Net cash flow from operating activities.*

Derivatives — Trading The fair value method, which is used for those derivative transactions which do not qualify for settlement or deferral accounting, requires that derivatives are carried on the balance sheet at fair value, with changes in that value recognized in earnings or stockholder's equity. As part of Dominion's strategy to market energy from its generation capacity and to manage the risks related thereto, it enters into contracts for the purchase and sale of energy commodities. Dominion uses the fair value method for its trading activities.

Options, swaps and futures contracts are marked to market with resulting gains and

Options, swaps and futures contracts are marked to market with resulting gains and losses reported in earnings. Forward contracts, initiated for trading purposes, are also marked to market with resulting gains and losses reported in earnings. For swaps, forward contracts, and options, market value reflects management's best estimates considering over-the-counter quotations, time value and volatility factors of the underlying commitments. Exchange-traded futures and options are marked to market based on closing exchange prices.

Commodity contracts representing unrealized gain positions are reported as *Commodity contract assets;* commodity contracts representing unrealized losses are reported as *Commodity contract liabilities.* In addition, purchased options and options sold are reported as *Commodity contract assets* and *Commodity contract liabilities,* respectively, at estimated market value until exercise or expiration. Realized commodity contract revenues, net of related cost of sales, settlement of futures contracts, amortization of option premiums, and unrealized gains and losses resulting from marking positions to market are included in *Operating revenue and income —Other.* Cash flow from trading activities is reported in *Net cash flow from operating activities.*

Other Derivatives Dominion uses total return swaps to accumulate loans and securities for future sale as collateralized debt obligation securities. Gains and losses from the settlements and sale of total return swaps are recorded as *Operating revenue and income —Other.* Total return swaps are marked to market with the corresponding unrealized gains and losses also recorded in *Operating revenue and income —Other.* Cash flow from total return swaps are reported in *Net cash flow from operating activities.*

Dominion has used total return equity swaps to reacquire shares of its outstanding common stock. Dominion has the option to settle any price fluctuation settlement requirements and fees with the third party counterparty in either cash or shares of common stock. Due to Dominion's ability to issue shares to resolve settlement issues with respect to the swap, Dominion records all amounts received or paid under this arrangement as either increases or decreases to equity.

The net of amounts paid and amounts received under interest rate swaps is reported as interest expense in the Consolidated Statement of Income.

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Notes to Consolidated Financial Statements, continued

Cash Current banking arrangements generally do not require checks to be funded until actually presented for pay
For purposes of the Consolidated Statements of Cash Flows, Dominion considers cash and cash equivalents t

Reclassification Certain amounts in the 1998 and 1997 Consolidated Financial Statements have been reclassifie

NOTE C: Extraordinary Item and 1998 Rate Settlement

Extraordinary Item — Discontinuance of SFAS No. 71
During its 1998 session, the Virginia legislature passed a law that required a transition to retail competition betwe
In March 1999, the Governor of Virginia signed into law legislation establishing a detailed plan to restructure th

- Phase-in of retail customer choice beginning in 2002 with full retail customer choice by 2004; the schedule is to
- No mandatory divestiture of generating assets;
- Deregulation of generation in 2002;
- Capped base rates from January 1, 2001 to July 1, 2007;
- Recovery of net stranded costs through capped rates or a wires charge paid by those customers opting, while capped rates are in effect, to purchase energy from a competitive supplier;
- Cost-based recovery of fuel expenses until July 2007;
- Consumer protection safeguards;
- Establishment of default service beginning January 1, 2004; and
- Creation of a Legislative Transition Task Force to oversee the implementation of the statute.

Under this legislation, Virginia Power's base rates will remain unchanged until July 2007 and recovery of gener
As discussed in Note (B), Dominion's financial statements reflect regulatory assets and liabilities under cost-ba
In order to measure the amount of regulatory assets to be written off, Virginia Power evaluated to what extent r
71"
Issue 97-4), provides guidance about writing off regulatory assets when SFAS No. 71 is discontinued for only a p
In addition to the write-off of generation-related net regulatory assets, the $255 million charge included a write-
The events or changes in circumstances that cause discontinuance of SFAS No. 71, and write-off of regulatory
Virginia Power reviewed its long-term power purchase commitments for potential loss in accordance with SFAS
Significant estimates were required in recording the effect of the deregulation legislation, including the resulting

Virginia 1998 Rate Settlement
In 1998, Virginia Power reached a settlement with the Virginia Commission to resolve then outstanding rate proceedings. The settlement provided for the following:

- A two-phased base rate reduction: $100 million per annum beginning March 1, 1998 with one additional $50 million per annum reduction beginning March 1, 1999;
- A base rate freeze through February 28, 2002 unless a change is necessary to protect the legitimate interests of the Company, its shareholder or ratepayers;
- An immediate, one-time refund of approximately $150 million for the period March 1, 1997 through February 28, 1998;
- A discontinuation of deferral accounting for purchased power capacity expenses effective February 28, 1998;
- A write-off of a minimum of $220 million of regulatory assets in addition to normal amortization by February 28, 2002.

Due to the required write-off of a minimum of $220 million of regulatory assets in addition to normal amortization thereof during the rate freeze period, Dominion evaluated regulatory assets for potential impairment under SFAS No. 71. Based on the uncertainty of Virginia Power's earnings potential for regulatory purposes during the rate freeze period, management could no longer conclude that recovery of the $220 million was probable. Previously identified reductions in operating costs of $38 million in 1997 and $27 million in 1996 were used to establish a reserve for potential impairment of regulatory assets. Accordingly, Dominion charged $159 million to second quarter 1998 earnings, which when combined with the reserve for accelerated cost recovery accrued in 1996 and 1997, provided for the impairment of regulatory assets resulting from the settlement.

NOTE D: Taxes

Income before provision for income taxes was as follows:

Year ended December 31, (millions)	1999	1998	1997
U.S.	$792	$397	$713
Non-U.S.	36	472	(34)
Total	$828	$869	$679

The provision for income taxes, classified by the timing and location of payment, was as follows:

At December 31, (millions)	1999	1998	1997
Current:			
U.S.	$187	$153	$222
State	18	25	9
Non-U.S.	4	101	25
Total Current	209	279	256
Deferred:			
U.S.	64	24	22
State		(3)	
Non-U.S.	1	23	(28)
Total Deferred	65	44	(6)
Amortization of deferred investment tax credits — net	(15)	(17)	(17)
Total Provision	$259	$306	$233

The statutory U.S. federal income tax rate reconciles to the effective income tax rates as follows:

Year ended December 31,	1999	1998	1997
U.S. statutory rate	35.0%	35.0%	35.0%
Utility plant differences	0.3	3.0	0.9
Preferred dividends of Virginia Power	1.6	1.4	1.5
Amortization of investment tax credits	(1.8)	(1.9)	(2.0)
Nonconventional fuel credit	(4.4)	(2.8)	(3.0)
UK windfall profits tax	0.0	0.0	12.1
Other — benefits and taxes related to foreign operations	(0.2)	(0.1)	3.6
State taxes net of federal benefit	1.5	1.5	0.7
Other, net	(0.7)	(0.9)	(2.2)
Effective tax rate	31.3%	35.2%	46.6%

The effective income tax rate includes state and foreign income taxes. The effective income tax rate was higher in 1997 due to the one-time windfall profits tax at East Midlands.

The 1999 United Kingdom corporate income tax rate was 30%, compared to 31% and 33% in 1998 and 1997, respectively. Income tax expense from continuing operations for 1998 has been reduced by $8 million to reflect the decrease in deferred tax liabilities resulting from the 1% decrease in the corporate tax rate. Income tax expense from continuing operations in 1997 has been reduced by $16 million to reflect the decrease in deferred tax liabilities resulting from the 2% decrease in the corporate tax rate.

Dominion's net noncurrent deferred tax liability is attributable to:

At December 31, (millions)	1999	1998
Assets		
Deferred investment tax credits	$ 52	$ 78
Total deferred income tax asset	52	78
Liabilities:		
Depreciation method and plant basis differences	1,485	1,498
Income taxes recoverable through future rates	20	155
Partnership basis differences	159	168
Other	87	50
Total deferred income tax liability	1,751	1,871
Net deferred income tax liability	$1,699	$1,793

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Notes to Consolidated Financial Statements, continued

NOTE E: Regulatory Assets

Regulatory assets included the following:

At December 31, (millions)	1999	1998
Income taxes recoverable through future rates	$ 57	$439
Cost of decommissioning DOE uranium enrichment facilities	55	62
Deferred losses on reacquired debt, net	15	31
Deferred fuel	63	28
Other	31	60
Total	$221	$620

The incurred costs underlying these regulatory assets may represent expenditures by Virginia Power or may represent the recognition of liabilities that ultimately will be settled at some time in the future. See Note (C) for information about the write-off of regulatory assets that resulted from 1999 deregulation legislation and the settlement of Virginia Power's 1998 Virginia rate proceeding.

Income taxes recoverable through future rates represent principally the tax effect of depreciation differences not normalized in earlier years for rate-making purposes. These amounts are amortized as the related temporary differences reverse. Such amounts are net of related regulatory liabilities and $43 million associated with deferred income taxes which were established at rates in excess of the current federal rate and are subject to Internal Revenue Code normalization requirements.

The costs of decommissioning the Department of Energy's (DOE) uranium enrichment facilities represents the unamortized portion of Virginia Power's required contributions to a fund for decommissioning and decontaminating DOE's uranium enrichment facilities. Virginia Power is making such contributions over a 15-year period with escalation for inflation. These costs are currently being recovered in fuel rates.

Where permitted by appropriate regulatory jurisdictions for the portion of Virginia Power's operations that remain subject to cost-based regulation, losses on reacquired debt are deferred and amortized over the lives of the new issues of long-term debt. Gains or losses resulting from the redemption of debt without refinancing are amortized over the remaining lives of the redeemed issues.

Deferred fuel accounting provides that the difference between reasonably incurred actual expenses and the recovery for such costs included in current rates is deferred and matched against future revenue.

NOTE F: Property, Plant and Equipment

Major classes of property, plant and equipment and their respective balances are:

At December 31, (millions)	1999	1998
Utility:		
Production	$ 7,758	$ 7,714
Transmission	1,517	1,422
Distribution	4,835	4,682
Other electric	901	941
Plant under construction	677	449
Nuclear fuel	801	816
Total utility	16,489	16,024
Nonutility:		
Natural gas properties	1,127	710
Independent power properties	811	1,190
Other	219	182

Total nonutility	2,157	2,082
Total property, plant and equipment	$18,646	$18,106

When Virginia Power's nuclear units cease operations, it is obligated to decontaminate or remove radioactive contaminants so that the property will not require Nuclear Regulatory Commission (NRC) oversight. This phase of a nuclear power plant's life cycle is termed decommissioning. While the units are operating, amounts are currently being collected from ratepayers that, when combined with investment earnings, will be used to fund this future obligation. These dollars are deposited into external trusts through which the funds are invested.

The total estimated cost to decommission the four nuclear units is currently estimated at $1.6 billion based on a site-specific study that was completed in 1998. The cost estimate assumes that the method of completing decommissioning activities is prompt dismantlement. This method assumes that dismantlement and other decommissioning activities will begin shortly after cessation of operations, which under current operating unit licenses will begin in 2012, 2013, 2018 and 2020. The balance in the external trusts available for decommissioning was $818 million at December 31, 1999.

The amount being accrued for decommissioning is equal to the amount being collected from ratepayers and is included in depreciation, depletion and amortization expense. The decommissioning collections were $36 million per year for the period 1997 through 1999. However, an additional $10 million was expensed in 1997 based on an expected increase in the decommissioning collections for 1997 as provided in Virginia Power's rate case then pending before the Virginia Commission. Since the Virginia rate case settlement did not include such an increase, the 1998 expense provision was decreased by $10 million. Therefore, the expense levels were $36 million, $26 million and $46 million in 1999, 1998 and 1997, respectively.

Net earnings of the trusts' investments are included in Other income. In 1999, 1998 and 1997, net earnings were $17 million, $18 million and $21 million, respectively. The accretion of the decommissioning obligation is equal to the trusts' net earnings and is also recorded in *Other income*.

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The accumulated provision for decommissioning, which is included in *Accumulated depreciation, depletion and amortization* in the Consolidated Balance Sheets, includes the accrued expense and accretion described above and any unrealized gains and losses on the trusts' investments. At December 31, 1999, the net unrealized gains were $291 million, which is an increase of $60 million over the December 31, 1998 amount of $231 million. The accumulated provision for decommissioning at December 31, 1999 was $818 million. It was $705 million at December 31, 1998.

The NRC requires nuclear power plant owners to annually update minimum financial assurance amounts for the future decommissioning of the nuclear facilities. Virginia Power's 1999 NRC minimum financial assurance amount, aggregated for the four nuclear units, was $1.0 billion. Financial assurance is provided by a combination of surety bonds and the funds being collected and funded in the external trusts.

The Financial Accounting Standards Board (FASB) is reviewing the accounting for nuclear plant decommissioning. FASB has tentatively determined that the estimated cost of decommissioning should be reported as a liability rather than as accumulated depreciation and that a substantial portion of the decommissioning obligation should be recognized earlier in the operating life of the nuclear unit. During its deliberations, FASB expanded the scope of the project to include similar unavoidable obligations to perform closure and post-closure activities for other long-lived assets, possibly including non-nuclear power plants. Any forthcoming standard may also impact regulated utility plant depreciation practices, the impact of which cannot be determined at this time.

The following information relates to Virginia Power's proportionate share of jointly owned utility plants at December 31, 1999.

	Bath County Pumped Storage Station	North Anna Power Station	Clover Power Station
Ownership interest	60.0%	88.4%	50.0%
(millions)			
Plant in service	$1,069	$1,824	$536
Accumulated depreciation	274	1,066	56
Nuclear fuel		361	
Accumulated amortization of nuclear fuel		334	
Construction work in progress		61	3

The co-owners are obligated to pay their share of all future construction expenditures and operating costs of the jointly owned facilities in the same proportions as their respective ownership interest. Such operating costs are classified in the appropriate expense category in the Consolidated Statements of Income.

NOTE G: Short-Term Debt and Credit Agreements

Dominion and its subsidiaries have credit agreements with various expiration dates. Dominion and its subsidiaries pay fees in lieu of compensating balances in connection with these credit agreements. These agreements provided for maximum borrowings of $5.1 billion and $4.6 billion at December 31, 1999 and 1998, respectively. At December 31, 1999 and 1998, $2.3 billion and $1.2 billion, respectively, was borrowed under such agreements.

Dominion and its subsidiaries' credit agreements supported $1.2 billion and $297 million of commercial paper at December 31, 1999 and 1998, respectively. A total of $813 million and $222 million of the commercial paper was classified as short-term in 1999 and 1998, respectively. A significant portion of the commercial paper is supported by credit agreements that have expiration dates extending beyond one year. Therefore, a total of $364 million and $75 million of the commercial paper was classified as long-term in 1999 and 1998, respectively. These borrowings are used primarily to fund operational needs at Dominion and its subsidiaries. For discussion of interim financing associated with the CNG merger, see Note (X).

A summary of the amounts that are classified as short-term debt at December 31

A summary of the amounts that are classified as short-term debt at December 31 follows:

(millions, except percentages)	1999 Amount Outstanding	1999 Weighted Average Interest Rate	1998 Amount Outstanding	1998 Weighted Average Interest Rate
Commercial paper	$813	5.3%	$222	5.4%
Term-notes	57	9.7%	79	7.8%
Total	$870		$301	

NOTE H: Investment Securities

Securities classified as available-for-sale as of December 31 follow:

Security Type (millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Aggregate Fair Value
1999				
Equity	$134	$ 2	$10	$126
Debt	$396		$10	$386
1998				
Equity	$ 165	$11	$ 7	$ 169
Debt	$ 333		$ 2	$ 331

Debt securities held at December 31, 1999 do not have stated contractual maturities because borrowers have the right to call or repay obligations with or without call or prepayment penalties.

For the years ended December 31, 1999 and 1998, the proceeds from the sales of available-for-sale securities were $35 million and $40 million, respectively. The gross realized gains were $5 million and $3 million for 1999 and 1998, respectively. The gross realized loss for 1998 was $1 million. The basis on which the cost of these securities was determined is specific identification. The changes in net unrealized holding gains and losses on available-for-sale securities have resulted in a decrease in the separate component of shareholders' equity during the years ended December 31, 1999 and 1998 of $17 million, net of tax, and $6 million, net of tax, respectively. The changes in net unrealized holding gains and losses on trading securities increased earnings during the years ended December 31, 1999 and 1998 by $1 million and $9 million, respectively.

For a discussion of investment securities held in nuclear decommissioning trusts, see Note (F).

Notes to Consolidated Financial Statements, continued

NOTE I: Fair Value of Financial Instruments

The fair value amounts of Dominion's financial instruments have been determined using available market information and valuation methodologies deemed appropriate in the opinion of management. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market estimation assumptions may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents The carrying amount of these items is a reasonable estimate of their fair value.

	Carrying Amount		Estimated Fair Value	
At December 31, (millions)	1999	1998	1999	1998
Assets:				
Cash and cash equivalents	$ 280	$ 426	$ 280	$ 426
Trading securities	2	1	2	1
Mortgage loans in warehouse	119	140	119	146
Commodity-based swaps and options, trading	6	6	10	10
Available-for-sale securities	512	500	512	500
Loans and notes receivable and finance receivables held for sale	2,131	1,722	2,131	1,768
Nuclear decommissioning trust funds	818	705	818	705
Liabilities:				
Short-term debt	870	301	870	301
Commodity-based swaps and options, trading	5	9	5	9
Long-term debt	7,317	6,719	7,185	6,971
Preferred securities of subsidiary trust	385	385	359	430
Preferred stock	180	180	181	186
Loan commitments			937	762
Unrecognized financial instruments:				
Forward treasury locks				2
Interest rate-swaps			(15)	(6)
Equity — total return swap			(19)	
Swaps, collars and futures contracts			5	23

Investment Securities and Nuclear Decommissioning Trust Funds The estimated fair value is based on quoted market prices, dealer quotes, and prices obtained from independent pricing sources.

Mortgage Loans in Warehouse The fair value of mortgage loans in warehouse is based on outstanding commitments from investors.

Commodity-Based Swaps and Options, Trading Fair value reflects the Company's best estimates considering over-the-counter quotations, time value and volatility factors of the underlying commitments.

Loans and Notes Receivable and Finance Receivables The carrying value approximates fair value due to the variable rate or term structure.

Short-Term Debt and Long-Term Debt Market values are used to determine the fair value for debt securities for which a market exists. For debt issues that are not quoted on an exchange, interest rates currently available to the company for issuance of debt with similar terms and remaining maturities are used to estimate fair value. The carrying amount of debt issues with short-term maturities and variable rates refinanced at current

amount of debt issues with short-term maturities and variable rates refinanced at current market rates is a reasonable estimate of their fair value.

Preferred Securities of Subsidiary Trusts The fair value is based on market quotations.

Preferred Stock The fair value of the fixed-rate preferred stock subject to mandatory redemption was estimated by discounting the dividend and principal payments for a representative issue of each series over the average remaining life of the series.

Loan Commitments The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties.

Total Return and Interest Rate Swaps The fair value is based upon the present value of all estimated net future cash flows, taking into account current interest rates and the creditworthiness of the swap counterparties.

Forward Treasury Lock Contracts Fair value is based on the difference between the yield at December 31, 1998 on the 30-year treasury note and such rates specified in the contracts.

Total Return Equity Swaps The fair value of the total return equity swap is estimated by obtaining quotes from brokers.

Swaps, Collars, and Futures Contracts Derivatives used by the Company to hedge its exposure to interest rate fluctuations and mitigate its exposure to future gas price flucttutations. These instruments are marked to market with any unrealized gains or losses deferred until the hedged item is sold.

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NOTE J: Long-Term Debt

At December 31,	1999		1998	
	Balance	Interest Rate(6)	Balance	Interest Rate(6)
(millions)				
Virginia Power First and				
Refunding Mortgage Bonds (1)				
1989 Series B, due 1999			$ 100	8.9%
1993 Series C, due 2000	$ 135	5.9%	135	5.9
1993 Series E, due 2001	100	6.0	100	6.0
1992 Series E, due 2002	155	7.4	155	7.4
1993 Series F, due 2002	100	6.0	100	6.0
1993 Series B, due 2003	200	6.6	200	6.6
Various series, due 2004-2007	665	7.6-8.0	665	7.6-8.0
Various series, due 2021-2025	1,101	5.4-8.8	1,125	5.4-8.8
Total First and Refunding Mortgage Bonds	2,456		2,580	
Other long-term debt:				
Dominion:				
Commercial paper (2)	300		3	
Virginia Power:				
Term notes, fixed interest rate, due 1998-2008	422	5.7-10.0	563	5.7-10.0
Various series, due 2004-2038	375	6.7-7.1	150	7.1
Tax exempt financings (3):				
Money market municipals, due 2007-2027	489	3.3	489	3.5
Other, due 2022-2024	29	5.4	29	5.4
Dominion UK:				
Variable rate debt, due 1998-2007	54	5.8	55	7.6
DEI:				
Secured revolving lines of credit, variable rates, due 2002, 2005	303	5.6-6.0		
Total other long-term debt	1,972		1,289	
Nonrecourse nonutility:				
Dominion:				
Bank loans, due 2005-2008 (5)	18	5.8	19	9.25
DEI:				
Revolving credit agreements, due 2001	363	5.7-6.7	432	5.4-6.0
Bank loans, due 1998-2024	39	4.5-6.6	45	4.5-6.6
Senior secured bonds, fixed rate, due 2020	265	7.3	265	7.3
Bonds, due 2001-2003			60	7.7-8.8
Other	3	5.4	19	9.7-9.9
Dominion Capital:				
Senior notes (4):				
Fixed rate, due 2000-2003	96	6.1-7.6	96	6.1-7.6
Term notes, fixed rate, due 1998-2012	159	6.5-12.1	175	6.5-12.1
Line of credit, variable rate, due 1998-2000	48	6.2	118	6.2
Line of credit, fixed rate, due 2000	44	6.2		
Notes payable, due 2002-2006	298	6.5	350	6.0
Commercial paper	64	5.6	72	5.2
Revolving credit agreements	1,492	5.9	1,200	5.5-6.2
Total nonrecourse — nonutility debt	2,889		2,851	
Total debt	7,317		6,720	

Less amounts due within one year:		
First and Refunding Mortgage Bonds	135	100
Term notes and Loans	60	221
Nonrecourse — nonutility	161	122
Total amount due within one year	356	443
Less unamortized discount, net of premium	25	25
Total long-term debt	$6,936	$6,252

Notes:
(1) Substantially all of Virginia Power's property is subject to the lien of the mortgage, securing its First and Refunding Mortgage Bonds.
(2) See Note (G).
(3) Certain pollution control equipment at Virginia Power's generating facilities has been pledged or conveyed to secure these financings.
(4) Certain common stock owned by Dominion Capital is pledged as collateral to secure the loan.
(5) Real estate at Dominion is pledged as collateral.
(6) Interest rates are rounded to the nearest one-tenth of one-percent and consist of weighted average interest rates for variable rate debt.

Maturities (including sinking fund obligations) through 2004 are as follows (in millions): 2000-$356; 2001-$623; 2002-$753; 2003-$319; and 2004-$486.

Notes to Consolidated Financial Statements, continued

NOTE K: Common Stock

On July 20, 1998, Dominion's Board of Directors authorized the repurchase of up to $650 million of Dominion common stock outstanding. As of December 31, 1999, Dominion had repurchased approximately 11 million shares valued at approximately $503 million. In 2000, Dominion has repurchased approximately 5 million shares of stock through the implementation of a total return swap and accelerated stock repurchase facilities. These shares were repurchased at a cost of approximately $209 million. For additional information on the total return swap, see Note (P).

Immediately before the CNG merger, Dominion concluded a first step transaction in which 33 million shares of Dominion common stock were exchanged for approximately $1.4 billion.

NOTE L: Long-Term Incentive Plan

In 1997, Dominion's Long-Term Incentive Plan (LTIP) expired and was replaced with the Dominion Resources Incentive Compensation Plan (Incentive Plan). At December 31, 1999, 1,113 options remained outstanding under the LTIP. No further awards will be made under the LTIP. The Incentive Plan provides for the granting of stock options, restricted stock and performance shares to employees of Dominion and its affiliates. The aggregate number of shares of common stock that may be issued under the Incentive Plan is 11 million. The changes in restricted share incentives and option awards under the combined plans were as follows:

	Restricted Shares	Weighted Average Price	Stock Options	Weighted Average Price	Shares Exercisable
Balance at December 31, 1996	95,779	$ 41.18	9,626	$ 29.32	9,626
Awards granted — 1997	53,884	$ 35.24			
Exercised/distributed/forfeited	(44,399)	$ 39.42	(4,800)	$ 29.25	
Balance at December 31, 1997	105,264	$ 38.88	4,826	$ 29.38	4,826
Awards granted — 1998	75,866	$ 39.78			
Exercised/distributed/forfeited	(83,162)	$ 38.37	(2,700)	$ 29.29	
Balance at December 31, 1998	97,968	$ 40.02	2,126	$ 29.49	2,126
Awards granted — 1999	24,758	$43.51	7,146,383	$41.38	
Exercised/distributed/forfeited	(94,113)	$40.71	(1,113)	$29.37	
Balance at December 31, 1999	28,613	$42.29	7,147,396	$41.37	7,147,396

Under SFAS No. 123, *Accounting for Stock Based Compensation,* compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service (or vesting) period. However, as permitted under SFAS No. 123, the company instead measures compensation cost in accordance with Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees,* and related interpretations. Under this standard, compensation cost is measured as the difference between the market price of the company's common stock and the exercise price of the option at the grant date. Accordingly, no compensation expense has been recognized for the stock option grants.

Had compensation cost associated with the stock options been determined under SFAS No. 123 based on the fair market value of the options at the grant date, such cost, net of related income taxes, would have been approximately $20 million for the year ended December 31, 1999. Basic and diluted earnings per share for the year would have decreased by $0.11 and $0.12, respectively, due to the issuance of the stock options.

The fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model. The following assumptions were used:

- expected dividend yield of 6.25%;
- expected volatility of 15.137%;
- contractual life of 10 years;

risk-free interest rate of 6.52%; and

- risk-free interest rate of 6.52%; and
- expected lives of six years.

The fair values of each option at the dates of the grants were as follows:

- May 17, 1999 $4.34
- July 12, 1999 $4.59
- September 15, 1999 $4.88
- September 20, 1999 $4.90

The weighted-average fair value of options granted during 1999 was $4.35.

In 2000, Dominion instituted a third-party loan program whereby Dominion officers may borrow funds to increase their investment in the common stock of Dominion. The first subscription in this program involved approximately 1.7 million shares of common stock at a price of $41.22 per share. Dominion officers are responsible for the payment of such loans.

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NOTE M: Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts

In December 1997, Dominion established Dominion Resources Capital Trust I (DR Capital Trust). DR Capital Trust sold 250,000 Capital Securities for $250 million, representing preferred beneficial interests and 97% beneficial ownership in the assets held by DR Capital Trust.

Dominion issued $258 million of 7.83% Junior Subordinated Debentures (Debentures) in exchange for the $250 million realized from the sale of the Capital Securities and $8 million of common securities of DR Capital Trust. The common securities represent the remaining 3% beneficial ownership interest in the assets held by DR Capital Trust. The Debentures constitute 100% of DR Capital Trust's assets.

In 1995, Virginia Power established Virginia Power Capital Trust I (VP Capital Trust). VP Capital Trust sold 5 million preferred securities for $135 million, representing preferred beneficial interests and 97% beneficial ownership in the assets held by VP Capital Trust.

Virginia Power issued $139 million of its 1995 Series A, 8.05% Junior Subordinated Notes (the Notes) in exchange for the $135 million realized from the sale of the preferred securities and $4 million of common securities of VP Capital Trust. The common securities represent the remaining 3% beneficial ownership interest in the assets held by VP Capital Trust. The Notes constitute 100% of VP Capital Trust's assets.

NOTE N: Preferred Stock

Dominion is authorized to issue up to 20 million shares of preferred stock; however, no such shares are issued and outstanding.

Virginia Power has authorized 10 million shares of preferred stock, $100 liquidation preference. Upon involuntary liquidation, dissolution or winding-up of Virginia Power, each share is entitled to receive $100 per share plus accrued dividends. Dividends are cumulative. Virginia Power preferred stock subject to mandatory redemption, which is non-callable prior to redemption, at December 31, 1999 was as follows:

Series	Shares Outstanding	Redemption Date
$5.58	400,000	3/1/00
$6.35	1,400,000	9/1/00
Total	1,800,000	

Dominion has classified the $180 million of preferred stock subject to mandatory redemption in *Securities Due Within One Year.*

There were no redemptions of preferred stock during 1997 through 1999.

As noted above, the 400,000 shares of the $5.58 Series of Preferred Stock matured on March 1, 2000.

At December 31, 1999, Virginia Power preferred stock not subject to mandatory redemption, $100 liquidation preference, is listed in the table below.

Dividend	Issued and Outstanding Shares	Entitled Per Share Upon Redemption
$5.00	106,677	$112.50
4.04	12,926	102.27
4.20	14,797	102.50
4.12	32,534	103.73
4.80	73,206	101.00
7.05	500,000	105.00(1)
6.98	600,000	105.00(2)
MMP 1/87(3)	500,000	100.00
MMP 6/87(3)	750,000	100.00
MMP 10/88(3)	750,000	100.00
MMP 6/89(3)	750,000	100.00
MMP 9/92 series A(3)	500,000	100.00
MMP 9/92 series B(3)	500,000	100.00
Total	5,090,140	

Total	5,090,140

(1) Through 7/31/03 and thereafter to amounts declining in steps to $100.00 after 7/31/13.
(2) Through 8/31/03 and thereafter to amounts declining in steps to $100.00 after 8/31/13.
(3) Money Market Preferred (MMP) dividend rates are variable and are set every 49 days via an auction. The weighted average rates for these series in 1999, 1998, and 1997, including fees for broker/dealer agreements, were 4.82%, 4.49%, and 4.48%, respectively.

NOTE O: Retirement Plan, Postretirement Benefits and Other Benefits

In 1999 and 1998, Dominion Resources' Retirement Plan covered virtually all employees of Dominion except the majority of the employees of Dominion's U.K.-based subsidiary, East Midlands Electricity, who were covered by a separate multi-employer plan administered on behalf of the U.K. electricity industry. The Retirement Plan benefits are based on years of service and the employee's compensation. Dominion's funding policy is to contribute annually an amount that is in accordance with the provisions of the Employment Retirement Income Security Act of 1974. For the years 1998 and 1997, non-U.S. activity refers to the pension plan of East Midlands. East Midlands was sold in July 1998. Dominion and its subsidiaries, except for U.K.-based subsidiaries, provide retiree health care and life insurance benefits through insurance companies with annual premiums based on benefits paid during the year. Retiree health benefits in the United Kingdom are generally provided by the state. From time to time in the past, Dominion and its subsidiaries have changed benefits. Some of these changes have reduced benefits. Under the terms of their benefit plans, the companies reserve the right to change, modify or terminate the plans.

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Notes to Consolidated Financial Statements, continued

The components of the provision for net periodic benefit cost were as follows:

	Pension Benefits					Other Benefits		
	1999	1998		1997		1999	1998	1997
Year ending December 31, (millions)	U.S.	U.S.	Non-U.S.	U.S.	Non-U.S.			
Service cost	$ 40	$ 32	$ 10	$ 28	$ 23	$ 17	$ 12	$ 13
Interest cost	76	71	44	64	83	28	24	25
Expected return on plan assets	(93)	(80)	(49)	(69)	(95)	(20)	(16)	(12)
Amortization of transition obligation						12	12	12
Net amortization and deferral		(1)		(1)			(1)	
	$ 23	$ 22	$ 5	$ 22	$ 11	$ 37	$ 31	$ 38

	Pension Benefits		Other Benefits	
	1999	1998	1999	1998
Change in plan assets:				
Fair value of plan assets at beginning of year	$1,094	$ 966	$ 212	$ 177
Actual return on plan assets	232	149	45	24
Contributions	22	22	16	11
Benefits paid from plan assets	(43)	(43)	(1)	
Fair value of plan assets at end of year	1,305	1,094	272	212
Expected benefit obligation at beginning of year	1,126	945	377	365
Actuarial (gain)/loss during prior period	(13)	(4)	26	(42)
Actual benefit obligation at beginning of year	1,113	941	403	323
Service cost	40	32	17	12
Interest cost	76	71	28	24
Benefits paid	(43)	(43)	(18)	(16)
Actuarial (gain)/loss during the year	(89)	125	(29)	34
Expected benefit obligation at end of year	1,097	1,126	401	377
Funded status	208	(32)	(129)	(165)
Unrecognized net actuarial (gain)/loss	(177)	66	(45)	(17)
Unamortized prior service cost	3	3		
Unrecognized net transition (asset)/obligation	(12)	(15)	158	170
Prepaid (accrued) benefit costs	$ 22	$ 22	$ (16)	$ (12)

Significant assumptions used in determining net periodic pension cost, the projected benefit obligation, and postretirement benefit obligations were:

	Pension Benefits			Other Benefits	
	1999	1998		1999	1998
	U.S.	U.S.	Non-U.S		
Discount rates	7.50%	7.00%	6.75%	7.50%	7.00%
Expected return on plan assets	9.50%	9.50%	7.00%	9.00%	9.00%
Rate of increase for					

Rate of increase for compensation income	5.00%	5.00%	4.75%	5.00%	5.00%
Medical cost trend rate				4.75%	5% for first year 4.75% second year 4.75% thereafter

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Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

Other Postretirement Benefits

(millions)	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total of service and interest cost components for 1999	$ 6	$ (5)
Effect on postretirement benefit obligation at 12/31/99	$40	$(33)

The funds collected for other postretirement benefits in Virginia Power's regulated utility rates, in excess of other postretirement benefits actually paid during the year, are contributed to external benefit trusts. See Note (C) for a discussion of legislation that provides for the restructuring of the electric utility industry in Virginia.

NOTE P: Derivative Transactions

Dominion uses derivative financial instruments for the purposes of managing interest rate, natural gas price and foreign currency risks.

Interest Rate Risk Dominion Capital's mortgage business enters into forward delivery contracts, financial futures, options contracts, and interest rate swap agreements for the purpose of reducing exposure to the effects of changes in interest rates on mortgage loans which the company has funded or has committed to fund as well as residual interests retained. Gains and losses on such contracts relating to mortgage loans are recognized when the loans are sold. If the counterparties to the hedging transactions are unable to perform according to the terms of the contracts, Dominion Capital may incur losses upon selling the mortgage loans at prevailing prices. As of December 31, 1999 and 1998, Dominion Capital's mortgage business has outstanding liabilities related to its hedging positions with certain counterparties based on notional amounts of $3.7 billion and $1.3 billion, respectively. The deferred hedging losses, net, at December 31, 1999, 1998 and 1997 were immaterial.

Commodity Price Risk DEI enters into natural gas options, collars, and swaps as hedges against fluctuations in natural gas prices for future production periods. DEI addresses market risk by selecting natural gas-based financial instruments with historical value fluctuations that correlate strongly with those of the item being hedged. Revenues received from such contracts held until expiration are recognized in the corresponding production month for the contract. DEI has some risk, since the price received for the underlying production may exceed the reference price included in the hedging transaction. As of December 31, 1999, DEI has entered into various natural gas put options, collars, and swap contracts as hedges expiring on various dates until October 2002 on approximately 42 Bcf of natural gas. The weighted average put price per MMBTU of natural gas was $2.40. At December 31, 1998, DEI had entered into natural gas put option contracts as hedges extending through October 1999 on approximately 18 Bcf of natural gas. The weighted average put price per MMBTU of natural gas was $2.08.

In addition, as part of Dominion's strategy to market energy and to manage related risks, it manages a portfolio of derivative commodity contracts held for trading purposes. During 1999 and 1998, the portfolio included some derivative financial instruments in the form of commodity-based swaps and options. Such contracts were not material at December 31, 1999 and 1998.

Other Derivatives In 1998, Dominion entered into total return swap agreements with swap counterparties. The notional amount of the swaps is based on the purchase price of the securities to be acquired by the swap counterparties. At December 31, 1999 and 1998, the notional amounts were $249 million and $756 million, respectively. The gains or losses from the sale, settlement or mark to market of the total return swaps are recorded in *Operating revenue and income —Other* in the income statement. Earnings due to swap transactions were $18 million and $8 million in 1999 and 1998, respectively. Total return swap transactions require additional funding of or return of cash collateral resulting from decreases

transactions require additional funding of or return of cash collateral resulting from decreases or increases in the fair market value of the swap position. Total return swap cash collateral is included in cash and cash equivalents on the balance sheet. Such cash collateral was $59 million at December 31, 1999, and $71 million at December 31, 1998.

During the fourth quarter of 1999, Dominion entered into a total return equity swap facility agreement (Agreement). The Agreement gave Dominion the right to direct the counterparty to purchase shares of Dominion common stock during the term of the Agreement. In addition, Dominion paid the counterparty a carrying cost equal to a LIBOR-based rate on the counterparty's cost of acquiring the shares from the date of such acquisitions until the date of settlement. Due to Dominion's ability to issue shares to settle periodic price fluctuations and fees under the Agreement, Dominion recorded all amounts received and paid as equity. As of December 31, 1999, the counterparty had acquired 3,236,805 shares of Dominion common stock under this Agreement at an aggregate cost that was approximately $19 million more than the fair market value of the shares at December 31, 1999. On February 3, 2000, Dominion settled all transactions under the Agreement and received the 3,236,805 shares at a cost of $146 million.

NOTE Q: Commitments and Contingencies

As the result of issues generated in the course of daily business, Dominion and its subsidiaries are involved in legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies, some of which involve substantial amounts of money. Management believes that the final disposition of these proceedings will not have an adverse material effect on its operations or the financial position, liquidity or results from operations.

Utility Rate Regulation As discussed in Note (C), the Governor of Virginia signed into law legislation establishing a detailed plan to restructure the electric utility industry in Virginia. Under this legislation, Virginia Power's base rates will remain unchanged until July 2007 and recovery of generation-related costs will continue to be provided through capped rates. The legislation's deregulation of generation was an event that required discontinuation of SFAS No. 71 for Virginia Power's generation operations in the first quarter of 1999.

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Notes to Consolidated Financial Statements, continued

Virginia Power remains exposed to numerous risks, including, among others, exposure to potentially stranded costs, future environmental compliance requirements, changes in tax laws, inflation, and increased capital costs. At December 31, 1999, Virginia Power's exposure to potentially stranded costs was comprised of the following:

- long-term purchased power contracts that could ultimately be determined to be above market — See *Purchased Power Contracts* below;
- generating plants that could possibly become uneconomic in a deregulated environment; and
- unfunded obligations for nuclear plant decommissioning and postretirement benefits not yet recognized in the financial statements — See Notes (F) and (O).

Construction Program Virginia Power has made substantial commitments in connection with its construction program and nuclear fuel expenditures. Those expenditures are estimated to total approximately $856 million (excluding capitalized interest) for 2000. Virginia Power presently estimates that 2000 construction expenditures, including nuclear fuel, will be met through cash flow from operations and through a combination of sales of securities and short-term borrowing.

Purchased Power Contracts Virginia Power has entered into contracts for the long-term purchase of capacity and energy from other utilities, qualifying facilities and independent power producers. Virginia Power has 56 non-utility purchase contracts with a combined dependable summer capacity of 3,273 megawatts.

The table below reflects Virginia Power's minimum commitments as of December 31, 1999, for power purchases from utility and non-utility suppliers.

	Commitment	
Year	Capacity	Other
(millions)		
2000	$ 765	$ 45
2001	770	36
2002	771	32
2003	731	33
2004	731	31
Later years	7,890	227
Total	$11,658	$404
	$ 6,218	$215

In addition to the minimum purchase commitments in the table above, under some of these contracts Virginia Power may purchase, at its option, additional power as needed. Purchased power expenditures, subject to cost of service rate regulation, (including economy, emergency, limited term, short-term and long-term purchases) for the years 1999, 1998 and 1997 were $1.2 billion, $1.1 billion and $1.4 billion, respectively.

See Note (C) for an evaluation of the company's potential exposure under its long-term purchased power commitments.

Fuel Purchase Commitments Virginia Power's estimated fuel purchase commitments for the next five years for system generation are as follows: 2000 — $334 million; 2001 — $277 million; 2002 — $156 million; 2003 — $145 million; and 2004 — $143 million.

Sales of Power Virginia Power enters into agreements with other utilities and with other parties to purchase and sell capacity and energy. These agreements may cover current and future periods. The volume of these transactions varies from day to day, based on the market conditions, Virginia Power's current and anticipated load, and other factors. The combined amounts of sales and purchases range from 3,000 megawatts to 15,000 megawatts at various times during a given year. These operations are closely monitored from a risk-management perspective.

Environmental Matters Dominion is subject to rising costs resulting from a steadily increasing 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. These laws and regulations can result in increased capital, operating and other costs as a result of compliance, remediation, containment and monitoring obligations of Dominion.

result of compliance, remediation, containment and monitoring obligations of Dominion. Historically, Dominion recovered such costs from customers through utility rates. However, to the extent environmental costs are incurred during the period ending June 30, 2007, in excess of the level currently included in Virginia jurisdictional rates, Dominion's results of operations will decrease. After that date, Virginia Power may seek recovery from customers through utility rates of only those environmental costs related to transmission and distribution operations. At December 31, 1999, the environmental matters discussed below are related to the operations of Virginia Power.

In 1987, the Environmental Protection Agency (EPA) identified Virginia Power and several other entities as Potentially Responsible Parties (PRPs) at two Superfund sites located in Kentucky and Pennsylvania. Current cost studies estimate total remediation costs for the sites to range from $106 million to $156 million. Virginia Power's proportionate share of the total cost is expected to be in the range of $2 million to $3 million, based upon allocation formulas and the volume of waste shipped to the sites. Virginia Power has accrued a reserve of $2 million to meet its obligations at these two sites. Based on a financial assessment of PRPs involved at these sites, Virginia Power has determined that it is probable that the PRPs will fully pay the costs apportioned to them.

Virginia Power generally seeks to recover its costs associated with environmental remediation from third-party insurers. Any pending or possible claims were not recognized as an asset or offset against such obligations of Virginia Power.

In 1999, Virginia Power was notified by the Department of Justice of alleged noncompliance with EPA's oil spill prevention, control and countermeasures (SPCC) plans and facility response plan (FRP) requirements at one of Virginia Power's power stations. If, in a legal proceeding, such instances of noncompliance are deemed to have occurred, Virginia Power may be required to remedy any alleged deficiencies and pay civil penalties. Settlement of this matter is currently in negotiation and is not expected to have a material impact on Virginia Power's financial condition or results of operations.

In 1999, Virginia Power identified matters at certain other power stations that EPA might view as not in compliance with the SPCC and FRP requirements. Virginia Power reported these matters to the EPA

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and in December 1999 submitted revised FRP and SPCC plans. Presently, the EPA has not assessed any penalties against Virginia Power, pending its review of Virginia Power's disclosure information. Future resolution of these matters is not expected to have a material impact on Virginia Power's financial condition or results of operations.

On November 8, 1999 and September 21, 1999, Virginia Power received notices from the Attorneys General of Connecticut and New York, respectively, of their intention to file suit against Virginia Power for alleged violations of the Clean Air Act. The notices question whether modifications at certain Virginia Power generating facilities were properly permitted under the Clean Air Act and allege that emissions from these facilities have contributed to damage to public health and the environment in the Northeast. To date, no suits have been filed. Dominion believes that it is one of a number of companies with fossil fuel power generating stations in the southeast and central U.S. to have received such notifications. Virginia Power believes that it has obtained the permits necessary in connection with its generating facilities and that the outcome of the suits, if any, filed by the Attorney Generals would not have a material adverse effect on Dominion's financial condition or results of operations.

Nuclear Insurance The Price-Anderson Act limits the public liability of an owner of a nuclear power plant to $9.5 billion for a single nuclear incident. The Price-Anderson Act Amendment of 1988 allows for an inflationary provision adjustment every five years. Virginia Power has purchased $200 million of coverage from the commercial insurance pools, with the remainder provided through a mandatory industry risk sharing program. In the event of a nuclear incident at any licensed nuclear reactor in the United States, Virginia Power could be assessed up to $91 million for each of its four licensed reactors not to exceed $10 million per year per reactor. There is no limit to the number of incidents for which this retrospective premium can be assessed.

Virginia Power's current level of property insurance coverage ($2.55 billion for North Anna and $2.4 billion for Surry) exceeds the NRC's minimum requirement for nuclear power plant licensees of $1.06 billion per reactor site and includes coverage for premature decommissioning and functional total loss. The NRC requires that the proceeds from this insurance be used first to return the reactor to and maintain it in a safe and stable condition, then to decontaminate the reactor and station site in accordance with a plan approved by the NRC. Virginia Power's nuclear property insurance is provided by Nuclear Electric Insurance Limited (NEIL), a mutual insurance company, and is subject to retrospective premium assessments in any policy year in which losses exceed the funds available to the insurance company. The maximum assessment for the current policy period is $29 million. Based on the severity of the incident, the board of directors of Virginia Power's nuclear insurer has the discretion to lower or eliminate the maximum retrospective premium assessment. For any losses that exceed the limits or for which insurance proceeds are not available because they must first be used for stabilization and decontamination, Virginia Power has the financial responsibility for these losses.

Virginia Power purchases insurance from NEIL to cover the cost of replacement power during the prolonged outage of a nuclear unit due to direct physical damage of the unit. Under this program, Virginia Power is subject to a retrospective premium assessment for any policy year in which losses exceed funds available to NEIL. The current policy period's maximum assessment is $7 million.

Under several of Virginia Power's nuclear insurance policies, it is subject to retrospective premium assessments in any policy year in which losses exceed the funds available to these insurance companies.

As part owner of the North Anna Power Station, Old Dominion Electric Cooperative is responsible for its share of the nuclear decommissioning obligation and insurance premiums applicable to that station, including any retrospective premium assessments and any losses not covered by insurance.

Dominion

Dominion has issued guarantees to various third party creditors in relation to the repayment of debt by certain of its subsidiaries. At December 31, 1999, Dominion had issued $751 million of guarantees, and the subsidiaries' debt subject to such guarantees totaled $406 million.

DEI

Subsidiaries of DEI have general partnership interests in certain of its energy ventures. These subsidiaries may be required to fund future operations of these investments, if operating cash flow is insufficient.

Dominion Capital

At December 31, 1999, Dominion Capital had commitments to fund loans of approximately $937 million.

NOTE R: Business Segments

NOTE R: Business Segments

Under SFAS No. 131, *Disclosure About Segments of an Enterprise and Related Information,* Dominion has defined segments based on product, geographic location and regulatory environment.

In preparation for the transition to competition for electric generation in Virginia, Dominion is evaluating the operating results across Virginia Power's and DEI's current business lines. Although the employees and assets involved remain with their respective legal entities, Dominion currently evaluates the operations of DEI and Virginia Power in the following business segments:

- generation-related operations of both Virginia Power and DEI (referred to as Dominion Energy);
- regulated electric transmission and distribution services (referred to as Dominion Delivery); and
- oil and gas operations of DEI (referred to as Dominion E&P).

In addition to the business segments mentioned above, Dominion reviews the following as business segments:

- the financial services of Dominion Capital;
- Dominion UK (East Midlands) which was sold by Dominion in 1998; and
- Corporate Operations:
  - — corporate costs of Dominion's holding company;
  - — Corby operations;
  - — intercompany eliminations;
  - — impact of the impairment of regulatory assets and one-time refund recorded as a result of the settlement of the 1998 Virginia jurisdictional rate proceedings; and
  - — extraordinary item recorded in the first quarter of 1999.

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Notes to Consolidated Financial Statements, continued

Business segment financial information follows for each of the three years in the period ended December 31, 1999. Corporate includes intersegment eliminations.

(millions, except total assets)	Dominion Delivery	Dominion Capital	Dominion Energy	Dominion UK	Dominion E&P	Corporate Operations	Total Consolidated
1999							
Revenue	$1,166	$473	$3,593		$256	$ 32	$5,520
Interest income			12		4	7	23
Interest expense	141	152	173		39	2	507
Operating income	431	265	624		27	(36)	1,311
Depreciation	246	32	313		93	32	716
Unusual items						(255)	(255)
Equity income		4	14		5	10	33
Income tax expense (benefit)	109	35	161		(29)	(17)	259
Net income	175	78	271		43	(271)	296
Equity investments		166	186		23	31	406
Capital expenditures	317	9	461		86	21	894
Total assets (billions)	4.6	3.6	7.4		1.2	0.9	17.7
1998							
Revenue	1,111	409	3,510	$1,009	164	(122)	6,081
Interest income			12		2	15	29
Interest expense	145	121	179	102	19	17	583
Operating income	424	210	615	142	12	(317)	1,086
Depreciation	237	25	337	75	60		734
Unusual items				332			332
Equity income		21	14		4	2	41
Income tax expense (benefit)	104	31	157	133	(26)	(93)	306
Net income	168	59	262	227	22	(202)	536
Equity investments		203	122		18	39	382
Capital expenditures	282	6	260	92	50	65	755
Total assets (billions)	4.6	3.1	7.5		0.8	1.5	17.5
1997							
Revenue	1,098	296	3,749	1,970	158	(8)	7,263
Interest income			9	8	1	1	19
Interest expense	134	92	192	189	13	7	627
Operating income	442	157	645	246	28	(46)	1,472
Depreciation	237	18	374	131	58	1	819
Unusual items				(157)			(157)
Equity income		16	13		1		30
Income tax expense (benefit)	111	20	119	21	(18)	(20)	233
Net income	193	45	275	(110)	35	(39)	399

Geographic Areas

Revenue (millions)		International				
Year	Domestic	United Kingdom	Latin America	Other	Total International	Consolidated
1999	$5,295		$106	$119	$ 225	$5,520
1998	4,913	$1,009	133	26	1,168	6,081
1997	5,130	1,970	163		2,133	7,263

Long-Lived Assets (billions)		International				
Year	Domestic	United Kingdom	Latin America	Other	Total International	Consolidated

Year	Domestic	Kingdom	America	Other	International	Consolidated
1999	$10.6	$0.1	$0.4	$0.6	$1.1	$11.7
1998	10.6	0.1	0.7	0.2	1.0	11.6

NOTE S: Loan Servicing Portfolio

As of December 31, 1999 and 1998 Dominion Capital serviced a portfolio consisting of loans in all 50 states. In addition to servicing loans of its mortgage lending subsidiary, Saxon Mortgage, Inc. (SMI), Dominion Capital's customers are Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Dynex Capital, Inc. (Dynex). The loan-servicing portfolios as of December 31, 1999 and 1998 are summarized below:

	1999		1998	
	Number Of Loans	Principal Balance	Number Of Loans	Principal Balance
(millions, except number of loans)				
SMI	42,071	$4,136	26,760	$2,773
GNMA	1,491	48	1,758	60
FNMA	634	16	798	20
FHLMC	124	6	155	8
Dynex	2,586	308	3,707	470
Other	150	47	1,265	58
	47,056	$4,561	34,443	$3,389

Activity related to capitalized loan servicing rights during 1999 and 1998 was as follows:

For the Years Ended December 31,	1999	1998
(millions)		
Balance, beginning of year	$ 52	$ 23
Loan servicing rights purchased	48	39
Amortization	(20)	(10)
Balance, end of year	$ 80	$ 52

NOTE T: Collateralized Debt Obligation Investments

Dominion manages financial assets held in three collateralized debt obligations (CDO). In addition to the management of the debt, Dominion holds an investment in the subordinated debt of each CDO. The total investment in the CDOs were $58 million and $24 million at December 31, 1999 and 1998, respectively. The total assets under management in the CDOs were approximately $2.3 billion and $1.0 billion at December 31, 1999 and 1998, respectively.

NOTE U: Leases

Future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year as of December 31, 1999 are 2000-$25 million, 2001-$20 million, 2002-$18 million, 2003-$15 million, 2004-$11 million and years after 2004-$46 million. Rent on leases, which have been charged to operations expense, were $31 million, $27 million, and $20 million for 1999, 1998 and 1997, respectively.

NOTE V: Acquisitions and Divestitures

Acquisitions
In 1999, DEI acquired interests in certain gas producing properties located in the San Juan Basin of New Mexico for approximately $115 million. In addition, DEI completed its purchase of all of the issued and outstanding shares of Remington Energy Ltd., (Remington), a publicly traded natural gas exploration and production company headquartered in Calgary, Alberta, Canada. DEI paid $33 million and assumed $260 million of Remington's debt and liabilities.

In April 1998, DEI purchased Dominion Energy Canada, Ltd., a natural gas and oil exploration and production company. DEI paid $119 million and assumed debt of $26 million. The transaction has been recorded using the purchase method of accounting.

Divestitures

In 1999, DEI reached an agreement to sell its interests in approximately 1,200 megawatts of gross generation capacity located in Latin America. Duke Energy International is purchasing the interests for approximately $405 million. DEI completed the sale of its interests in Belize and Peru in November 1999 and expects to complete the sale of its interests in Argentina and Bolivia in 2000, following receipt of certain regulatory approvals.

The assets and liabilities of the unsold interests amounts to $446 million and $178 million, respectively, and continues to be reflected in Dominion's Consolidated Balance Sheets.

During 1999, DEI adjusted the carrying amount of the Latin American interests to be sold and recognized an impairment loss of $21 million, including the effect of applicable income taxes. The pretax loss of $17 million was recorded in *Other operation and maintenance* and the income tax effect of $4 million was recorded in *Provision for income taxes* in Dominion's Consolidated Statements of Income.

In 1998, Dominion sold East Midlands to PowerGen, an electricity generator and supplier in the United Kingdom. East Midlands is principally an electricity supply and distribution company serving 2.3 million homes and businesses in the East Midlands region of the United Kingdom. PowerGen acquired 100% of DR Investments in a transaction valued at $3.2 billion. DR Investments is the holding company for DR Investments (UK) PLC and East Midlands. Dominion recorded an after-tax gain of $201 million or $1.03 per share.

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Notes to Consolidated Financial Statements, continued

NOTE W: Quarterly Financial and Common Stock Data (unaudited)

The following amounts reflect all adjustments, consisting of only normal recurring accruals (except as disclosed below), necessary in the opinion of Dominion Resources' management for a fair statement of the results for the interim periods.

Quarterly Financial and Common Stock Data — Unaudited

(millions, except per share amounts)	1999	1998
Operating revenue and income		
First Quarter	$1,293	$1,774
Second Quarter	1,315	1,585
Third Quarter	1,663	1,549
Fourth Quarter	1,249	1,173
Year	$5,520	$6,081
Income from operations		
First Quarter	$ 313	$ 381
Second Quarter	296	67
Third Quarter	487	436
Fourth Quarter	215	202
Year	$1,311	$1,086
Income (loss) before provision for income taxes, minority interests and extraordinary item		
First Quarter	$ 211	$ 217
Second Quarter	175	(108)
Third Quarter	357	666
Fourth Quarter	85	94
Year	$ 828	$ 869
Net income (loss)		
First Quarter	$ (116)	$ 140
Second Quarter	117	(83)
Third Quarter	232	425
Fourth Quarter	63	54
Year	$ 296	$ 536
Earnings (loss) per share		
First Quarter	$ (0.60)	$ 0.72
Second Quarter	0.61	(0.42)
Third Quarter	1.21	2.17
Fourth Quarter	0.33	0.28
Year	$ 1.55	$ 2.75
Dividends per share		
First Quarter	$0.645	$0.645
Second Quarter	0.645	0.645
Third Quarter	0.645	0.645
Fourth Quarter	0.645	0.645
Year	$ 2.58	$ 2.58
Stock price range		
First Quarter	47 1/16-36 7/8	42 15/16-39 3/8

First Quarter	47 1/16-36 7/8	42 15/16-39 3/8
Second Quarter	44 13/16-36 9/16	42 1/16-37 13/16
Third Quarter	47 3/16-43	44 15/16-39 5/16
Fourth Quarter	49 3/8-39 1/4	48 15/16-44 3/8
Year	49 3/8-36 9/16	48 15/16-37 13/16

Certain accruals recorded in 1999 and 1998 were not ordinary, recurring adjustments.

Extraordinary Item In the first quarter of 1999, Dominion recorded an after-tax charge to net income of $255 million or $1.33 per share. The charge reflects the write-off of assets and liabilities that will not be recovered through base rates capped by Virginia legislation enacted into law on March 25, 1999. This legislation establishes a detailed plan to restructure the electric utility industry in Virginia. The after-tax charge was recorded as an extraordinary item on Dominion Resources' Consolidated Statements of Income.

Sale of Interests in Latin American Power Generation In 1999, Dominion recorded a one-time after-tax charge of $21 million, or $0.11 per share, related to the sale of its interests in its Latin American power generation.

Rate Refund Dominion recognized a provision for rate refund of $154 million or $0.79 per share and related interest expense of $11 million and other taxes of $4 million in the second quarter of 1998 as a result of the settlement of its rate proceeding in Virginia.

Impairment of Regulatory Assets Dominion charged $159 million to second quarter 1998 earnings or $0.82 per share as a provision for the impairment of regulatory assets resulting from the settlement of Virginia Power's rate proceeding in Virginia.

Depreciation and Amortization Dominion recorded adjustments of $27 million in the second quarter of 1998 decreasing the year-to-date provision for depreciation and decommissioning expenses to reflect terms of the settlement of Virginia Power's Virginia rate proceedings. For more information, see Note (C).

Sale of East Midlands In the third quarter of 1998, Dominion Resources recorded an after-tax gain of $201 million or $1.03 per share to reflect the sale of East Midlands to PowerGen.

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NOTE X: Subsequent Event

Merger

On January 28, 2000, Dominion acquired the outstanding shares of CNG's common stock. The aggregate purchase price was $6.4 billion. The purchase price was paid in a combination of cash and Dominion stock. The acquisition was accomplished in a two-step transaction. In the first step, a wholly owned subsidiary of Dominion merged (First Merger) with and into Dominion, the surviving corporation. The second step involved the merger (Second Merger) of CNG and a subsidiary of Dominion in which the Dominion subsidiary is the surviving corporation.

In the first merger, Dominion shareholders exchanged approximately 33 million shares of Dominion common stock for approximately $1.4 billion. In the second merger, CNG shareholders received approximately 87 million shares of Dominion common stock and approximately $2.9 billion in exchange for all of the outstanding shares of CNG common stock.

In 2000, Dominion initially financed the cash used in the CNG merger with a $3.5 billion commercial paper program backed by a short-term credit facility and $1 billion of short-term, privately placed money market notes. Dominion expects to refinance these amounts with a combination of debt, preferred and convertible securities, and proceeds from sales of non-core assets, including DEI's interests in Latin American power generation, CNG's foreign investments, Virginia Natural Gas and Dominion Capital.

For accounting purposes, the First Merger is treated as a reorganization with no changes in the recorded amount of Dominion's assets and liabilities. The Second Merger will be accounted for under the purchase method of accounting.

In the Second Merger, Dominion has registered as a holding company under the 1935 Act. The 1935 Act imposes a number of restrictions on the operations of registered holding company systems. One such restriction is it limits the ability of registered holding companies to engage in activities unrelated to their utility operations. Consequently, as part of the SEC order approving the merger, Dominion must divest itself of Dominion Capital, its financial services subsidiary. Although a formal plan for divestiture has not been adopted, the SEC allowed three years for this to be accomplished.

During the merger approval process, Dominion and CNG also agreed to divest Virginia Natural Gas, Inc. (VNG), CNG's gas distribution subsidiary located in Virginia Beach, Va., under an agreement with the Virginia Commission. The companies have also agreed with the Federal Trade Commission (FTC) to divest VNG. Dominion has one year after the merger is completed to sell VNG to a third party. If the sale of VNG is not completed within the timeframe of one year, VNG will be spun off as an independent company with the common stock distributed to Dominion shareholders. Both deadlines are subject to reasonable extensions, which may be granted by the regulatory authorities.

After the CNG Merger, Dominion has an energy portfolio of almost 20,000 megawatts of domestic power generation and 2.8 trillion cubic feet equivalent in natural gas and oil reserves producing more than 300 billion cubic feet equivalent annually. Dominion now operates a major interstate gas pipeline system and the largest natural gas storage system in North America and has approximately 6,000 miles of electric transmission lines. Dominion is the eleventh largest independent oil and gas producer in the United States, measured by reserves, and provides integrated energy services to approximately four million retail customers.

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Report of Management's Responsibilities

The management of Dominion Resources, Inc. is responsible for all information and representations contained in the Consolidated Financial Statements and other sections of the annual report. The Consolidated Financial Statements, which include amounts based on estimates and judgments of management, have been prepared in conformity with generally accepted accounting principles. Other financial information in the annual report is consistent with that in the Consolidated Financial Statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that Dominion's and its subsidiaries' assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed and recorded in accordance with established procedures. Management recognizes the inherent limitations of any system of internal accounting control, and therefore cannot provide absolute assurance that the objectives of the established internal accounting controls will be met.

This system includes written policies, an organizational structure designed to ensure appropriate segregation of responsibilities, careful selection and training of qualified personnel, and internal audits. Management believes that during 1999 the system of internal control was adequate to accomplish the intended objectives.

The Consolidated Financial Statements have been audited by Deloitte & Touche LLP, independent auditors, who were designated by the Board. Their audits were conducted in accordance with generally accepted auditing standards and include a review of Dominion's and its subsidiaries' accounting systems, procedures and internal controls, and the performance of tests and other auditing procedures sufficient to provide reasonable assurance that the Consolidated Financial Statements are not materially misleading and do not contain material errors.

The Audit Committees of the Boards, composed entirely of directors who are not officers or employees of Dominion or its subsidiaries, meet periodically with independent auditors, the internal auditors and management to discuss auditing, internal accounting control and financial reporting matters and to ensure that each is properly discharged. Both independent auditors and the internal auditors periodically meet alone with the Audit Committees and have free access to the Committees at any time.

Management recognizes its responsibility for fostering a strong ethical climate so that Dominion's affairs are conducted according to the highest standards of personal corporate conduct. This responsibility is characterized and reflected in Dominion Resources' Code of Ethics, which addresses potential conflicts of interest, compliance with all domestic and foreign laws, the confidentiality of proprietary information, and full disclosure of public information.

Dominion Resources, Inc.

Thos. E. Capps
President and
Chief Executive Officer

James L. Trueheart
Group Vice President and
Controller

Report of Independent Auditors

To the Shareholders and Board of Directors of Dominion Resources, Inc.

We have audited the accompanying consolidated balance sheets of Dominion Resources, Inc. and subsidiaries as of December 31, 1999 and 1998 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dominion Resources, Inc. and subsidiaries as of December 31, 1999 and 1998 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Richmond, Virginia
January 28, 2000

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Directors and Officers

Dominion Resources, Inc.

Directors

George A. Davidson, Jr., 61
Chairman of the Board of Directors

Thos. E. Capps, 64
Vice Chairman, President and Chief Executive Officer

William S. Barrack, Jr., 70
Former Senior Vice President, Texaco, Inc., New Canaan, Connecticut

John B. Bernhardt, 70
Managing Director, Bernhardt/Gibson Financial Opportunities, Newport News, Virginia

Raymond E. Galvin, 68
Former President, Chevron USA Production Company, Houston, Texas

Ray J. Groves, 64
Chairman, Legg Mason Merchant Banking, Inc., New York, New York

John W. Harris, 52
President, Lincoln Harris, LLC, Charlotte, North Carolina

Benjamin J. Lambert, III, 63
Optometrist, Richmond, Virginia

Richard L. Leatherwood, 60
Former President and Chief Executive Officer, CSX Equipment, Baltimore, Maryland

Paul E. Lego, 69
Former Chairman and Chief Executive Officer, Westinghouse Electric Corporation, Pittsburgh, Pennsylvania

Margaret A. McKenna, 54
President, Lesley College, Cambridge, Massachusetts

Steven A. Minter, 61
President and Executive Director, The Cleveland Foundation, Cleveland, Ohio

Kenneth A. Randall, 72
Corporate director of various companies, Williamsburg, Virginia

Frank S. Royal, M.D., 60
Physician, Richmond, Virginia

S. Dallas Simmons, 60
Chairman, President and Chief Executive Officer, Dallas Simmons & Associates, Inc., Richmond, Virginia

Robert H. Spilman, 72
President, Spilman Properties, Bassett, Virginia

David A. Wollard, 62
Chairman of the Board, Exempla Healthcare, Denver, Colorado

Officers

Thomas F. Farrell, II, 45
Executive Vice President (Chief Executive Officer of Dominion Energy)

David L. Heavenridge, 53
Executive Vice President (Chief Executive Officer of Dominion Capital)

H. Patrick Riley, 62
Executive Vice President (Chief Executive Officer and President of Dominion Exploration & Production)

Edgar M. Roach, Jr., 51
Executive Vice President (Chief Executive Officer of Dominion Delivery)

Thomas N. Chewning, 54
Executive Vice President and Chief Financial Officer

James P. O'Hanlon, 56
Executive Vice President (President and Chief Operating Officer of Dominion Energy)

Robert E. Rigsby, 50
Executive Vice President (President and Chief Operating Officer of Dominion Delivery)

James L. Trueheart, 48
Group Vice President, Controller and Principal Accounting Officer

G. Scott Hetzer, 43
Senior Vice President and Treasurer

James L. Sanderlin, 58
Senior Vice President — Law

Eva S. Teig, 55
Senior Vice President — External Affairs & Corporate Communications

William C. Hall, Jr., 46
Vice President — External Affairs & Corporate Communications

Simon C. Hodges, 38
Vice President — Financial Planning

Karen E. Hunter, 45
Vice President — Tax

James F. Stutts, 55
Vice President and General Counsel

Patricia A. Wilkerson, 44
Vice President and Corporate Secretary

Virginia Electric and Power Company Nonemployee Directors

Jean E. Clary, 56
President, Century 21 Clary and Associates, Inc., South Hill, Virginia

William G. Thomas, 60
Partner, Reed Smith Hazel & Thomas, LLP, Falls

Church, Virginia

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Selected Consolidated Financial Data

(dollars in millions, except per share amounts)	1999	1998	1997	1996	1995	19
Operating revenue and income	$5,520	$6,081	$7,263	$4,815	$4,633	$4,4
Net income	$296	$536	$399	$472	$425	$4
Total assets	$17,747	$17,517	$20,165	$14,896	$13,903	$13,5
Long-term debt, preferred stock subject to mandatory redemption and preferred securities of a subsidiary trust (1)	$7,321	$6,817	$7,761	$5,362	$4,927	$4,9
Common stock data:						
Earnings per share	$1.55	$2.75	$2.15	$2.65	$2.45	$2.
Dividends paid per share	$2.58	$2.58	$2.58	$2.58	$2.58	$2.
Common stock price range (dollars)	49 3/8-36 9/16	48 15/16-37 13/16	42 7/8-33 1/4	44 3/8-36 7/8	41 5/8-34 7/8	45 3/8-34
Market value per share (year-end)	$39.25	$46.75	$42.56	$38.50	$41.25	$36.
Book value per share (year-end)	$25.50	$27.33	$26.84	$27.13	$26.88	$26.
Market to book value (year-end)	153.9%	171.1%	158.6%	141.9%	153.5%	135.3
Return on average common equity	5.9%	10.1%	8.0%	9.8%	9.2%	10.6
Payout ratio	166.5%	93.8%	120.0%	97.4%	105.3%	90.7
Price/earnings ratio (year-end)	25.3	17.0	19.8	14.5	16.8	12
Outstanding shares of common stock (millions)						
— average	191.4	194.9	185.2	178.3	173.8	170
— actual (year-end)	186.3	194.5	187.8	181.2	176.4	172
Capitalization:						
Debt and capital lease obligations	$8,193	$7,012	$9,194	$5,857	$5,271	$5,2
Preferred securities	385	385	385	135	135	
Preferred stock	689	689	689	689	689	8
Common equity	4,752	5,316	5,041	4,915	4,742	4,5
Total capitalization	$14,019	$13,402	$15,309	$11,596	$10,837	$10,6
Capitalization ratios						
Debt and capital lease obligations	58%	52%	60%	51%	49%	49
Preferred securities of subsidiary trust	3%	3%	3%	1%	1%	
Preferred stock	5%	5%	4%	6%	6%	8
Common equity	34%	40%	33%	42%	44%	43

(1) In 1999, preferred stock subject to mandatory redemption is included in *Securities due within one year* and is excluded from this amount.

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Shareholder Information

Dominion Resources, Inc. is the transfer agent and registrar for its common stock. Shareholder Administration provides personal assistance for any inquiries Monday through Friday from 9:00 a.m. to 4:00 p.m. (ET). In addition, our voice response system provides the daily closing price and gives you the option of self-service 24 hours a day.

1-800-552-4034 (toll free)
1-804-775-2500

Buy Stock Directly
You may buy Dominion common stock directly from the company through Dominion Direct Investment with no brokerage fees.

Please contact Shareholder Administration for a prospectus and enrollment form or visit our website at www.domres.com.

Common Stock Listing
New York Stock Exchange
Trading symbol: D

Common Stock Price Range

	1999		1998	
	High	Low	High	Low
First Quarter	47 1/16	36 7/8	42 15/16	39 3/8
Second Quarter	44 13/16	36 9/16	42 1/16	37 13/16
Third Quarter	47 3/16	43	44 15/16	39 5/16
Fourth Quarter	49 3/8	39 1/4	48 15/16	44 3/8
Year	49 3/8	36 9/16	48 15/16	37 13/16

Dividends on Dominion common stock are paid as declared by the board. Dividends are typically paid on the 20th of March, June, September and December. Dividends can be paid by check or electronic deposit, or may be reinvested.

Annual Meeting
The 2000 Annual Meeting of Shareholders of Dominion Resources, Inc. will be held Friday, April 28, at 9:30 a.m. at The Westin William Penn, 530 William Penn Place, Pittsburgh, Pa.

Corporate Street Address
Dominion Resources, Inc.
120 Tredegar Street
Richmond, Virginia 23219

Mailing Address
Dominion Resources, Inc.
P. O. Box 26532
Richmond, Virginia 23261-6532

Website and E-mail Address
www.domres.com
Shareholder_Administration@domres.com

Independent Auditors
Deloitte & Touche LLP
Richmond, Virginia

Additional Information
Dominion will provide, without charge, a copy of any of the following items:

- 1999 SEC Form 10-K (excluding exhibits)
- 1999 Statistical Summary and Financial Forecast

Requests for these items should be made by writing to:

Investor Relations Department
Dominion Resources, Inc.
P. O. Box 26532
Richmond, Virginia 23261-6532

Or by e-mail to:
Dominion_Resources@domres.com

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-----BEGIN PRIVACY-ENHANCED MESSAGE-----
Proc-Type: 2001,MIC-CLEAR
Originator-Name: webmaster@www.sec.gov
Originator-Key-Asymmetric:
MFgwCgYEVQgBAQICAf8DSgAwRwJAW2sNKK9AVtBzYZmr6aGjlWyK3XmZv3dTINen
TWSM7vrzLADbmYQaionwg5sDW3P6oaM5D3tdezXMm7z1T+B+twIDAQAB
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BUSINESS ADDRESS:
STREET 1: 120 TREDEGAR STREET
STREET 2: P O BOX 26532
CITY: RICHMOND
STATE: VA
ZIP: 23219
BUSINESS PHONE: 8048192000

MAIL ADDRESS:
STREET 1: P O BOX 26532
STREET 2: 901 EAST BYRD STREET
CITY: RICHMOND
STATE: VA
ZIP: 23261
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549 FORM 10-K

(Mark One)
/X/ Annual Report Pursuant to Section 13 or 15(d) Of The Securities Exchange

Act of 1934
For the fiscal year ended December 31, 1999

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 1-8489

DOMINION RESOURCES, INC.

(Exact name of registrant as specified in its charter)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class Virginia
Common Stock, no par value
(State or other jurisdiction of incorporation or organization)

Name of each exchange on which registered
120 Tredegar Street Richmond, Virginia 23219
New York Stock Exchange (Address of principal executive offices) (Zip Code)

Securities registered pursuant to Section 12(g) of the Act: 54-1229715
None (I.R.S. Employer Identification No.)

(Registrant's telephone number, including area code) (804) 819-2000

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 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. Yes [X] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of voting stock held by nonaffiliates of the registrant was over $8.6 billion based on the closing price of our Common Stock on January 31, 2000, as reported on the composite tape by The Wall Street Journal.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<TABLE>
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Class	Outstanding at March 1, 2000
<S>	<C>
Common Stock, no par value	238,363,650

</TABLE>

DOCUMENTS INCORPORATED BY REFERENCE:

(a) Portions of the 1999 Annual Report to Shareholders for the fiscal year ended December 31, 1999 are incorporated by reference in Parts I, II and IV hereof.

(b) Portions of the 2000 Proxy Statement, dated March 16, 2000, are incorporated by reference in Part III hereof.
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DOMINION RESOURCES, INC.

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PART I

ITEM 1. BUSINESS
THE COMPANY

Dominion Resources, Inc. (Dominion), a diversified utility holding company, has its principal office at 120 Tredegar Street, Richmond, Virginia 23219, telephone (804) 819-2000. Its principal subsidiaries are Virginia Electric and Power Company, (Virginia Power) a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy in Virginia and northeastern North Carolina, and Consolidated Natural Gas Company (CNG), a producer, transporter, distributor and retail marketer of natural gas serving customers in Pennsylvania, Ohio, Virginia, West Virginia, New York and other cities focused in the Northeast and Mid-Atlantic regions of the United States. Its other major subsidiaries are Dominion Energy, Inc. (DEI), its independent power and natural gas subsidiary, and Dominion Capital, Inc. (Dominion Capital), its diversified financial services company.

Dominion was incorporated in 1983 as a Virginia corporation. Dominion and its subsidiaries (excluding CNG) had 11,035 full-time employees as of December 31, 1999.

Dominion also owns and operates a 365 Mw natural gas fired generating facility in the United Kingdom.

Recent Developments

On January 28, 2000, Dominion and CNG completed the merger of CNG into a subsidiary of Dominion. Shareholders of CNG received Dominion common stock and/or cash in consideration of their CNG shares. The combination with CNG, based in Pittsburgh, Pennsylvania, creates a fully integrated electric and natural gas utility in the Midwest, Northeast and Mid-Atlantic regions of the United States with selective energy businesses located abroad.

As a result of the merger, Dominion is a registered public utility holding company subject to the provisions of the Public Utility Holding Company Act of 1935 (the 1935 Act). CNG also continues to be a registered holding company under the 1935 Act. The 1935 Act imposes a number of restrictions on the operations of registered holding company systems. One such restriction limits the ability of a registered holding company to engage in activities unrelated to its utility operations or other energy related businesses. Consequently, as part of the Securities and Exchange Commission (SEC) order approving the merger under the 1935 Act, Dominion must divest itself of Dominion Capital, its financial services subsidiary. Although a formal plan for divestiture has not been adopted, the SEC allowed three years for this to be accomplished. During the merger approval process, Dominion and CNG also agreed to divest Virginia Natural Gas, Inc. (VNG), CNG's gas distribution subsidiary located in Virginia Beach, Virginia. Dominion has one year after the merger is completed to sell VNG to a third party. If the sale of VNG is not completed within one year, VNG will be spun off as an independent company with the common stock distributed to Dominion shareholders. Both deadlines are subject to reasonable extensions, which may be granted by regulatory authorities.

As a result of Dominion's focus in the Midwest, Northeast and Mid-Atlantic quadrant of the U.S., DEI reached an agreement in 1999 to sell its interests in approximately 1,200 megawatts of gross generation capacity located in Latin America. Duke Energy International is purchasing the interests for

approximately $405 million. The interests being sold are located in Argentina, Belize, Bolivia and Peru and generate electricity from hydroelectric, natural gas and diesel fuel sources. DEI completed the sale of its interests in Belize and Peru on November 1, 1999 and expects to complete the sale of its interests in Argentina and Bolivia in 2000, following receipt of certain regulatory approvals. Similarly, Dominion has begun exploring the sale of CNG's international operations.

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In conjunction with the merger, Dominion created a subsidiary service company, Dominion Resources Services, Inc. (the Dominion Service Company), which will provide certain services to Dominion's operating subsidiaries. Employees of Dominion and Virginia Power who will perform those functions became employees of the Dominion Service Company effective February 1, 2000. CNG also has a service company. The operating subsidiaries may elect to purchase services from either service company; however, service company functions are expected to be combined in a single service company by March 31, 2001.

Dominion funded the merger with a $3.5 billion commercial paper program backed by a short-term credit facility agented by the Bank of America and $1 billion of privately placed money market notes. The Company expects to replace much of the short-term financing with long-term financing using a combination of debt, preferred and/or convertible securities along with the proceeds of any sales of non-core assets over the next several years, including VNG, Dominion Capital, DEI's interests in Latin American power generation, as discussed above, and CNG International, as discussed in CNG--International Activities below.

For additional information, see FUTURE ISSUES-CNG Merger under MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (MD&A) on page 32 and Note X to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on page 57 of the 1999 Annual Report to Shareholders.

Business Segments

In 1999, in preparation for the transition to competition for electric generation in Virginia, Dominion began evaluating operating results and financial information across Virginia Power's and DEI's current business lines. Although the employees and assets involved remain with their respective legal entities, Dominion currently evaluates the operations of DEI and Virginia Power in the following business segments:

- generation-related operations of both Virginia Power and DEI (referred to as Dominion Energy);
- regulated electric transmission and distribution services (referred to as Dominion Delivery); and
- oil and gas operations of DEI (referred to as Dominion Exploration & Production or Dominion E&P).

In addition to the business segments mentioned above, Dominion also considers the following as business segments:

- the financial services businesses of Dominion Capital;
- East Midlands which was sold by Dominion in mid-1998; and
- Corporate Operations which include: corporate operations of Dominion's holding company and U.K. operations.

Going forward, Dominion intends to manage the oil and gas exploration and production operations and pipeline transmission operations of CNG and DEI on a combined basis as Dominion E&P. Dominion also intends to manage CNG's regulated local gas distribution companies and the related customer services functions together with Virginia Power's regulated electric transmission and distribution services as Dominion Delivery.

Dominion has generally structured this description of the Company to reflect the business segments described above. However, for purposes of this report, CNG's operations are separately discussed.

The Dominion Energy business segment includes the generation-related operations of Virginia Power (the utility operations) and DEI (the non-utility operations). Virginia Power is also where the electric operations of the Dominion Delivery business segment are conducted. See Dominion Energy--Non-Utility Operations for a discussion of that aspect of the Dominion Energy business segment.

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As previously discussed, Dominion is in transition as it prepares for deregulation. As a result, it is difficult to entirely segregate the discussion of Virginia Power's Generation and Delivery businesses. However, discussion below identifies, where practicable, the appropriate business segment being described.

Dominion Energy--Utility Operations and Dominion Delivery (Virginia Power)

Virginia Electric and Power Company is a public utility engaged in the power generation and electric service delivery business within a 30,000 square-mile service territory in Virginia and northeastern North Carolina. Virginia Power supplies energy at retail to approximately two million customers. In addition, Virginia Power sells electricity at wholesale to rural electric cooperatives, power marketers and certain municipalities. The term "Virginia Power" refers to the entirety of Virginia Electric and Power Company, including its Virginia and North Carolina operations and all of its subsidiaries.

In Virginia, Virginia Power trades under the name "Virginia Power." The Virginia service area comprises about 65 percent of Virginia's total land area, but accounts for over 80 percent of its population. In North Carolina, Virginia Power trades under the name "North Carolina Power" and serves retail customers located in the northeastern region of the state, excluding certain municipalities. Virginia Power also engages in off-system wholesale purchases and sales of electricity and purchases and sales of natural gas and is developing trading relationships beyond the geographic limits of its retail service territory. The Federal Energy Regulatory Commission (FERC), the State Corporation Commission of Virginia (the Virginia Commission) and the North Carolina Utilities Commission (the North Carolina Commission) are the principal regulators of Virginia Power's electric operations.

Various factors are currently affecting the electric utility industry, including increasing competition and related regulatory changes, costs to comply with environmental regulations, and the potential for new business opportunities outside of traditional rate-regulated operations. To meet the challenges of this new competitive environment, Virginia Power continues to consider new business opportunities, particularly those which allow it to use the expertise and resources developed through its regulated utility experience. Over the past several years Virginia Power has developed a broad array of "non-traditional" products and services. Examples of non-traditional

services include wholesale power marketing and telecommunications. Virginia Power also markets its services to other utilities in areas such as nuclear consulting and management and power distribution (i.e., transmission, distribution, engineering and metering services). Virginia Power is continuing to focus on new and existing programs to enhance customer satisfaction and energy efficiency.

The aspects of Virginia Power's business in the Dominion Energy segment include its generation portfolio, trading and marketing activities, nuclear consulting services and energy services activities.

Dominion Delivery includes Virginia Power's regulated electric transmission and distribution services, bulk power transmission, distribution and metering services and customer service. It continues to be subject to cost-based regulation.

Competition

The structure of the electric industry in Virginia Power's service territory and throughout the United States has been relatively stable for many years. Recently, however, there have been both federal and state developments toward less regulation and increased competition. Electric utilities have been required to open up their transmission systems for non-discriminatory use by potential wholesale competitors. In addition, non-utility power marketers now compete with electric utilities in the wholesale generation market. At the federal level, retail competition is under consideration. Some states, including Virginia, have enacted legislation requiring retail competition.

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Currently, as in the past, there is no general retail competition in our principal service area. Today Virginia Power's only competition for retail sales arises when certain of its business customers move into another utility service territory, use other energy sources instead of electric power, or generate their own electricity. However, Virginia has adopted legislation requiring retail competition beginning in 2002 and North Carolina is considering retail competition. To the extent that competition is permitted, Virginia Power's ability to sell power at prices that will allow it to recover prudently incurred costs may be an issue. Additionally, Virginia Power is in the process of developing a retail access pilot program for implementation by the summer of 2000 in Virginia.

Virginia Power continues to participate actively in both the legislative and regulatory processes relating to industry restructuring in an effort to ensure an orderly transition from a regulated environment. Virginia Power has also responded to the trends toward competition by cutting costs, re-engineering its core business processes and pursuing innovative approaches to serving traditional and future markets. In addition, Virginia Power is developing certain "non-traditional" products and services as described above in an effort to provide growth in future earnings.

For additional information on our changing industry environment see FUTURE ISSUES--Dominion Delivery Business and Utility Operations of Dominion Energy under MD&A on pages 33 through 35 of the 1999 Annual Report to Shareholders.

Regulation

General

Many aspects of Virginia Power's business are presently subject to regulation by the Virginia Commission, the North Carolina Commission, FERC, the Environmental Protection Agency (EPA), Department of Energy (DOE), Nuclear Regulatory Commission (NRC), the Army Corps of Engineers and other federal,

state and local authorities. Furthermore, with Dominion becoming a registered public utility holding company under the 1935 Act, both the Dominion Energy and Dominion Delivery businesses are now subject to regulation by the SEC.

Virginia Power holds certificates of public convenience and necessity issued by the Virginia Commission and the North Carolina Commission authorizing it to construct and operate the electric facilities now in operation for which certificates are required, and to sell electricity to retail customers. However, Virginia Power may not construct, or incur financial commitments for construction of, any substantial generating facilities or large capacity transmission lines without the prior approval of various state and federal governmental agencies.

The Virginia Commission and the North Carolina Commission regulate Virginia Power's bundled rates for its Dominion Energy business and Dominion Delivery business for retail electric sales and FERC approves Virginia Power's rates for electric sales to wholesale customers.

The following sections discuss various regulatory proceedings in which Virginia Power is or has recently been involved. Rate specific proceedings are discussed separately in the section below entitled Rates. Environmental matters are discussed separately in the section below entitled Environmental.

Virginia

Virginia Power is subject to the jurisdiction of the Virginia Commission, which has broad powers of supervision and regulation over public utilities, including rates, service regulations and sales of securities. The following is a description of recent Virginia proceedings. The affected segments are indicated parenthetically.

In March 1998, the Virginia Commission issued an Order Establishing Investigation with regard to independent system operators (ISO's), regional power exchanges (RPX's) and retail access pilot programs. The Order directed all investor-owned electric utilities to begin, in conjunction with the Virginia Commission Staff and other interested parties, to develop one or more ISO's and RPX's to serve the public interest in Virginia.

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The Virginia Electric Utility Restructuring Act (Act), signed into law in 1999, requires that Virginia's incumbent electric utilities join or establish a regional transmission entity (RTE) by January 1, 2001, and seek authorization from the Virginia Commission to transfer operational control of their transmission facilities to the RTE. In May 1999, the Virginia Commission issued an Order Establishing Investigation and invited comments concerning the development of the rules required by the Act. Virginia Power submitted comments in June 1999 and reply comments in July 1999. In January 2000, the Virginia Commission issued an Order giving notice of, and requesting comments to, proposed rules and regulations establishing the elements of RTE structures to be applied by the Virginia Commission in determining whether to authorize the transfer of operational control of the transmission facilities to the RTE. Virginia Power submitted comments on the proposed rules and regulations in February 2000. Under the proposed rules, Virginia Power will be required to seek authorization to transfer operational control of its transmission facilities to a RTE on or before May 1, 2000. (Dominion Delivery)

In addition, the March 1998 Order instructed Virginia Power and American Electric Power-Virginia (AEP), as the Commonwealth's two largest investor-owned utilities, each to design and file a retail access pilot program. In response, Virginia Power filed a report describing the details, objectives and characteristics of its proposed retail access pilot program and a hearing was held. Virginia Power is currently awaiting a Final Order. For more details on

the proposed retail access pilot program, see FUTURE ISSUES--Competition--Regulatory Initiatives under MD&A on page 34 of the 1999 Annual Report to Shareholders. (Dominion Energy and Dominion Delivery)

In December 1999, the Virginia Commission issued orders approving the addition of two wholly-owned subsidiaries of Virginia Power Services, Inc., namely Evantage, Inc. (Evantage) and VP Property, Inc. (VP Property), to the Affiliate Services Agreement approved by the Virginia Commission in its September 1997 Order. In connection with the organization of Evantage and VP Property, the Virginia Commission issued two related orders approving the transfer of certain contracts and assets from Virginia Power to these subsidiaries. (Dominion Energy)

In December 1999, in connection with the merger the Virginia Commission issued an order approving service and support agreements which provide for administrative management and other services for Dominion and its subsidiaries.

In January 2000, Virginia Power filed an application with the Virginia Commission to build and operate two 160 Mw combustion turbine units in Caroline County, Virginia for additional peaking capacity. Virginia Power has obtained the applicable zoning permits for the construction of the generators and has applied for other required environmental permits. The Virginia Commission set a hearing date of May 23, 2000 to consider the application. (Dominion Energy)

North Carolina

The 1997 session of the North Carolina General Assembly created a study commission on the future of electric service in North Carolina. In October 1999, Duke Energy Corp. and Carolina Power and Light Company submitted a proposal to the study commission addressing certain municipal debt issues that must be resolved before a comprehensive restructuring plan can be developed. The North Carolina Commission continues to study the subject of deregulation in anticipation that the 2000 session of the General Assembly will consider the issue when it convenes in May of 2000. (Dominion Delivery and Dominion Energy)

Federal

The Federal Power Act subjects Virginia Power to regulation by FERC as a company engaged in the transmission or sale of wholesale electric energy in interstate commerce. The Energy Policy Act of 1992 (EPACT) and FERC's subsequent rulemaking activities allow FERC to order access for third parties to transmission facilities owned by another entity. This authority is limited, however, and does not permit FERC to issue orders requiring transmission access to retail customers. FERC has issued orders for third-party

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transmission service. FERC has also issued a number of rules of general applicability, including Orders 888, 889 and 2000. (Dominion Delivery)

Pursuant to FERC's final rules, Virginia Power established an open access same-time information system (OASIS) which became operational January 1997. In addition, in July 1997 Virginia Power filed amendments to its existing rate tariff with FERC so that it could make wholesale power sales at market-based rates. Under a FERC order conditionally accepting Virginia Power's market-based rate schedule, Virginia Power began making market-based sales of wholesale power in 1997. FERC set for hearing the issue of whether transmission constraints limiting the transfer of power into Virginia Power's service territory would provide it with generation dominance in local markets. This issue was resolved through FERC's acceptance of an offer of settlement in

which Virginia Power agreed to refrain from making sales under its market-based tariff to loads located within its service territory. This settlement did not preclude Virginia Power from requesting FERC authorization of such sales in the future, but until such authorization has been granted by FERC, agreements by Virginia Power to sell wholesale power to loads located within its service territory are to be at cost-based rates accepted by FERC. Virginia Power filed in February 2000 an application with FERC to make sales under its market based rate tariff to retail loads within its service territory to accommodate a retail access pilot program. Also, in February 2000, Virginia Power filed an application with FERC to amend its open access transmission tariff to accommodate the retail access pilot program. (Dominion Energy)

In June 1999, Virginia Power, along with AEP, First Energy Corp., and Consumers Energy Company and The Detroit Edison Company, on behalf of themselves and their respective public utility operating company subsidiaries filed with FERC applications under Sections 205 and 203 of the Federal Power Act for approval of a proposed regional transmission organization. For more detail on the application, see Dominion Delivery-- Interconnections section below. (Dominion Delivery)

Environmental

The Dominion Energy business faces substantial regulation and compliance costs with respect to environmental matters. For discussion of significant aspects of these matters, including current and planned capital expenditures relating to environmental compliance, see FUTURE ISSUES--Environmental Matters, Environmental Protection and Monitoring Expenditures, Clean Air Act Compliance, and Global Climate Change on pages 35 and 36 also see Virginia Power--Capital Requirements and DEI--Capital Requirements under MD&A on pages 30 and 31, respectively, in the 1999 Annual Report to Shareholders.

From time to time Dominion may be identified as a potentially responsible party (PRP) with respect to a superfund site. EPA (or a state) can either (a) allow such a party to conduct and pay for a remedial investigation, feasibility study and remedial action or (b) conduct the remedial investigation and action and then seek reimbursement from the parties. Each party can be held jointly, severally and strictly liable for all costs, but the parties can then bring contribution actions against each other and seek reimbursement from their insurance companies. As a result of the Superfund Act or other laws or regulations regarding the remediation of waste, Dominion may be required to expend amounts on remedial investigations and actions. Dominion does not believe that any currently identified sites will result in significant liabilities. For additional information regarding environmental matters see Item 3. LEGAL PROCEEDINGS below, FUTURE ISSUES--Environmental Matters on page 35 and Note Q to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on page 51 of the 1999 Annual Report to Shareholders.

In accordance with applicable federal and state environmental laws, the Dominion Energy business has applied for or obtained the necessary environmental permits material to the operation of its generating stations. Many of these permits are subject to reissuance and continuing review.

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Nuclear Generation

All aspects of the operation and maintenance of Virginia Power's nuclear power stations, which are a part of the Dominion Energy business, are regulated by the NRC. Operating licenses issued by the NRC are subject to revocation, suspension or modification, and operation of a nuclear unit may be suspended if the NRC determines that the public interest, health or safety so requires.

From time to time, the NRC adopts new requirements for the operation and maintenance of nuclear facilities. In many cases, these new regulations require changes in the design, operation and maintenance of existing nuclear facilities. If the NRC adopts such requirements in the future, it could result in substantial increases in the cost of operating and maintaining nuclear generating units.

One of the issues associated with the operation and decommissioning of nuclear facilities is disposal of spent nuclear fuel (SNF). The Nuclear Waste Policy Act of 1982 required the federal government to make available by January 31, 1998 a permanent repository for high-level radioactive waste and SNF. The federal government has not made such a repository available.

In July 1995, the Virginia Commission instituted an investigation regarding SNF disposal. As directed, Virginia Power and others filed comments on legal and public policy issues related to SNF storage and disposal. In February 1996, the Virginia Commission Staff filed its report recommending that adoption of a definitive policy on SNF disposal issues be delayed pending the outcome of litigation against DOE concerning SNF acceptance, the outcome of proposed federal legislation concerning development of an interim storage facility and development of a vision of the likely outcome of the electric utility industry's restructuring efforts. The Virginia Commission consolidated the proceeding with Virginia Power's pending fuel cost recovery proceeding in October 1996. In March 1997, the Virginia Commission returned the SNF disposal issue to a separate proceeding. No procedural order has been issued, but the proceeding is pending.

In response to DOE's insufficient progress towards providing a permanent repository for SNF, in January 1997, Virginia Power and numerous other electric utilities requested the United States Court of Appeals for the District of Columbia Circuit (the DC Circuit) to order DOE to begin accepting the utilities' SNF for disposal by January 31, 1998. In November 1997, the DC Circuit found that DOE's obligation to begin accepting SNF by the deadline is "unconditional" and that DOE may not excuse its delay on the grounds that delays were unavoidable. In February 1998, Virginia Power and other electric utilities requested the DC Circuit to require DOE to begin moving SNF, prohibit DOE from using the Nuclear Waste Fund (NWF) to pay damages and relieve utilities of their obligation to pay NWF fees unless and until DOE complies with its obligations. In May 1998, the DC Circuit refused to require DOE to begin moving SNF and found that utilities should pursue their remedies under their SNF contracts with DOE. In November 1998, the U.S. Supreme Court denied DOE's request for review of the DC Circuit's decisions. Virginia Power is considering whether to seek other remedies.

When Virginia Power nuclear units cease to operate, Virginia Power will be obligated to decontaminate the facilities. This process is referred to as decommissioning, and Virginia Power is required by the NRC to prepare for it financially. For information on compliance with the NRC financial assurance requirements, see Note F to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on page 44 of the 1999 Annual Report to Shareholders.

Virginia Power initiated the license renewal process for its nuclear power plants in mid-1999 with expected submission to the NRC in late 2003. If successful, NRC renewed licenses will extend the operation of Virginia Power's four nuclear units to 2032, 2033, 2038 and 2040 for Surry Units 1 and 2 and North Anna Units 1 and 2, respectively.

Rates

The majority of Virginia Power's revenue is provided through bundled rate tariffs. Accordingly, the following discussion applies to both the Dominion Energy business' utility operations and the Dominion

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Delivery business. 1999 electric service sales for Virginia Power included 70 million megawatt-hours of retail sales and 4.1 million megawatt-hours of sales to wholesale requirements contract customers and were composed of the following:

<TABLE>
<CAPTION>

<S>	<C>	1999 Percent of Electric Service Revenues <C>	1999 Percent of Electric Service Kwh Sales <C>
Virginia retail:			
Non-Governmental customers	Virginia Commission	81%	77%
Governmental customers	Negotiated Agreements	10	13
North Carolina retail	North Carolina Commission	5	4
Wholesale*	FERC	4	6
		100%	100%

</TABLE>

* Excludes power marketing sales which are also subject to FERC regulation.

Substantially all of Virginia Power's electric service sales are currently subject to recovery of changes in fuel costs either through fuel adjustment factors or periodic adjustments to base rates, each of which requires prior regulatory approval.

Where cost-based rates are in effect, each of these jurisdictions has the authority to disallow recovery of costs it determines to be excessive or imprudently incurred. Various cost items may be reviewed on occasion, including costs of constructing or modifying facilities, on-going purchases of capacity or providing replacement power during generating unit outages.

Virginia

Recent Virginia proceedings related to Virginia Power's rates include the following:

- In June 1998, Virginia Power, the Staff of the Virginia Commission, the office of the Virginia Attorney General, the Virginia Committee for Fair Utility Rates and the Apartment and Office Building Association of Metropolitan Washington agreed to settle its pending rate proceedings before the Virginia Commission. In August 1998, the Virginia Commission approved the settlement with only a minor redistribution of the agreed rate reduction among customer classes. For provisions of the settlement, see Note C to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on page 43 of the 1999 Annual Report to Shareholders.

- In August 1998, Virginia Power filed an application with the Virginia Commission to modify its cogeneration and small power production rates under Schedule 19. An evidentiary hearing was held on this matter in February 1999. The Hearing Examiner's report was issued in February 2000.

- In December 1999, Virginia Power filed an application with the Virginia Commission for an increase in annual fuel revenues of approximately $104 million. A hearing was held in February 2000.

North Carolina

In support of Dominion's request for approval by the North Carolina Commission of its merger with CNG, Virginia Power and Dominion reached an agreement with the Public Staff of the North Carolina Commission whereby Virginia Power agreed not to request an increase in North Carolina retail electric base rates for both its Dominion Energy business and Dominion Delivery business until after December 31, 2005, except for certain events that would have a significant financial impact on Virginia Power. Such events could include any governmental action or an occurrence that is beyond Virginia Power's control and not attributable to its fault or negligence. However, fuel rates are still subject to change under the annual fuel cost adjustment procedures. The North Carolina Commission approved the merger subject to conditions agreed to by Dominion and Virginia Power in October 1999.

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In September 1999, Virginia Power filed an application with the North Carolina Commission for a $5.2 million increase in fuel rates for its Dominion Energy business. In December 1999, the North Carolina Commission approved the request. This increases the annual fuel rates and charges paid by the retail customers of North Carolina Power effective on January 1, 2000.

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Sources of Power

Dominion Energy--Utility Operations Generating Units

<TABLE>
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Name of Station, Units and Location	Years Installed	Type Of Fuel	Summer Capability (Mw)
<S>	<C>	<C>	<C>
Nuclear:			
Surry Units 1 & 2, Surry, Va..............	1972-73	Nuclear	1,602
North Anna Units 1 & 2, Mineral, Va.......	1978-80	Nuclear	1,790(a)
Total nuclear stations.................			3,392
Fossil Fuel:			
Steam:			
Bremo Units 3 & 4, Bremo Bluff, Va......	1950-58	Coal	227
Chesterfield Units 3-6, Chester, Va.....	1952-69	Coal	1,250
Clover Units 1 & 2, Clover, Va..........	1995-96	Coal	882(b)
Mt. Storm Units 1-3, Mt. Storm, W. Va...	1965-73	Coal	1,587
Chesapeake Units 1-4, Chesapeake, Va....	1953-62	Coal	595
Possum Point Units 3 & 4, Dumfries, Va..	1955-62	Coal	322
Yorktown Units 1 & 2, Yorktown, Va......	1957-59	Coal	326
Possum Point Units 1, 2, & 5, Dumfries, Va....................................	1948-75	Oil	929
Yorktown Unit 3, Yorktown, Va...........	1974	Oil & Gas	818
North Branch Unit 1, Bayard, W. Va......	1994	Waste Coal	74(c)
Combustion Turbines:			
33 units (7 locations)...................	1967-70	Oil & Gas	975
Combined Cycle:			
Bellmeade, Richmond, Va..................	1991	Oil & Gas	230
Chesterfield Units 7 & 8, Chester, Va.....	1990-92	Oil & Gas	397

Total fossil stations..................			8,612
Hydroelectric:			
Gaston Units 1-4, Roanoke Rapids, N.C.....	1963	Conventional	225
Roanoke Rapids Units 1-4, Roanoke Rapids, N.C..................................	1955	Conventional	99
Other..................................	1930-87	Conventional	3
Bath County Units 1-6, Warm Springs, Va...	1985	Pumped Storage	1,260(d)
Total hydro stations...................			1,587
Total generating unit capability........			13,591
Net Purchases			1,245
Non-Utility Generation			3,273
Total Capability........................			18,109

</TABLE>

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(a) Includes an undivided interest of 11.6 percent (208 Mw) owned by Old Dominion Electric Cooperative (ODEC).
(b) Includes an undivided interest of 50 percent (441 Mw) owned by ODEC.
(c) Returned to service in May 1999.
(d) Reflects Virginia Power's 60 percent undivided ownership interest in the 2,100 Mw station. A 40 percent undivided interest in the facility is owned by Allegheny Generating Company, a subsidiary of Allegheny Energy, Inc. (AE).

Virginia Power's highest one-hour integrated service area summer and all-time peak demand was 16,216 Mw on July 6, 1999, and an all-time high one-hour integrated winter peak demand of 15,072 Mw was reached on January 28, 2000.

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Energy Output, Sources of Energy Used, Fuel Costs and Operations

System energy output for Dominion Energy's utility operations by energy source and the average fuel cost for each are shown below. Fuel cost is presented in mills (one tenth of one cent) per kilowatt hour.

<TABLE>
<CAPTION>

	1999		1998		1997	
	Source	Cost	Source	Cost	Source	Cost
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Nuclear(*)...............................	35%	4.59	33%	4.71	34%	4.52
Coal(**).................................	38	13.73	42	13.21	40	13.54
Oil......................................	4	20.47	3	22.52	1	26.32
Purchased power, net.....................	19	23.95	19	21.85	23	21.54
Other....................................	4	28.98	3	27.27	2	30.65
Total..................................	100%		100%		100%	
Average fuel cost.....................		13.34		12.71		12.67

</TABLE>

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(*) Excludes ODEC's 11.6 percent ownership interest in the North Anna Power Station.
(**) Excludes ODEC's 50 percent ownership interest in the Clover Power

Station.

Dominion Energy--Nuclear Operations and Fuel Supply

- In 1999, the Dominion Energy business' four nuclear units achieved a combined capacity factor of 95.2 percent.

- Both long-term contracts and spot purchases are utilized to support its needs for nuclear fuel. Dominion Energy continually evaluate worldwide market conditions in order to ensure a range of supply options at reasonable prices. Current agreements, inventories and spot market availability will support current and planned fuel supply needs for fuel cycles into the early 2000's. Beyond that period, additional fuel will be purchased as required to ensure optimum cost and inventory levels.

- In March 1999, Virginia Power, along with a consortium of companies, was awarded a contract by DOE for mixed oxide (MOX) fuel fabrication and reactor irradiation services. Virginia Power has determined that MOX fuel can be used safely and can potentially lower fuel costs. Furthermore, this program will improve international security by reducing plutonium stockpiles. Certain plant and site/facility modifications must be implemented to receive and utilize MOX fuel. DOE will reimburse Virginia Power for all plant and site/facility modifications as well as other MOX fuel implementation costs. Virginia Power expects to provide irradiation services beginning September 2007.

- DOE did not begin the acceptance of SNF in 1998 as specified in Virginia Power's contract with DOE. However, on-site SNF pool and dry container storage at the Surry and North Anna Power Stations is expected to be adequate for its needs until DOE begins accepting SNF.

For details on the issues of decommissioning, see Note F on page 44 and for nuclear insurance, see Note Q to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on page 51 of the 1999 Annual Report to Shareholders.

Dominion Energy--Fossil Operations and Fuel Supply

The fuel mix utilized by the Dominion Energy business' utility fossil operations consists of coal, oil and natural gas. During 1999, the fossil operations burned approximately 12 million tons of coal and utilized both long-term contracts and spot purchases to support their coal needs. Dominion Energy presently anticipates sufficient supplies of coal will be available at reasonable prices for the next 5 to 10 years. A sufficient supply of oil and natural gas is expected over the same period with stable prices.

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Virginia Power uses natural gas as needed throughout the year primarily for three combined-cycle units and combustion turbine units. For winter usage at the combined-cycle sites, gas is purchased and stored during the summer and fall and consumed during the colder months when gas supplies may not be available. Virginia Power has firm transportation contracts for the delivery of gas to its Chesterfield combined-cycle units.

Purchases and Sales of Energy

The Dominion Energy business' utility operations purchase electricity under long-term contracts with other suppliers to meet a portion of its own system capacity requirements, as well as for short-term sales transactions in the eastern United States. In addition to wholesale electric power transactions,

Virginia Power also actively participates in the purchase and sale of natural gas in the open market.

From the mid-1980's until the start of the 1990's, Virginia Power entered into a number of long-term purchase contracts for electricity now associated with the Dominion Energy business. At the end of 1999, 900 Mw of these purchases from other utilities ended, and by the end of the first quarter of 2000, an additional 200 Mw of diversity exchange transactions will be suspended. However, Virginia Power continues to have contracts with 56 non-utility generators with a combined dependable summer capacity of 3,273 Mw. During 1998, Virginia Power entered into a long-term agreement to purchase 566 Mw of electricity for sale to the wholesale market from two of three generating units at a plant constructed in Mississippi. For information on the financial obligations under these agreements, see Purchased Power Contracts, Note Q to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on page 51 of the 1999 Annual Report to Shareholders.

In a continuing effort to mitigate its exposure to above-market long-term purchased power contracts, Virginia Power is evaluating its long-term purchased power contracts and negotiating modifications to their terms, including cancellations, where it is determined to be economically advantageous to do so.

In 1997, Virginia Power executed three agreements now associated with both its Dominion Energy business and its Dominion Delivery business with ODEC which provide for the amendment of the parties' Interconnection and Operating Agreement (I&O Agreement). The first agreement provides for the transition from cost-based rates for capacity and energy purchases by ODEC to market-based rates by 2002. The second two agreements are the Service and Operating Agreements for Network Integration Transmission Service, which unbundled the transmission services provided to ODEC under the I&O Agreement.

Dominion Energy--Future Sources of Power

Both the Hoosier 400 Mw long-term purchase contract and the AEP 500 Mw long-term purchase contract expired on December 31, 1999. Virginia Power presently anticipates adding peaking capacity beginning in the year 2000 to meet its anticipated annual load growth of two percent. In addition, work was completed and the North Branch unit was returned to service in May 1999.

In May 1999, the Virginia Commission approved the construction of four gas-fired combustion turbine generator units in Fauquier County, Virginia. A Petition to Appeal the approved units, filed by an opposing party in July 1999, was dismissed by the Virginia Supreme Court in December 1999; however, the opposing party filed a request for rehearing in December 1999. The same party appealed the air permit issued to Virginia Power by the Virginia Department of Environmental Quality; however, such appeal was withdrawn on January 18, 2000.

In January 2000, Virginia Power filed an application with the Virginia Commission to build and operate two 160 Mw combustion turbine units in Caroline County, Virginia for additional peaking capacity. Virginia Power has obtained the applicable zoning permits for the construction of the generators and has applied for other required environmental permits. The Virginia Commission has set a hearing date in May 2000 to consider this request. Commercial operation is planned to begin in June 2001.

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Dominion Delivery--Interconnections

The Dominion Delivery business maintains major interconnections with

Carolina Power and Light Company, AEP, AE and the utilities in the Pennsylvania-New Jersey-Maryland Power Pool. Through this major transmission network, it has arrangements with these utilities for coordinated planning, operation, emergency assistance and exchanges of capacity and energy.

In June 1999, Virginia Power, together with AEP, Consumers Energy Company, The Detroit Edison Company and First Energy Corporation, on behalf of themselves and their public utility operating company subsidiaries (Alliance Companies), filed with FERC applications under Sections 205 and 203 of the Federal Power Act for approval of the proposed Alliance Regional Transmission Organization (Alliance RTO).

In December 1999, FERC issued an Order under Section 203 of the Federal Power Act granting the application, subject to certain conditions and requirements discussed in the Order and directing the Alliance Companies to submit a compliance filing as discussed in the Order. On January 19, 2000, the Alliance Companies filed an application seeking rehearing of certain conditions and requirements of the Order. In February 2000, the Alliance Companies filed amendments to the Alliance RTO documents to comply with certain conditions and requirements of the Order.

Also in December 1999, FERC issued Order 2000 which amended its regulations to advance the formation of Regional Transmission Organizations (RTOs). The regulations require that each public utility that owns, operates, or controls transmission facilities make certain filings with respect to forming and participating in an RTO. FERC also codified minimum characteristics and functions that a transmission entity must satisfy in order to be considered an RTO. In January 2000, the Alliance Companies filed an application seeking rehearing of certain provisions of the Order.

Dominion Energy--Non-Utility Operations

DEI, the entity in which Dominion Energy's non-utility generation operations are conducted, is active in the competitive electric power generation business. Dominion Energy's non-utility operations are involved in power projects in five states, including the Kincaid Power Station, a 1,108 Mw coal-fired station and Elwood Energy; a 600 Mw gas fired peaking facility in Illinois; two geothermal projects and one solar project in California; four small hydroelectric projects in New York; a waste coal-fueled project in West Virginia and a waste wood- and coal-fueled project in Maine.

For information on the sale of DEI's Latin American assets, see Recent Developments on page 1 above.

For information regarding Dominion Energy's transition to a competitive market for electric generation, see the Introduction to MD&A on page 26 and FUTURE ISSUES--Dominion Energy on page 35 under MD&A of the 1999 Annual Report to Shareholders.

For additional information concerning foreign operation risks, see MARKET RATE SENSITIVE INSTRUMENTS AND RISK MANAGEMENT--Foreign Risks on page 38 under MD&A of the 1999 Annual Report to Shareholders.

For information regarding environmental regulation and Dominion Energy, see Regulation--Environmental above.

Dominion Exploration & Production

DEI, the entity in which the Dominion E&P business was conducted until the completion of the CNG merger, is active in the development, exploration and operation of oil and natural gas reserves. Dominion E&P

is involved in oil and natural gas development and exploration in Canada, the Appalachian Basin, the Michigan Basin, the Illinois Basin, the Black Warrior Basin, the Uinta Basin, the San Juan Basin, the Gulf Coast and the Mid-Continent, and owns net proved oil and natural gas reserves in key regions of the United States and Canada.

For additional information concerning foreign operation risks, see MARKET RATE SENSITIVE INSTRUMENTS AND RISK MANAGEMENT--Foreign Risks on page 38 under MD&A of the 1999 Annual Report to Shareholders.

For additional information on industry structure and competitive factors relevant to the Dominion E&P business, see CNG--Gas Competition--Exploration and Production below.

FINANCIAL INFORMATION ABOUT SEGMENTS AND GEOGRAPHIC AREAS

See Note (R) to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on page 53 of the 1999 Annual Report to Shareholders.

Dominion Capital

Dominion Capital is a diversified financial services company with several operating subsidiaries in the commercial lending, merchant banking and residential lending business. Its principal subsidiaries are First Source Financial, LLP, First Dominion Capital LLC and Saxon Mortgage, Inc. Dominion Capital also owns a 46 percent interest in Cambrian Capital LLP.

First Source Financial provides cash-flow and asset-based financing to middle-market companies seeking to expand, recapitalize or undertake buyouts. First Dominion Capital is an integrated merchant banking and asset management business located in New York. Saxon Mortgage and its affiliates originate and securitize home equity and mortgage loans to individuals. Cambrian Capital provides financing to small and mid-sized independent oil and natural gas producers undertaking acquisitions, refinancings and expansions.

For additional information, see FUTURE ISSUES--Dominion Capital under MD&A on page 36 of the 1999 Annual Report to Shareholders.

CAPITAL REQUIREMENTS AND FINANCING PROGRAM--
DOMINION ENERGY, DOMINION DELIVERY AND DOMINION E&P

See LIQUIDITY AND CAPITAL RESOURCES under MD&A on pages 29 through 32 of the 1999 Annual Report to Shareholders.

CNG

CNG operates in all phases of the natural gas industry including exploration for and production of oil and natural gas in the United States as well as Canada. Its various retail gas subsidiaries serve approximately 1.9 million residential, commercial, industrial and transportation customers in Ohio, Pennsylvania, Virginia and West Virginia. Its interstate gas transmission pipeline system services each of its distribution subsidiaries and non-affiliated utilities and end use customers in the Midwest, the Mid-Atlantic and the Northeast states. CNG has an equity ownership interest in a pipeline extending from Canada to New York and New England.

Government Regulation

CNG remains subject to regulation under the 1935 Act. CNG Transmission and Consolidated LNG are "natural-gas companies" subject to the Natural Gas Act of 1938, as amended. CNG Transmission's interstate

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transportation and storage activities are regulated under such Act and are conducted in accordance with tariffs and service agreements on file with FERC. CNG Power Services and CNG Retail, public utilities as defined by section 201 of the Federal Power Act, are also subject to limited FERC regulation. The distribution subsidiaries are subject to regulation by the utility commissions in the states within which they operate. Additionally, CNG Retail is classified as a public utility in Pennsylvania for the limited purpose of its participation in the Pennsylvania electric retail access programs.

Certain CNG subsidiaries are subject to various provisions of the five statutes which are referred to as the National Energy Act of 1978. One of these statutes, the National Energy Conservation Policy Act, requires utilities to offer home energy audits and other assistance to residential customers.

The Natural Gas Pipeline Safety Act of 1968 (which, among other things, authorizes the establishment and enforcement of federal pipeline safety standards) subjects the interstate pipeline of CNG Transmission to the safety jurisdiction of the Department of Transportation. Intrastate facilities remain within the safety jurisdiction of the state regulatory agencies, presuming compliance by such agencies with certain prerequisites contained in such Act.

CNG is subject to the provisions of various federal laws dealing with the protection of the environment. CNG Transmission and certain of the distribution subsidiaries are subject to the Federal Clean Air Act and the Federal Clean Air Act Amendments of 1990 which added significantly to the existing requirements established by the Clean Air Act. In addition, the subsidiary companies are subject to the environmental laws and regulations of state and local governmental authorities in the areas within which the subsidiaries have operations or facilities.

CNG has an interest in the following foreign utility and pipeline companies: an electric utility company in Argentina, which is subject to regulation at the federal and provincial level; Argentine gas utility companies, which are regulated at the federal level; pipelines in Australia, which are currently subject to state regulation, and will become subject to national regulation being developed by the Commonwealth and state and territorial governments.

Gas Competition

Various regulatory and market trends have combined to increase competition for CNG in recent years, and for the energy industry in general. These factors include: federal and state regulatory efforts, such as FERC's various initiatives to increase competition in both the gas and electric industries; the overall availability of energy nationwide; competition from producers and other sellers and brokers of gas for the retail and wholesale markets; expansion of competition among distribution companies for industrial and commercial customers; competition with existing and proposed pipelines and projects to import gas from Canada and other foreign countries; and competition with other energy forms, such as electricity, fuel oil and coal.

FERC Order No. 636 (Order 636) significantly increased competition in the natural gas industry. In the restructured marketplace, local gas utilities and large-volume end users, including former pipeline sales customers, bear all the responsibilities and risks for arranging the procurement of their gas supplies and contracting with pipelines to transport purchases. However, as CNG distribution subsidiaries had been managing a part of their own gas supplies for a number of years, the transition to a more competitive environment under Order 636 did not have a significant impact on their operations. Storage facilities owned and operated as part of CNG distribution and transmission operations, as well as acquired storage capacity, have become even more important factors in gas supply management.

Gas and Electric Industry Developments

Gas industry competition at the retail level is receiving increased attention from both regulators and legislators. Governments in three of the states in which CNG operates distribution subsidiaries have enacted or considered legislation regarding deregulation of natural gas at the retail level. In Ohio, a 1996 law established

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customer choice as a state policy in the supply of natural gas services. Implementation of the law, which allows retail customers to obtain gas from an array of suppliers, is under way. In Pennsylvania, legislation was enacted to unbundle gas utility merchant functions and permit the Pennsylvania Public Utility Commission to certify marketers, in addition to gas utilities, as suppliers of last resort, creating competition in a traditional gas utility function. Virginia is currently operating under a one-year unbundling pilot program, enacted in 1999. The Virginia General Assembly is currently considering legislation to make the program permanent.

In addition to restructuring of the gas industry, the emerging unbundling of services provided by electric utilities is leading toward the convergence of the two industries to create one overall, highly competitive marketplace for a customer's total energy needs. Regulators and legislators at the federal level and in many states are considering, or are already implementing, initiatives to promote increased competition in the electric industry. A major development was the issuance in 1996 of FERC Orders 888 and 889. By requiring open access to the national electric transmission grid, Order 888 fosters increased competition in both the generation of electricity and the supply of bulk power to major wholesale customers. The companion order, Order 889, addresses the timing, information access and other administrative details associated with FERC deregulation initiative. Congress also is considering legislation intended to facilitate the move to competition in the electric industry.

Although progress status varies, pro-competition electric legislation is at least under consideration in many states. In Ohio, legislation enacted in 1999 will allow all consumers to choose their electric supplier beginning January 1, 2001. In Pennsylvania, all consumers may now choose their supplier. Competition is also forthcoming in Virginia, where in 1999 the General Assembly passed the "Utility Restructuring Act" which will phase in customer choice between 2002 and 2004. Regulators and legislators in West Virginia are also debating issues related to electric industry restructuring.

Recent and pending regulatory actions may serve to further facilitate more business combinations in the energy industry. FERC has streamlined its regulatory review process regarding pending mergers.

Distribution

Distribution subsidiaries generally operate in long-established service areas and have extensive facilities already in place. Growth in CNG's traditional service areas in Ohio, Pennsylvania and West Virginia is limited in that natural gas is already the fuel of choice for heating and for most significant industrial applications. These areas have experienced minimal population growth in recent years, and almost all customers have become more energy efficient, resulting in lower gas usage per customer. In addition, the economies of these areas, which were formerly based mainly on heavy industry, have diversified with increased emphasis on high technology and service-oriented firms. Growth in the retail sales market has largely been at VNG, due to customer conversions from other energy sources and the past expansion of its service territory (for additional information, see Recent Developments

above).

The Clean Air Act may also provide opportunities for increased throughput in CNG's distribution markets. CNG is promoting the use of natural gas as a means for industrial customers and electric generators to reduce emissions. The Clean Air Act and the Energy Policy Act of 1992 contain a number of provisions relating to the use of alternative fuel vehicles. CNG is participating in various programs to demonstrate the advantages and environmental benefits of natural gas powered vehicles.

Competition in the markets served by the distribution subsidiaries continues to increase. As the gas industry has restructured and government regulations have changed, a marketplace has evolved with new and traditional competitors--the usual oil and electric companies, other gas companies, producers seeking to gain direct access to CNG's customers, and gas brokers and dealers seeking to supplant supplies with spot market gas. Natural gas faces price competition with other energy forms, and certain of the distribution companies' industrial customers have the ability to switch to fuel oil or coal if desired. In addition, competition is increasing among local distribution companies to provide gas sales and transportation services to commercial and residential customers.

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Currently, local distribution companies operate in what are essentially dual markets--a traditional utility market, where a utility has an obligation to provide service and offers a "bundled" package of services to all customers; and a "contract" market, where obligations are defined by contract terms. In the latter market, large customers can elect individually or in various combinations whatever gas supplies, storage and/or transportation services they require. CNG has responded to this competitive environment by offering a variety of firm and interruptible services, including gas transportation, storage, supply pooling and balancing, and brokering, to industrial and commercial customers. Also, residential customers in certain of CNG's service territories can choose an alternative source of gas supply.

Transmission

CNG Transmission operates a regional interstate pipeline system with the principal pipeline and storage facilities located in Ohio, Pennsylvania, West Virginia and New York. CNG Transmission offers gas transportation, storage and related services to its affiliates, as well as to utilities and end users in the Northeast, Mid-Atlantic and Midwest regions of the country.

The changing regulatory environment has provided CNG Transmission and other pipeline companies with a number of opportunities for expansion. CNG Transmission has taken advantage of selected market expansion opportunities, concentrating its efforts primarily in the Northeast and along the East Coast. CNG Transmission's large underground storage capacity and the location of its gridlike pipeline system as a link between the country's major gas pipelines and large markets on the East Coast have been key factors in the success of these expansion efforts. CNG's pipelines are part of an interconnected gas transmission system which will continue to enable retail end users to take advantage of the accessibility of supplies nationwide as gas utilities unbundle services at the retail level (see Gas and Electric Industry Developments above).

CNG Transmission competes with domestic as well as Canadian pipeline companies and gas marketers seeking to provide or arrange transportation, storage and other services for customers. Also, certain end users have the ability to switch to fuel oil or coal if desired. Although competition is based primarily on price, the array of services that can be provided to customers is also an important factor. The combination of capacity rights held

on certain longline pipelines, a large storage capability and the availability of numerous receipt and delivery points along its own pipeline system enables CNG Transmission to tailor its services to meet the individual needs of customers.

Exploration and Production

Exploration and production operations are conducted by CNG Producing in several of the major gas and oil producing basins in the United States, both onshore and offshore. In this highly competitive business, CNG competes with a large number of entities ranging in size from large international oil companies with extensive financial resources to small, cash flow-driven independent producers.

CNG Producing faces significant competition in the bidding for federal offshore leases and in obtaining leases and drilling rights for onshore properties. Since CNG Producing is the operator of a number of properties, it also faces competition in securing drilling equipment and supplies for exploration and development.

The marketing of gas and oil is highly competitive with price being the most significant factor. Gas producers throughout the industry, including CNG Producing, face a diverse and active market with purchasers seeking to balance the advantage of spot market supplies with the security of longer-term contracts. The growth of gas and energy marketing firms has added to the competition for CNG Producing. When the economics warrant, CNG attempts to sell its gas production under long-term contracts to customers such as electric power generators and others that require a secure source of supply. However, these arrangements represent only a portion of CNG's gas production. Further, the deliverability of gas produced is influenced by competition for downstream pipeline transportation capacity. CNG continues to develop marketing strategies, contracts and arrangements to address customer needs for intermediate and long-term gas supplies as well as swing, peaking

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and other energy services. In addition, in the ordinary course of business, CNG Producing participates in price risk management activities to manage exposure to price risk in connection with the production and sale of natural gas and oil.

The exploration for and production of gas and oil is subject to various federal and state laws and regulations which may, among other things, address environmental matters and limit well drilling activity and volumes produced. Changes in these laws and regulations can impact the exploration and production operations.

Gas Supply

General

CNG's gas supply is obtained from various sources including: purchases from major and independent producers in the Southwest and Midwest regions; purchases from local producers in the Appalachian area; purchases from gas marketers; production from Company-owned wells in the Appalachian area, the Southwest, Midwest and offshore; and withdrawals from CNG's and third party underground storage fields.

Regulatory actions, economic factors, and changes in customers and their preferences continue to reshape CNG's gas sales markets. A significant number of industrial and commercial customers and a growing number of residential customers currently purchase a large portion of their gas supplies from producers and marketers, and contract with the transmission and/or

distribution subsidiaries for transportation and other services. Since these customers are less reliant on the distribution subsidiaries for sales service, the volume of gas that these subsidiaries must obtain to meet sales requirements has been reduced. This trend is likely to continue as the state regulators continue unbundling services at the retail level. With the exception of Hope Gas, the distribution subsidiaries continue to purchase gas supplies for their remaining merchant customers and recover the costs through their approved rates. CNG Retail and Hope Gas (under a negotiated rate moratorium through December 31, 2001) have the responsibility and assume the price risk for obtaining its own gas supplies to meet customer needs.

CNG's available gas supply in 1999 was again in a surplus position--where available supplies exceeded sales requirements. Considering CNG's large storage capacity, the volumes obtainable under its firm interstate pipeline capacity and gas supply contracts, CNG-owned gas reserves, and assuming the future availability of spot market gas, CNG believes that supplies will be available to meet sales requirements for at least the next several years.

Gas Purchased

CNG has continued to purchase volumes from the accessible producing basins using its firm capacity resources. These purchased supplies include Appalachian resources in Ohio, Pennsylvania and West Virginia, and production from the Gulf Coast, Mid-Continent and offshore areas. Gas purchase contract terms have continued to undergo transformation initiated with the removal of CNG Transmission and other gas pipelines from the merchant function. Much of the supply is purchased under seasonal or spot purchase agreements. While the average term of CNG's gas purchase agreements has declined, the reliability of supply has been adequate. The availability of supplies and heightened competition have forged a viable market which has proven capable of satisfying the firm delivery requirement for supplies to CNG's markets in a highly reliable manner.

At December 31, 1999, CNG's subsidiaries had 347.3 Bcf of firm annual transport capacity on various pipelines to move supplies from purchase locations to market, yielding deliveries of up to 0.9 Bcf of gas a day. These pipelines include CNG Transmission, Tennessee Gas Pipeline Company, Panhandle Eastern Pipe Line Company, Texas Eastern Transmission Corporation, ANR Pipeline Company, Texas Gas Transmission Corporation, Transcontinental Gas Pipe Line Corporation, Columbia Gas Transmission Corporation, Columbia Gulf Transmission Company, Trunkline Gas Company, National Fuel Gas Supply Corporation and Equitrans, Inc.

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Gas Storage

CNG's underground storage facilities play an important part in balancing gas supply with sales demand and are essential to servicing CNG's large volume of space-heating business. In addition, storage capacity is an important element in the effective management of both gas supply and pipeline transport capacity. CNG operates 26 underground gas storage fields located in Ohio, Pennsylvania, West Virginia and New York. CNG owns 21 of these storage fields and has joint-ownership with other companies in five of the fields. The total designed capacity of the storage fields is approximately 885 Bcf. CNG's share of the total capacity is about 669 Bcf. About one-half of the total capacity is base gas which remains in the reservoirs at all times to provide the primary pressure which enables the balance of the gas to be withdrawn as needed.

CNG Transmission operates 719 Bcf of the total designed storage capacity and owns 503 Bcf of CNG's capacity. CNG Transmission utilizes a large portion of its turnable capacity to provide approximately 265 Bcf of gas storage service

for others. This service is provided principally to affiliates, end users and many of CNG Transmission's former wholesale gas sales customers who primarily serve consumers in the Northeast.

Two of the distribution subsidiaries, East Ohio Gas and Peoples Natural Gas, own and operate the remaining 166 Bcf of storage capacity. In addition to owning their own storage, these companies, as well as several of the other subsidiaries, have access to a portion of the storage capacity operated by CNG Transmission. CNG's distribution subsidiaries also have capacity available in storage fields owned by others. CNG controls other acreage in the Appalachian area suitable for the development of additional storage facilities which would enable further expansion of capacity to meet possible future storage needs.

Gas and Oil Producing Activities

CNG's total gas production in 1999 amounted to 181.6 Bcf, and oil production was 10.3 million barrels.

CNG's gas wellhead prices in 1999 averaged $2.25 a thousand cubic feet (Mcf). CNG's average gas wellhead prices are generally higher and less volatile than industry spot prices since its average price reflects a mix of longer-term contracts and the impact of price risk management activities. However, due to market-based pricing mechanisms under many of the contracts, CNG's gas prices generally follow industry trends. The average oil wellhead price in 1999 was $13.19 a barrel, consistent with the general increase in world oil prices. CNG's average oil wellhead prices also reflect the impact of price risk management activities.

The following table sets forth 1999 drilling activity by region:
<TABLE>

<CAPTION>

	Wells Drilled			
	Exploratory		Development	
	Gross	Net	Gross	Net
<S>	<C>	<C>	<C>	<C>
Onshore (Southwest and West)	9	4	9	9
Gulf of Mexico	10	6	12	5
Appalachian Region	7	3	38	36
Canada	--	--	10	2
Total	26	13	69	52

</TABLE>

Of the total 95 wells drilled in 1999, 83 were successful. Of the 26 exploratory wells drilled, 16 were successful.

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Gas Sales, Supply, Transportation and Storage Statistics
(Continuing operations--excludes affiliated transactions)

<TABLE>

<CAPTION>

Years Ended December 31,	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>

Gas Sales Revenues (Millions)					
Regulated					
Residential	$1,109.3	$1,089.9	$ 1,449.1	$1,346.1	$1,214.2
Commercial	274.2	267.6	369.7	361.6	345.9
Industrial	12.5	13.4	22.8	30.6	32.6
Wholesale	1.2	2.8	9.4	15.4	4.7
Nonregulated	607.9	494.4	433.4	396.1	239.8
Total(a)	$2,005.1	$1,868.1	$ 2,284.4	$2,149.8	$1,837.2
Average Sales Rates per Mcf					
Regulated					
Residential	$ 6.51	$ 6.82	$ 6.97	$ 6.15	$ 5.71
Commercial	5.71	6.04	6.19	5.41	4.95
Industrial	5.22	5.32	5.33	4.47	4.49
Wholesale	(b)	(b)	(b)	(b)	(b)
Nonregulated	2.48	2.39	2.53	2.48	1.94
Weighted average	$ 4.30	$ 4.51	$ 5.16	$ 4.74	$ 4.44
Gas Requirements (Bcf)					
Regulated gas sales					
Residential	170.4	159.9	207.8	218.7	212.5
Commercial	48.1	44.3	59.7	66.8	69.8
Industrial	2.4	2.5	4.3	6.9	7.3
Wholesale	.2	.4	.2	1.8	.3
Nonregulated gas sales	244.9	207.1	171.0	159.7	123.5
Total sales	466.0	414.2	443.0	453.9	413.4
Used and unaccounted for	59.4	37.7	29.0	23.3	37.8
Total requirements	525.4	451.9	472.0	477.2	451.2
Gas Supply (Bcf)					
Purchased gas	325.7	294.8	295.9	353.2	323.5
Storage (input) withdrawal	18.1	(.4)	18.0	(23.5)	20.5
Gas Produced					
Gulf region	123.0	111.4	116.5	108.1	68.3
Appalachian area	28.1	26.6	25.8	26.0	27.2
Other areas	30.5	19.5	15.8	13.4	11.7
Total produced	181.6	157.5	158.1	147.5	107.2
Total supply	525.4	451.9	472.0	477.2	451.2
Purchased Gas Costs (Millions)(c)	$ 911.7	$ 900.4	$ 1,114.1	$ 963.2	$ 864.6
Average Purchase Rates per Mcf(c)	$ 2.94	$ 2.95	$ 3.39	$ 3.37	$ 2.73
Gas Transportation Revenues (Millions)	$ 442.5	$ 416.7	$ 369.1	$ 297.9	$ 345.2
Gas Transported (Bcf)	660.1	641.2	736.0	754.0	743.3
Gas Stored at December 31 (Bcf)	377.0	397.2	407.2	426.2	406.4

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(a) Amount for 1999 includes total gas revenues of $190.2 million attributable to VNG.

(b) Demand charges and low sales volumes produce an average rate which is not

meaningful.
(c) Includes transportation charges.

<PAGE>

International Activities

CNG International engages in energy-related activities outside of the United States and holds equity investments in Australia and Latin America. During the fourth quarter of 1999, CNG decided to focus on the United States oil and gas markets and, accordingly, has now begun exploring the sale of CNG International. CNG International's net assets totaled $251 million at December 31, 1999.

Rate Matters

The regulated subsidiaries continue to seek general rate increases on a timely basis to recover increased operating costs and to ensure that rates of return are compatible with the cost of raising capital. In addition to general rate increases, certain distribution companies make separate filings with their respective regulatory commissions to reflect changes in the costs of purchased gas. CNG's regulated subsidiaries filed no new general rate cases during 1999, nor were there any outstanding cases requiring settlement.

CNG Properties

CNG's main properties and investments are located in Pennsylvania, Ohio, Virginia, West Virginia, New York and from the Midwest, Mid-Atlantic and Northeast states including Canada, Argentina and Australia.

CNG's total gross investment in property, plant and equipment was $9 billion at December 31, 1999 (this total excludes $546.1 million of property, plant and equipment attributable to VNG, the net assets of which were classified as held for sale at December 31, 1999). The largest portion of this investment (59%) is in facilities located in the Appalachian area. Another significant portion (28%) is located in the Gulf of Mexico.

Of the $9 billion investment, $4.6 billion is in production and gathering systems, of which 66% is invested in the Gulf of Mexico and the Gulf coast and 21% in the Appalachian area. CNG's production subsidiary, CNG Producing, accounts for $4.1 billion of the $4.6 billion investment, and CNG Transmission and the distribution subsidiaries account for the remaining $.5 billion. In addition to wells (58 productive and 7 dry) and acres (1,993,340 gross and 1,562,493 net developed and 862,740 gross and 499,215 net undeveloped), this investment includes 6,660 miles of gathering lines which are located almost entirely within the Appalachian area.

CNG's investment in its gas distribution network includes 26,515 miles of pipe, exclusive of service pipe, the cost of which represents 61% of the $1.7 billion invested in the total function.

CNG's storage operation consists of 26 storage fields, 334,050 acres of operated leaseholds, 2,067 storage wells and 798 miles of pipe. The investment in storage properties is $711 million, including $56 million of cushion gas stored.

Of the $1.6 billion invested in transmission facilities, 66% represents the cost of 6,814 miles of pipe required to move large volumes of gas throughout CNG's operating area.

CNG has 94 compressor stations with 484,435 installed compressor horsepower. Some of the stations are used interchangeably for several functions.

CNG's investment in its natural gas system is considered suitable to do all things necessary to bring gas to the consumer. CNG's properties (including the properties of VNG) provided the capacity to meet a record system peak day sendout, including transportation service, of 11.4 Bcf (of which .4 Bcf was attributable to VNG) on February 6, 1995. The system peak day sendout in 1999 was 8.0 Bcf (of which .3 Bcf was attributable to VNG) on January 5.

ITEM 2. PROPERTIES

Dominion leases its principal executive offices in Richmond, Virginia. It owns the principal executive office building of Virginia Power in Richmond, Virginia. CNG's principal executive office building in Pittsburgh, Pennsylvania is leased. Dominion's assets consist primarily of its investments in its subsidiaries, the principal properties of which are described in Item 1. BUSINESS above under the following headings:

<PAGE>

- Dominion Energy--Utility Operations and Dominion Delivery (Virginia Power)--Sources of Power-- Dominion Energy--Utility Operations Generating Units
- Dominion Energy--Non-Utility Operations
- Dominion E&P
- CNG--CNG Properties

Because our business segments include operations conducted in more than one legal entity and some of our subsidiary legal entities operate in more that one business segment, our segments share many of our facilities, particularly office facilities.

In connection with a portion of the Dominion Delivery business that Virginia Power operates, right-of-way grants from the apparent owners of real estate have been obtained for most electric lines, but underlying titles have not been examined except for transmission lines of 69 Kv or more. Where rights of way have not been obtained, they could be acquired from private owners by condemnation, if necessary. Many electric lines are on publicly owned property, as to which permission for use is generally revocable. Portions of our transmission lines cross national parks and forests under permits entitling the federal government to use, at specified charges, surplus capacity in the line if any exists.

ITEM 3. LEGAL PROCEEDINGS

From time to time, Dominion and its subsidiaries are alleged to be in violation or in default under orders, statutes, rules or regulations relating to the environment, compliance plans imposed upon or agreed to by us, or permits issued by various local, state and federal agencies for the construction or operation of facilities. From time to time, there may be administrative proceedings on these matters pending. In addition, in the normal course of business, Dominion and its subsidiaries are in involved in various legal proceedings. Management believes that the ultimate resolution of these proceedings will not have a material adverse effect on the company's financial position, liquidity or results of operations.

See Regulation and Rates under Virginia Power under Item 1. BUSINESS for information on various regulatory proceedings.

In April 1999, Virginia Power was notified by the Department of Justice of alleged noncompliance with the EPA's oil spill prevention, control and countermeasures (SPCC) plans and facility response plan (FRP) requirements at

one of its power stations. If, in a legal proceeding, such instances of noncompliance are deemed to have occurred, Virginia Power may be required to remedy any alleged deficiencies and pay civil penalties. Settlement of this matter is currently in negotiation and is not expected to have a material impact on Virginia Power's financial condition or results of operations.

In August 1999, Virginia Power identified matters at certain other power stations that the EPA might view as not in compliance with the SPCC and FRP requirements. Virginia Power reported these matters to the EPA and in December 1999 submitted revised FRP and SPCC plans. Presently, the EPA has not assessed any penalties against Virginia Power pending its review of Virginia Power's disclosure information. Future resolution of these matters is not expected to have a material impact on Virginia Power's financial condition or results of operations.

In November 1999 and September 1999, Virginia Power received notices from the Attorney Generals of Connecticut and New York, respectively, of their intention to file suit against Virginia Power for alleged violations of the Clean Air Act. The notices question whether modifications at certain Virginia Power generating facilities were properly permitted under the Clean Air Act and allege that emissions from these facilities have damaged public health and the environment in the Northeast. To date, no suits have been filed. Virginia Power believes that it is one of a number of companies with fossil fuel power generating stations in the southeast and central U.S. to have received such notifications. Virginia Power believes that it has obtained the permits necessary in connection with its generating facilities and that any suits filed by the Attorney Generals will not have a material impact on its financial condition or results of operations.

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On August 1990, CNG Transmission entered into a Consent Order and Agreement with the Commonwealth of Pennsylvania Department of Environmental Protection (DEP) in which CNG Transmission has agreed with the DEP's determination of certain violations of the Pennsylvania Solid Waste Management Act, the Pennsylvania Clean Streams law and the rules and regulations promulgated thereunder. No civil penalties have been assessed. Pursuant to the Order and Agreement, CNG Transmission continues to perform sampling, testing and analysis, and conducts a program of remediation at some of its Pennsylvania facilities. Total remediation costs in connection with these sites and the Order and Agreement are not expected to be material with respect to CNG's financial position, results of operations or cash flows. CNG has recognized an estimated liability amounting to $6.7 million at December 1999, for future costs expected to be incurred to remediate or mitigate hazardous substances at these sites and at facilities covered by the Order and Agreement.

The DEP has proposed a penalty of $380,000 related to a hydrocarbon spill in February 1998 at a CNG Transmission facility in Aliquippa, Beaver County, Pennsylvania. CNG Transmission has agreed to settle the matter by contributing $280,000 to a Supplemental Environmental Program (SEP) and $100,000 directly to the DEP. Under the SEP, several environmental programs will be undertaken which are intended to benefit the Conversation District of Beaver County, Pennsylvania.

In April 1999, CNG was served with a purported Class Action Complaint, Civil Action No. 17114-NC, styled Gerold Garfinkel v. Raymond E. Galvin, Paul E. Lego, Margaret A. McKenna, William S. Barrack, Jr., Steven A. Minter, J. W. Connolly, George A. Davidson, Jr., Richard P. Simmons, and Consolidated Natural Gas Company. The Complaint was filed in the Delaware Court of Chancery in April 1999. The Complaint seeks injunctive relief in the form of an order to the individual Board members to sell CNG for the highest value to the shareholders, an accounting of any damages resulting from any failure to sell it for the highest value, a determination with respect to the reasonableness

of the break-up fee in the agreement with Dominion and other miscellaneous relief. The Complaint also seeks an award of costs and attorneys' fees. Several additional purported Class Action Complaints against CNG and its directors seeking essentially the same relief have been combined with this action. CNG has moved to dismiss. In February 2000, the plaintiff filed a status report indicating they will circulate a stipulation for dismissal without prejudice.

A qui tam action (one in which the plaintiff sues for the government as well as for itself, and gets to keep part of the recovery) was brought by Jack Grynberg, an oil and gas entrepreneur, against a major part of the gas industry, including CNG and several of its subsidiaries. The complaint, which was filed in July 1997, was under seal pending Department of Justice review. The Department of Justice declined to intervene and the seal was lifted in May 1999. CNG was served in the Western District of Louisiana in May 1999. The suit alleges fraudulent mismeasurement of gas volumes and underreporting of gas royalties from gas production taken from federal leases. The cases have been removed to the Eastern District of Wyoming, where a motion to dismiss will be filed by CNG.

A class action was filed by Quinque Operating Co. and others against approximately 300 defendants, including CNG and several of its subsidiaries, in Stevens County Kansas. The complaint, which was served on CNG and its subsidiaries in September 1999, alleged fraud, misrepresentation, conversion and assorted other claims, in the measurement and payment of gas royalties from privately held gas leases. The cases have been moved to the U.S. District Court of Kansas, pending consolidation with the Grynberg case.

CNG believes the above complaints to be without merit and believes that the ultimate resolution of the issues will not have a material adverse effect on CNG's financial position, results of operations, or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

<PAGE>

EXECUTIVE OFFICERS OF THE REGISTRANT

<TABLE>
<CAPTION>

Name and Age	Business Experience Past Five Years
<C>	<S>
George A. Davidson, Jr. (61)	Chairman of the Board of Directors of Dominion and Chairman and Chief Executive Officer of Consolidated Natural Gas Company from January 28, 2000 to date; Chairman and Chief Executive Officer of Consolidated National Gas Company prior to January 28, 2000.
Thos. E. Capps (64)	Vice Chairman of the Board of Directors, President an Chief Executive Officer of Dominion from January 28, 2000 to date; Chairman of the Board of Directors, President and Chief Executive Officer from September 1, 1995 to January 28, 2000; Chairman of the Board of Directors and Chief Executive Officer prior to September 1, 1995.
Thomas N. Chewning (54)	Executive Vice President and Chief Financial Officer of Dominion from May 1, 1999 to date; Chief Executive Officer of Dominion Energy from May 1, 1999 to Januar 28, 2000; President and Chief Executive Officer of Dominion Energy from October 1, 1994 to May 1, 1999; Senior Vice President of Dominion Resources prior to

	January 1, 1997.
Thomas F. Farrell, II (45)	Executive Vice President of Dominion and Chief Executive Officer of Virginia Electric and Power Company Dominion Energy, Inc. and Dominion Generation Inc. from May 1, 1999 to date; Senior Vice President-Corporate Affairs of Dominion and Executive Vice President, General Counsel and Corporate Secretary of Virginia Electric and Power Company from July 1, 1998 to May 1, 1999; Executive Vice President and General Counsel of Virginia Electric and Power Company April 17, 1998 to June 30, 1998; Senior Vice President-Corporate and General Counsel of Dominion from Januar 1, 1997 to March 1, 1999; Vice President and General Counsel of Dominion from July 1, 1995 to January 1, 1997; Partner in the law firm of McGuire, Woods, Battle & Boothe LLP prior to July 1, 1995.
David L. Heavenridge (53)	Executive Vice President of Dominion from January 1, 1997 to date and Chief Executive Officer of Dominion Capital from February 1, 2000 to date; President and Chief Executive Officer of Dominion Capital prior to January 1, 1997.
James P. O'Hanlon (56)	Executive Vice President of Dominion and President, Chief Operating Officer and Chief Nuclear Officer of Virginia Electric and Power Company, Dominion Generation, Inc. from May 1, 1999 to date; Senior Vic President-Nuclear of Virginia Electric and Power Company prior to May 1, 1999.
Robert E. Rigsby (50)	Executive Vice President of Dominion and President an Chief Operating Officer of Virginia Electric and Powe Company from May 1, 1999 to date; Executive Vice President of Virginia Electric and Power Company, January 1, 1996 to April 30, 1999; Senior Vice President-Finance and Controller, prior to January 1, 1996.
H. Patrick Riley (62)	Executive Vice President of Dominion from January 28, 2000 to date; President CNG Producing Company prior t January 28, 2000.
Edgar M. Roach, Jr. (51)	Executive Vice President of Dominion from September 15, 1997 to date and Chief Executive Officer of Virginia Electric and Power Company from May 1, 1999 to date; Senior Vice President-Finance, Regulation an General Counsel of Virginia Electric and Power Compan from January 1, 1996 to September 15, 1997; Vice President-Regulation and General Counsel, prior to January 1, 1996.

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<TABLE>
<CAPTION>

Name and Age	Business Experience Past Five Years
<C>	<S>
James L. Trueheart (48)	Group Vice President and Controller of Dominion from January 28, 2000 to date; Senior Vice President and Controller from November 1, 1998 to January 28, 2000; Vice President and Controller prior to November 1, 1998.
G. Scott Hetzer (43)	Senior Vice President and Treasurer of Dominion from May 1 1999 to date; Senior Vice President and Treasurer of Virginia Electric and Power Company from January 28, 2000 to date; Vice President and Treasurer from October 1, 1997

	to May 1, 1999; Managing Director of Wheat First Butcher Singer prior to October 1, 1997.
James L. Sanderlin (58)	Senior Vice President-Law of Dominion from September 15, 1999 to date; Partner in the law firm of McGuire, Woods, Battle & Boothe LLP prior to September 15, 1999.
Eva S. Teig (55)	Senior Vice President-External Affairs & Corporate Communications of Dominion from May 1, 1999 to date; Senio Vice President-External Affairs & Corporate Communications of Virginia Electric and Power Company, September 1, 1997 to May 1, 1999; Vice President-External Affairs and Corporate Communications, June 1, 1997 to September 1, 1997; Vice President-Public Affairs prior to June 1, 1997.

</TABLE>

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Dominion Resources common stock is listed on the New York Stock Exchange and at December 31, 1999 there were 101,367 common shareholders of record. Quarterly information concerning stock prices and dividends contained on page 56 of the 1999 Annual Report to Shareholders for the fiscal year ended December 31, 1999 in Note W to NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, filed herein as Exhibit 13, is hereby incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

This information contained under the caption "Selected Consolidated Financial Data" on page 60 of the 1999 Annual Report to Shareholders for the fiscal year ended December 31, 1999, filed herein as Exhibit 13, is hereby incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information contained under the caption MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS on pages 26 through 38 of the 1999 Annual Report to Shareholders for the fiscal year ended December 31, 1999, filed herein as Exhibit 13, is hereby incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information contained under the following captions:

MARKET RATE SENSITIVE INSTRUMENTS AND RISK MANAGEMENT

.Interest Rate Risk Non-Trading Activities

.Foreign Exchange Risk Activities

.Commodity Price Risk Non-Trading Activities

.Commodity Price Risk Trading Activities

.Equity Price Risk Activities

.Other

under MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS on pages 37 and 38 of the 1999 Annual Report to Shareholders for the fiscal year ended December 31, 1999, filed herein as Exhibit 13, is hereby incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

This information contained in the CONSOLIDATED FINANCIAL STATEMENTS on pages 21 through 25, NOTES TO CONSOLIDATED FINANCIAL STATEMENTS on pages 39 through 57 and related report thereon of Deloitte & Touche LLP, independent auditors, appearing on page 58 of the 1999 Annual Report to Shareholders for the fiscal year ended December 31, 1999, filed herein as Exhibit 13, is hereby incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding the directors of Dominion contained in the 2000 Proxy Statement, under the heading The Board, File No. 1-8489, dated March 16, 2000 (the 2000 Proxy Statement), is hereby incorporated herein by reference. The information concerning the executive officers of Dominion required by this item is following Part I of this Form 10-K under the caption EXECUTIVE OFFICERS OF THE REGISTRANT.

ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive compensation contained under the heading EXECUTIVE COMPENSATION and the information regarding director compensation contained under the heading The Board--Compensation and Other Programs in the 2000 Proxy Statement, is hereby incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information concerning stock ownership by directors and executive officers is contained under the heading The Board--Share Ownership Table in the 2000 Proxy Statement, is hereby incorporated herein by reference. There is no person known by Dominion Resources to be the beneficial owner of more than five percent of Dominion Resources common stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Certain documents are filed as part of this Form 10-K and are incorporated herein by reference and found on the pages noted.

1. Financial Statements

<TABLE>
<CAPTION>

<S>	1999 Annual Report to Shareholders (Page) <C>
Report of Independent Auditors	58
Report of Management's Responsibilities	58
Consolidated Statements of Income for the years ended December 31, 1999, 1998 and 1997	21
Consolidated Balance Sheets at December 31, 1999 and 1998	22-23
Consolidated Statements of Shareholders' Equity and Consolidated Statements of Comprehensive Income for the years ended December 31, 1999, 1998 and 1997	24
Consolidated Statements of Cash Flows for the years ended December 31, 1999, 1998 and 1997	25
Notes to Consolidated Financial Statements	39-57

</TABLE>

<PAGE>

2. Exhibits

<TABLE>

<C>	<C>	<S>
2(i)	-	Agreement, dated June 26, 1998, relating to the sale and purchase of East Midlands Electricity plc by PowerGen plc (Exhibit 2, Form 10-Q for the quarter ended June 30, 1998, File No. 1-8489, incorporated by reference).
2(ii)	-	Amended and Restated Agreement and Plan of Merger, dated May 11, 1999 (Exhibit 2, Form S-4, Registration Statement, File No. 333-75699, as filed on May 20, 1999, incorporated by reference) and the Joinder Agreement, dated January 28, 2000 (Exhibit 1.2, Form 8-K, dated February 1, 2000, File No. 1-8489, incorporated by reference).
3(i)	-	Articles of Incorporation as in effect August 9, 1999 (Exhibit 3(i), Form 10-Q for the quarter ended June 30, 1999, File No. 1-8489, incorporated by reference).
3(ii)	-	Bylaws as in effect on October 15, 1999 (Exhibit 3, Form 10-Q for the quarter ended September 30, 1999, File No. 1-8489, incorporated by reference).
4(i)	-	See Exhibit 3(i) above.
4(ii)	-	Indenture of Mortgage of Virginia Electric and Power Company, dated November 1, 1935, as supplemented and modified by fifty-eight Supplemental Indentures (Exhibit 4(ii), Form 10-K for the fiscal year ended December 31, 1985, File No. 1-2255, incorporated by reference); Sixty-Seventh Supplemental Indenture (Exhibit 4(i), Form 8-K, dated April 2, 1991, File No. 1-2255, incorporated by reference); Seventieth Supplemental Indenture, (Exhibit 4(iii), Form 8-K, dated February 25, 1992, File No. 1-2255, incorporated by reference); Seventy-First Supplemental Indenture (Exhibit 4(i)) and Seventy-Second Supplemental Indenture, (Exhibit 4(ii), Form 8-K, dated July 7, 1992, File No. 1-2255, incorporated by reference); Seventy-Third Supplemental Indenture, (Exhibit 4(i), Form 8-K, dated August 6, 1992, File No. 1-2255, incorporated by reference); Seventy-Fourth Supplemental Indenture (Exhibit 4(i), Form 8-K, dated February 10, 1993, File No. 1-2255, incorporated by reference); Seventy-Fifth Supplemental Indenture, (Exhibit 4(i), Form 8-K, dated April 6, 1993, File No. 1-2255, incorporated by reference); Seventy-Sixth Supplemental

		Indenture, (Exhibit 4(i), Form 8-K, dated April 21, 1993, File No. 1-2255, incorporated by reference); Seventy-Seventh Supplemental Indenture, (Exhibit 4(i), Form 8-K, dated June 8, 1993, File No. 1-2255, incorporated by reference); Seventy-Eighth Supplemental Indenture, (Exhibit 4(i), Form 8-K, dated August 10, 1993, File No. 1-2255, incorporated by reference); Seventy-Ninth Supplemental Indenture, (Exhibit 4(i), Form 8-K, dated August 10, 1993, File No. 1-2255, incorporated by reference); Eightieth Supplemental Indenture, (Exhibit 4(i), Form 8-K, dated October 12, 1993, File No. 1-2255, incorporated by reference); Eighty-First Supplemental Indenture, (Exhibit 4(iii), Form 10-K for the fiscal year ended December 31, 1993, File No. 1-2255, incorporated by reference); Eighty-Second Supplemental Indenture, (Exhibit 4(i), Form 8-K, dated January 18, 1994, File No. 1-2255, incorporated by reference); Eighty-Third Supplemental Indenture (Exhibit 4(i), Form 8-K, dated October 19, 1994, File No. 1-2255, incorporated by reference); Eighty-Fourth Supplemental Indenture (Exhibit 4(i), Form 8-K, dated March 23, 1995, File No. 1-2255, incorporated by reference, and Eighty-Fifth Supplemental Indenture (Exhibit 4(i), Form 8-K, dated February 20, 1997, File No. 1-2255, incorporated by reference).
4(iii)	-	Indenture, dated as of June 1, 1986, between Virginia Electric and Power Company and The Chase Manhattan Bank (formerly Chemical Bank) (Exhibit 4(v), Form 10-K for the fiscal year ended December 31, 1993, File No. 1-2255, incorporated by reference).
4(iv)	-	Indenture, dated April 1, 1988, between Virginia Electric and Power Company and The Chase Manhattan Bank (formerly Chemical Bank), as supplemented and modified by a First Supplemental Indenture, dated August 1, 1989, (Exhibit 4(vi), Form 10-K for the fiscal year ended December 31, 1993, File No. 1-2255, incorporated by reference).
4(v)	-	Subordinated Note Indenture, dated as of August 1, 1995 between Virginia Electric and Power Company and The Chase Manhattan Bank (formerly Chemical Bank), as Trustee, as supplemented (Exhibit 4(a), Form S-3 Registration Statement File No. 333-20561 as filed on January 28, 1997, incorporated by reference).
4(vi)	-	Form of Senior Indenture, dated as of June 1, 1998, between Virginia Electric and Power Company and The Chase Manhattan Bank as supplemented by the First Supplemental Indenture (Exhibit 4.2, Form 8-K, dated June 12, 1998, File No. 1-2255, incorporated by reference); Second Supplemental Indenture (Exhibit 4.2, Form 8-K, dated June 3, 1999, File No.1-2255, incorporated by reference) and Third Supplemental Indenture (Exhibit 4.2, Form 8-K, dated October 27, 1999, File No. 1-2255, incorporated by reference).
4(vii)	-	Indenture, Junior Subordinated Debentures, dated December 1, 1997, between Dominion Resources, Inc. and The Chase Manhattan Bank as supplemented by a First Supplemental Indenture, dated December 1, 1997 (Exhibit 4.1 and Exhibit 4.2 to Form S-4 Registration Statement, File No. 333-50653, as filed on April 21, 1998, incorporated by reference).

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<C>	<C>	<S>
4(viii)	-	Consolidated Natural Gas Company Indentures, Supplemental Indentures and Securities Resolutions are listed below and incorporated by reference: The Chase Manhattan Bank (formerly Manufacturers Hanover Trust

Company)
Indenture dated as of May 1, 1971 (Exhibit (5) to Certificate of Notification at Commission File No. 70-5012)
Eleventh Supplemental Indenture dated as of December 1, 1988 (Exhibit (5) to Certificate of Notification at Commission File No. 70-7079)
Thirteenth Supplemental Indenture dated as of February 1, 1989 (Exhibit (5) to Certificate of Notification at Commission File No. 70-7336)
Fourteenth Supplemental Indenture dated as of June 1, 1989 (Exhibit (5) to Certificate of Notification at Commission File 70-7336)
Fifteenth Supplemental Indenture dated as of October 1, 1989 (Exhibit (5) to Certificate of Notification at Commission File No. 70-7651)
Sixteenth Supplemental Indenture dated as of October 1, 1992 (Exhibit (4) to Certificate of Notification at Commission File No. 70-7651)
Seventeenth Supplemental Indenture dated as of August 1, 1993 (Exhibit (4) to Certificate of Notification at Commission File No. 70-8167)
Eighteenth Supplemental Indenture dated as of December 1, 1993 (Exhibit (4) to Certificate of Notification at Commission File No. 70-8167)
Nineteenth Supplemental Indenture dated as of January 28, 2000 (Exhibit (4 A)(iii), Form 10-K for the fiscal year ended December 31, 1999, File No. 1-3196, incorporated by reference).
United States Trust Company of New York
Indenture dated as of April 1, 1995 (Exhibit (4) to Certificate of Notification at Commission File No. 70-8107)
First Supplemental Indenture dated January 28, 2000 (Exhibit (4 A)(ii), Form 10-K for the fiscal year ended December 31, 1999, File No. 1-3196, incorporated by reference).
Securities Resolution No. 1 effective as of April 12, 1995 (Exhibit 2 to Form 8-A filed April 21, 1995 under File No. 1-3196 and relating to the 7 3/8% Debentures Due April 1, 2005)
Securities Resolution No. 2 effective as of October 16, 1996 (Exhibit 2 to Form 8-A filed October 18, 1996 under file No. 1-3196 and relating to the 6 7/8% Debentures Due October 15, 2026)
Securities Resolution No. 3 effective as of December 10, 1996 (Exhibit 2 to Form 8-A filed December 12, 1996 under file No. 1-3196 and relating to the 6 5/8% Debentures Due December 1, 2008)
Securities Resolution No. 4 effective as of December 9, 1997 (Exhibit 2 to Form 8-A filed December 12, 1997 under file No. 1-3196 and relating to the 6.80% Debentures Due December 15, 2027)
Securities Resolution No. 5 effective as of October 20, 1998 (Exhibit 2 to Form 8-A filed October 22, 1998 under file No. 1-3196 and relating to the 6% Debentures Due October 15, 2010)

4(ix) - Dominion Resources agrees to furnish to the Commission upon request any other instrument with respect to long-term debt as to which the total amount of securities authorized thereunder does not exceed 10% of Dominion Resources' total assets.

10(i) - Amended and Restated Interconnection and Operating Agreement, dated as of July 29, 1997 between Virginia Electric and Power Company and Old Dominion Electric Cooperative (Exhibit 10(v), Form 10-K for the fiscal year ended December 31, 1997, File No. 1-8489, incorporated by reference).

10(ii) - Credit Agreements, dated as of June 7, 1996, between The Chase Manhattan Bank (formerly Chemical Bank) and Virginia Electric

		and Power Company (Exhibit 10(i) and Exhibit 10(ii), Form 10-Q for the period ended June 30, 1996. File No. 1-2255, incorporated by reference) and as amended and restated as of June 4, 1999 (Exhibit 10.2, Form 10-K for the fiscal year ended December 31, 1999, File No. 1-2255, incorporated by reference).
10(iii)	-	Inter-Company Credit Agreement, dated December 20, 1985, as modified on August 21, 1987, between Dominion Resources and Dominion Capital, Inc. (Exhibit 10(vi), Form 10-K for the fiscal year ended December 31, 1993, File No. 1-8489, incorporated by reference).
10(iv)	-	Inter-Company Credit Agreement, dated October 1, 1987 as amended and restated as of May 1, 1988 between Dominion Resources and Dominion Energy, Inc. (Exhibit 10(vii), Form 10-K for the fiscal year ended December 31, 1993, File No. 1-8489, incorporated by reference).
10(v)	-	Form of Amended and Restated Articles of Partnership in Commendam of Catalyst Old River Hydroelectric Limited Partnership, by and between Catalyst Vidalia Corporation and Dominion Capital, Inc. effective as of August 24, 1990 (Exhibit 10(xii) Form 10-K for the fiscal year ended December 31, 1990, File No. 1-8489,incorporated by reference).

</TABLE>

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<TABLE>

<C>	<C>	<S>
10(vi)	-	First Amendment of Trust Agreement of Dominion Resources Black Warrior Trust, dated June 27, 1994, among Dominion Black Warrior Basin, Inc., Dominion Resources, Inc., Mellon Bank (DE) National Association and Nationsbank of Texas, N.A. (Exhibit 10(ii), Form 10-Q for the quarter ended June 30, 1994, File No. 1-8489, incorporated by reference).
10(vii)	-	DRI Services Agreement, dated January 28, 2000, by and between Dominion Resources, Inc., Dominion Resources Services, Inc. and Consolidated Natural Gas Service Company, Inc. (filed herewith).
10(viii)	-	Services Agreement between Dominion Resources Services, Inc and Virginia Electric and Power Company dated January 1, 2000 (Exhibit 10.19, Form 10-K for the fiscal year ended December 31, 1999, File No. 1-2255, incorporated by reference).
10(ix)	-	Support Agreement between Dominion Resources Services, Inc and Virginia Electric and Power Company dated January 1, 2000 (Exhibit 10.20, Form 10-K for the fiscal year ended December 31, 1999, File No. 1-2255, incorporated by reference).
10(x)	-	Alliance Agreement establishing the Alliance Independent Transmission System Operator, Inc., Alliance Transmission Company, Inc. and Alliance Transmission Company LLC dated May 27, 1999 (Exhibit 10.21, Form 10-K for the fiscal year ended December 31, 1999, File No. 1-2255, incorporated by reference).
10(xi)*	-	Dominion Resources, Inc. Executive Supplemental Retirement Plan, effective January 1, 1981 as amended and restated September 1, 1996 (Exhibit 10(iv), Form 10-Q for the quarter ended June 30, 1997, File No. 1-8489, incorporated by reference) and as amended June 20, 1997 and as amended March 3, 1998 (Exhibit 10(xxi), Form 10-K for the fiscal year ended December 31, 1997, File No. 1-8489, incorporated by reference).
10(xii)*	-	Arrangements with certain executive officers regarding additional credited years of service for retirement and retirement life insurance purposes (Exhibit 10(xxii), Form 10-K for the fiscal year ended December 31, 1997, File No. 1-8489, incorporated by reference).
10(xiii)*	-	Dominion Resources, Inc.'s Cash Incentive Plan as adopted

		December 20, 1991 (Exhibit 10(xxii), Form 10-K for the fiscal year ended December 31, 1991, File No. 1-8489, incorporated by reference).
10(xiv)*	-	Dominion Resources, Inc. Incentive Compensation Plan, effective April 22, 1997 (Exhibit 99, Form S-8 Registration Statement, File No 333-25587, incorporated by reference) and as restated effective April 16, 1999 (Exhibit 10(i), Form 10-Q for the quarter ended March 31, 1999, incorporated by reference).
10(xv)*	-	Form of Employment Continuity Agreement for certain officers of Dominion Resources (Exhibit 10(i), Form 10-Q for the quarter ended June 30, 1999, File No. 1-8489, incorporated by reference).
10(xvi)*	-	Dominion Resources, Inc. Retirement Benefit Funding Plan, effective June 29, 1990 as amended and restated September 1, 1996 (Exhibit 10(iii), Form 10-Q for the quarter ended June 30, 1997, File No. 1-8489, incorporated by reference).
10(xvii)*	-	Dominion Resources, Inc. Retirement Benefit Restoration Plan as adopted effective January 1, 1991 as amended and restated September 1, 1996 (Exhibit 10(ii), Form 10-Q for the quarter ended June 30, 1997, File No. 1-8489, incorporated by reference).
10(xviii)*	-	Dominion Resources, Inc. Executives' Deferred Compensation Plan, effective January 1, 1994 and as amended and restated January 1, 1997 (Exhibit 10 (xxvi), Form 10-K for the fiscal year ended December 31, 1996, incorporated by reference).
10(xix)*	-	Employment Agreement dated April 16, 1999 between Dominion Resources and Thos. E. Capps (Exhibit 10(ii), Form 10-Q for the quarter ended March 31, 1999, File No. 1-8489, incorporated by reference) and Form of Amendment (Exhibit 10(iii), Form 10-Q for the quarter ended June 30, 1999, File No. 1-8489, incorporated by reference).
10(xx)*	-	Form of Employment Agreement between Dominion Resources certain executive officers including Thomas N. Chewning and David L. Heavenridge (Exhibit 10 (xxx), Form 10-K for the fiscal year ended December 31, 1997, File No. 1-8489, incorporated by reference and Exhibit 10(ii), Form 10-Q for the quarter ended March 31, 1998, File No. 1-8489, incorporated by reference) and Form of Amendment for Thomas N. Chewning and First Amendment for David L. Heavenridge (Exhibit 10(iii) and Exhibit 10(ii), Form 10-Q for the quarter ended June 30, 1999, File No. 1-8489, incorporated by reference).
10(xxi)*	-	Dominion Resources, Inc. Stock Accumulation Plan for Outside Directors, effective April 23, 1996(Exhibit 10, Form 10-Q for the quarter ended March 31, 1996, File No. 1-8489, incorporated by reference).
10(xxii)*	-	Dominion Resources, Inc. Directors Stock Compensation Plan, effective April 9, 1998 (Exhibit 99, Form S-8 Registration Statement, File No. 333-49725, incorporated by reference).
10(xxiii)*	-	Dominion Resources, Inc. Directors Deferred Cash Compensation Plan, effective December 21, 1998 (Exhibit 99, Form S-8 Registration Statement, File No. 333-69305, incorporated by reference).

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<C>	<C>	<S>
10(xxiv)*	-	Employment Agreement, dated September 12, 1997 between Dominion Resources and Edgar M. Roach, Jr. (Exhibit 10(xxxiv), Form 10-K for the fiscal year ended December 31, 1997, File No. 1-8489, incorporated by reference).
10(xxv)*	-	Employment Agreement dated September 12, 1997 between Dominion

		Resources and Thomas F. Farrell, II (Exhibit 10(xxxiii), Form 10-K for the fiscal year ended December 31, 1998, File No. 1-8489, incorporated by reference) and Form of Amendment (Exhibit 10 (iii), Form 10-Q for the quarter ended June 30, 1999, File No. 1-8489, incorporated by reference).
10(xxvi)*	-	Employment Agreement, dated May 26, 1989 between Virginia Power and James P. O'Hanlon (Exhibit 10.22, Form 10-K for the fiscal year ended December 31, 1999, File No. 1-2255, incorporated by reference).
10(xxvii)*	-	Form of Reimbursement Agreement between certain executive officers and Dominion Resources (filed herewith).
10(xxviii)*	-	Employment Agreement dated October 8, 1999 between Virginia Power and James P. O'Hanlon (Exhibit 10.23, Form 10-K for the fiscal year ended December 31, 1999, File No. 1-2255, incorporated by reference).
11	-	Computation of Earnings Per Share of Common Stock Assuming Full Dilution (filed herewith).
13	-	Portions of the 1999 Annual Report to Shareholders for the fiscal year ended December 31, 1999(filed herewith).
21	-	Subsidiaries of the Registrant (filed herewith).
23	-	Consent of Deloitte & Touche LLP (filed herewith).
27	-	Financial Data Schedule (filed herewith).

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* Indicates management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

Dominion filed a report on Form 8-K, dated January 3, 2000, relating to the Virginia State Corporation Commission's final approval of the merger with Consolidated Natural Gas Company.

Dominion filed a report on Form 8-K, dated February 1, 2000, relating to the completion of the merger with Consolidated Natural Gas Company.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DOMINION RESOURCES, INC.

Thos E. Capps

By: ______________________________

(Thos E. Capps, Vice Chairman of the Board of Directors,President, Chief Executive Officer)

Date: March 7, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the 7th day of March, 2000.

<TABLE>
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Signature	Title
<C>	<S>

William S. Barrack, Jr. William S. Barrack, Jr.	Director
John B. Bernhardt John B. Bernhardt	Director
Thos E. Capps Thos E. Capps	Vice Chairman of the Board of Directors, Pr Chief Executive Officer
George A. Davidson, Jr. George A. Davidson, Jr.	Chairman of the Board of Directors
Raymond E. Galvin Raymond E. Galvin	Director
Ray J. Groves Ray J. Groves	Director
John W. Harris John W. Harris	Director
Benjamin J. Lambert, III Benjamin J. Lambert, III	Director
Richard L. Leatherwood Richard L. Leatherwood	Director
Paul E. Lego Paul E. Lego	Director

</TABLE>

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<TABLE>
<CAPTION>

Signature	Title
<C>	<S>
Margaret A. McKenna Margaret A. McKenna	Director
 Steven A. Minter	Director
K. A. Randall K. A. Randall	Director
Frank S. Royal Frank S. Royal	Director

S. Dallas Simmons S. Dallas Simmons	Director
Robert H. Spilman Robert H. Spilman	Director
David A. Wollard David A. Wollard	Director
Thomas N. Chewning Thomas N. Chewning	Executive Vice President (Chief Financial Officer)
J. L. Trueheart J.L. Trueheart	Group Vice President and Controller (Principal Accounting Officer)

</TABLE>

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DOMINION RESOURCES, INC.

PORTIONS
OF THE
1999
ANNUAL REPORT
TO
SHAREHOLDERS

(Incorporated by Reference)

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<TYPE>EX-10.7
<SEQUENCE>2
<DESCRIPTION>DRI SERVICES AGREEMENT 1/28/2000
<TEXT>

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EXHIBIT 10 (vii)

DRI Services Agreement

This DRI Services Agreement (this "Agreement") is entered into as of the 28th day of January, 2000, by and between DOMINION RESOURCES, INC., a Virginia corporation (the "Company"), DOMINION RESOURCES SERVICES, INC., a Virginia corporation, ("DRI Services"), and CONSOLIDATED NATURAL GAS SERVICE COMPANY, INC., a Delaware corporation ("CNG Services"). DRI Services and CNG Services are sometimes referred to herein as a "Service Company" and, collectively, as the "Service Companies".

WHEREAS, each of the Company, DRI Services and CNG Services is a direct or indirect wholly owned subsidiary of Dominion Resources, Inc. ("DRI");

WHEREAS, each of the Service Companies has been formed for the purpose of providing administrative, management and other services to DRI and its subsidiaries ("System Companies"); and

WHEREAS, the Company believes that it is in the interest of the Company to provide for an arrangement whereby the Company may, from time to time and at the option of the Company, agree to purchase such administrative, management and other services from either one or both of the Service Companies;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

I. SERVICES OFFERED. Exhibit I hereto lists and describes all of the services that are available from either of the Service Companies. Each of the Service Companies hereby offers to supply those services to Company and to other subsidiaries of DRI. Such services are and will be provided to the Company only at the request of the Company.

II. SERVICES SELECTED.

A. Initial Selection of Services. Exhibit II lists the services Company hereby agrees to receive from DRI Services. Exhibit III lists the services Company hereby agrees to receive from CNG Services.

B. Annual Selection of Services. Each Service Company shall send an annual service proposal form to the Company on or about December 1 listing services proposed for the coming calendar year. By December 31, the Company shall notify each Service Company of the services it has elected to receive from that Service Company during the following calendar year.

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III. PERSONNEL. The Service Companies will provide services by utilizing the services of such executives, accountants, financial advisers, technical advisers, attorneys, engineers, geologists and other persons as have the necessary qualifications.

If necessary, the Service Companies, after consultation with the Company, may also arrange for the services of nonaffiliated experts, consultants and attorneys in connection with the performance of any of the services supplied under this Agreement.

IV. COMPENSATION AND ALLOCATION. As and to the extent required by law, the Service Companies will provide such services at cost. Exhibit IV hereof contains rules for determining and allocating costs for DRI Services and CNG Services.

V. TERMINATION AND MODIFICATION.

A. Modification of Services. The Company may modify its selection of services at any time during the calendar year by giving the relevant Service Company written notice of the additional services it wishes to receive, and/or

the services it no longer wishes to receive, from the Service Company. The requested modification in services shall take effect on the first day of the first calendar month beginning at least thirty (30) days after the Company sent written notice to the Service Company.

B. Modification of Other Terms and Conditions. No other amendment, change or modification of this Agreement shall be valid, unless made in writing and signed by all parties hereto.

C. Termination of this Agreement. The Company may terminate this Agreement as to either or both of the Service Companies by providing sixty (60) days advance written notice of such termination to the applicable Service Company or Companies. Either Service Company may terminate this Agreement as to the Company by providing sixty (60) days advance written notice of such termination to the Company. The parties expressly agree that termination of this Agreement by the Company as to one of the Service Companies shall not constitute a termination of this Agreement with respect to the other Service Company and that termination of this Agreement by either Service Company shall not affect the obligations of the other Service Company hereunder to the Company.

This Agreement is subject to termination or modification at any time to the extent its performance may conflict with the provisions of the Public Utility Holding Company Act of 1935, as amended ("1935 Act), or with any rule, regulation or order of the Securities and Exchange Commission ("SEC") adopted before or after the making of this Agreement. This Agreement shall be subject to the approval of any state commission or other state regulatory body whose approval is, by the laws of said state, a legal prerequisite to the execution and delivery or the performance of this Agreement.

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VI. NOTICE. Where written notice is required by this Agreement, said notice shall be deemed given when mailed by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

a. To the Company:

120 Tredegar Street
Richmond, Virginia 23219

b. To DRI Services:

120 Tredegar Street
Richmond, Virginia 23219

c. To CNG Services:

CNG Tower
625 Liberty Avenue
Pittsburgh, Pennsylvania 15222-3199

VII. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the respective states of incorporation of the Service Companies, without regard to their respective conflict of laws provisions.

VIII. ENTIRE AGREEMENT. This Agreement, together with its exhibits, constitutes the entire understanding and agreement of the parties with respect to its subject matter, and effective upon the execution of this Agreement by the

respective parties hereof and thereto, any and all prior agreements, understandings or representations with respect to this subject matter (except for completion of obligations of CNG Services and Consolidated Natural Gas Company ("CNG") and its subsidiaries arising before the merger of DRI and CNG became effective) are hereby terminated and canceled in their entirety and are of no further force or effect.

IX. WAIVER. No waiver by any party hereto of a breach of any provision of this Agreement shall constitute a waiver of any preceding or succeeding breach of the same or any other provision hereof.

X. ASSIGNMENT. This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns. No assignment of this Agreement or any party's rights, interests or obligations hereunder may be made without the other party's consent, which shall not be unreasonably withheld, delayed or conditioned.

XI. SEVERABILITY. If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

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XII. EFFECTIVE DATE. This Agreement is effective as of January 28, 2000.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above mentioned.

Attest:	By Company:
______________________________	______________________________ Name: G. Scott Hetzer Title: Senior Vice President and Treasurer
Attest:	By DRI Services:
______________________________	______________________________ Name: Thomas N. Chewning Title: Executive Vice President and CFO
Attest:	By CNG Services:
______________________________	______________________________ Name: Title:

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EXHIBIT I

DESCRIPTION OF SERVICES OFFERED BY EACH
SERVICE COMPANY UNDER THIS AND SIMILAR SERVICE CONTRACTS

1. Accounting. Provide advice and assistance to System Companies in accounting matters, including the development of accounting practices, procedures and controls, the maintenance of the general ledger and related subsidiary systems, the preparation and analysis of financial reports, and the processing of certain accounts such as accounts payable, payroll, customer and cash management.

2. Auditing. Periodically audit the accounting records and other records maintained by System Companies and coordinating their examination, where applicable, with that of independent public accountants. The audit staff will report on their examination and submit recommendations, as appropriate, on improving methods of internal control and accounting procedures.

3. Legal and Regulatory. Provide advice and assistance with respect to legal and regulatory issues as well as regulatory compliance, including 1935 Act authorizations and compliance and regulatory matters under other Federal and State laws.

4. Information Technology, Electronic Transmission and Computer Services. Provide the organization and resources for the operation of an information technology function including the development, implementation and operation of a centralized data processing facility and the management of a telecommunications network. This function includes the central processing of computerized applications and support of individual applications in System Companies. Develop, implement, and process those computerized applications for System Companies that can be economically best accomplished on a centralized basis.

5. Software Pooling. Accept from System Companies ownership of and rights to use, assign, license or sub-license all software owned, acquired or developed by or for System Companies which System Companies can and do transfer or assign to it. Preserve and protect the rights to all such software to the extent reasonable and appropriate under the circumstances; license System Companies, on a non-exclusive, no-charge or at-cost basis, to use all software which the relevant Service Company has the right to sell, license or sub-license; and, at the relevant System Companies' expense, permit System Companies to enhance any such software and license others to use all such software and enhancements to the extent that the relevant Service Companies shall have the legal right to so permit.
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6. Employee Benefits/Pension Investment. Provide central accounting for employee benefit and pension plans of System Companies. Advise and assist System Companies in the administration of such plans and prepare and maintain records of employee and company accounts under the said plans, together with such statistical data and reports as are pertinent to the plans.

7. Employee Relations. Advise and assist System Companies in the

formulation and administration of employee relations policies and programs relating to the relevant System Companies' labor relations, personnel administration, training, wage and salary administration and safety.

8. Operations. Advise and assist System Companies in the study, planning, engineering and construction of energy plant facilities of each System Company and of the System as a whole, and advise, assist and manage the planning, engineering (including maps and records) and construction operations of System Companies. Develop long-range operational programs for all the System Companies and advise and assist each such System Company in the coordination of such programs with the programs of the other System Companies.

9. Executive and Administrative. Advise and assist System Companies in the solution of major problems and in the formulation and execution of the general plans and policies of System Companies. Advise and assist System Companies as to operations, the issuance of securities, the preparation of filings arising out of or required by the various Federal and State securities, business, public utilities and corporation laws, the selection of executive and administrative personnel, the representation of System Companies before regulatory bodies, proposals for capital expenditures, budgets, financing, acquisition and disposition of properties, expansion of business, rate structures, public relationships and other related matters.

10. Business and Operations Services. Advise and assist System Companies in all matters relating to operational capacity and the preparation and coordination of operating studies. Manage System Companies' purchase, sale, movement, transfer and accounting of volumes to ensure continued recovery of all prudently incurred energy purchase costs through local jurisdictional cost recovery mechanisms. Compile and communicate information relevant to system operation. Perform general business and operations support services, including business, plant and facilities operation, maintenance and management, travel, aviation, fleet and mail services.

11. Exploration and Development. Advise and assist System Companies in all geological and exploration matters including the acquisition and surrender of acreage and the development of underground storage facilities.

12. Risk Management. Advise and assist System Companies in securing requisite insurance, in the purchase and administration of all property, casualty and marine insurance, in the settlement of insured claims and in providing risk prevention advice.

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13. Marketing. Plan, formulate and implement marketing programs, as well as provide associated marketing services to assist System Companies with improving customer satisfaction, load retention and shaping, growth of energy sales and deliveries, energy conservation and efficiency. Assist System Companies in carrying out policies and programs for the development of plant locations and of industrial, commercial and wholesale markets and assist with community redevelopment and rehabilitation programs.

14. Medical. Direct and administer all medical and health activities of System Companies. Provide systems of physical examination for employment and other purposes and direct and administer programs for the prevention of sickness.

15. Corporate Planning. Advise and assist System Companies in studying and planning in connection with operations, budgets, economic forecasts, capital expenditures and special projects.

16. Procurement. Advise and assist System Companies in the procurement of real and personal property, materials, supplies and services, conduct purchase negotiations, prepare procurement agreements and administer programs of material control.

17. Rates. Advise and assist System Companies in the analysis of their rate structure in the formulation of rate policies and in the negotiation of large contracts. Advise and assist System Companies in proceedings before regulatory bodies involving the rates and operations of System Companies and of other competitors where such rates and operations directly or indirectly affect System Companies.

18. Research. Investigate and conduct research into problems relating to production, utilization, testing, manufacture, transmission, storage and distribution of energy. Keep abreast of and evaluate for System Companies all research developments and programs of significance affecting System Companies and the energy industry, conduct research and development in promising areas and advise and assist in the solution of technical problems arising out of System Companies' operations.

19. Tax. Advise and assist System Companies in the preparation of Federal and other tax returns, and generally advise System Companies as to any problems involving taxes including the provision of due diligence in connection with acquisitions.

20. Corporate Secretary. Provide all necessary functions required of a publicly held corporation; coordinating information and activities among shareholders, the transfer agent, and Board of Directors; providing direct services to security holders; preparing and filing required annual and interim reports to shareholders and the SEC; conducting the annual meeting of shareholders and ensuring proper maintenance of corporate records.

21. Investor Relations. Provide fair and accurate analysis of DRI and its operating subsidiaries and its outlook within the financial community, enhancing DRI's

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position in the energy industry; balancing and diversifying shareholder investment in DRI through a wide range of activities; providing feedback to DRI and its operating subsidiaries regarding investor concerns, trading and ownerships; holding periodic analysts meetings; and providing various operating data as requested or required by investors.

22. Environmental Compliance. Provide consulting, cleanup, and other activities as required by System Companies to ensure full compliance with applicable environmental statutes and regulations.

23. Customer Services. Provide services and systems dedicated to

customer service, including billing, remittance, credit, collections, customer relations, call centers, energy conservation support and metering.

24. Energy Marketing. Provide services and systems dedicated to energy marketing, including marketing and trading of gas and electric power, and energy price risk management and development of marketing and sales programs in physical and financial markets.

25. Treasury/Finance. Provide services related to managing all administrative activities associated with financing, including management of capital structure; cash, credit and risk management activities; investment and commercial banking relationships; oversight of decommissioning trust funds and general financing activities.

26. External Affairs. Provide services in support of corporation strategies for managing relationships with federal, state and local governments, agencies and legislative bodies. Formulate and assist with public relations and communications programs and administration of corporate contribution and community affairs programs.

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EXHIBIT II

SERVICES THE COMPANY AGREES TO RECEIVE FROM DRI SERVICES

SERVICE	YES	NO
1. Accounting	_____	_____
2. Auditing	_____	_____
3. Legal and Regulatory	_____	_____
4. Information Technology, Electronic Transmission and Computer Services	_____	_____
5. Software Pooling	_____	_____
6. Employee Benefits/Pension Investment	_____	_____
7. Employee Relations	_____	_____
8. Operations	_____	_____
9. Executive and Administrative	_____	_____
10. Business and Operations Services	_____	_____
11. Exploration and Development	_____	_____
12. Risk Management	_____	_____
13. Marketing	_____	_____
14. Medical	_____	_____
15. Corporate Planning	_____	_____
16. Procurement	_____	_____
17. Rates	_____	_____
18. Research	_____	_____
19. Tax	_____	_____
20. Corporate Secretary	_____	_____
21. Investor Relations	_____	_____
22. Environmental Compliance	_____	_____
23. Customer Services	_____	_____
24. Energy Marketing	_____	_____
25. Treasury/Finance	_____	_____
26. External Affairs	_____	_____

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EXHIBIT III

SERVICES THE COMPANY AGREES TO RECEIVE FROM CNG SERVICES

SERVICE	YES	NO
1. Accounting	_____	_____
2. Auditing	_____	_____
3. Legal and Regulatory	_____	_____
4. Information Technology, Electronic Transmission and Computer Services	_____	_____
5. Software Pooling	_____	_____
6. Employee Benefits/Pension Investment	_____	_____
7. Employee Relations	_____	_____
8. Operations	_____	_____
9. Executive and Administrative	_____	_____
10. Business and Operations Services	_____	_____
11. Exploration and Development	_____	_____
12. Risk Management	_____	_____
13. Marketing	_____	_____
14. Medical	_____	_____
15. Corporate Planning	_____	_____
16. Procurement	_____	_____
17. Rates	_____	_____
18. Research	_____	_____
19. Tax	_____	_____
20. Corporate Secretary	_____	_____
21. Investor Relations	_____	_____
22. Environmental Compliance	_____	_____
23. Customer Services	_____	_____
24. Energy Marketing	_____	_____
25. Treasury/Finance	_____	_____
26. External Affairs	_____	_____

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EXHIBIT IV

METHODS OF ALLOCATION FOR CNG SERVICES AND DRI SERVICES

CNG Services and DRI Services shall allocate costs independently. Each Service Company shall allocate costs among companies receiving service from it under this and similar service contracts using the following methods:

I. The costs of rendering service by the Service Company will include all costs of doing business including interest on debt but excluding a return for the use of equity capital for which no charge will be made to System Companies.

II. A. The Service Company will maintain a separate record of the expenses of each department. The expenses of each department will include:

1. those expenses that are directly attributable to such department, and

2. an appropriate portion of those office and housekeeping expenses that are not directly attributable to a department but which are necessary to the operation of such department.

B. Expenses of the department will include salaries and wages of employees, rent and utilities, materials and supplies, depreciation, and all other expenses attributable to the department. The expenses of a department will not include:

1. those incremental out-of-pocket expenses that are incurred for the direct benefit and convenience of an individual company or group of companies,

2. Service Company overhead expenses, including expenses of the corporate secretary's department that are attributable to maintaining the corporate existence of the Service Company, and all other incidental overhead expenses including those auditing fees, internal auditing department expenses and accounting department expenses attributable to the Service Company.

C. The Service Company will establish annual budgets for controlling the expenses of each department and for determining estimated costs to be included in interim monthly billing.

III. A. Employees in each department will be divided into two groups:
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1. Group A will include those employees rendering service to System Companies, and

2. Group B will include those office and general service employees, such as secretaries, file clerks and administrative assistants,

who generally assist employees in Group A or render other housekeeping services and who are not engaged directly in rendering service to each Company or a group of companies.

B. Expenses set forth in Section II. above will be separated to show:

1. salaries and wages of Group A employees, and

2. all other expenses of the department.

C. There will be attributed to each dollar of a Group A employee's salary or wage, that percentage of all other expenses of his department (as defined in B above), that his salary or wage is to the total Group A salaries and wages of that department.

D. Group A employees in each department will maintain a record of the time they are employed in rendering service to each company or group of companies. An hourly rate will be determined by dividing the total expense attributable to a Group A employee as determined under subsection C above by the productive hours reported by such employee.

IV. The charge to the Company for a particular service will be determined by multiplying the hours reported by Group A employees in rendering such service to each Company by the hourly rates applicable to such employees. When such employees render service to a group of companies, the charge to each Company will be determined by multiplying the hours attributable to the Company under the allocation formulas set forth in Section IX of this Exhibit by the hourly rates applicable to such employees.

V. To the extent appropriate and practical, the foregoing computations of hourly rates and charges may be determined for groups of employees within reasonable salary range limits.

VI. Those expenses of the Service Company that are not included in the annual expense of a department under Section II. above will be charged to System Companies receiving service as follows:

A. Incremental out-of-pocket costs incurred for the direct benefit and convenience of a company or group of companies will be charged directly to such company or group of companies. Such costs incurred

for a group of companies will be allocated on the basis of an appropriate formula.

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B. Service Company overhead expenses referred to in Section II. above will be charged to the Company in the proportion that the charges made to the Company for costs, other than those set forth in this Section VI., are to the total of such charges to all companies receiving service.

VII. Notwithstanding the foregoing basis of determining cost allocations for billing purposes, cost allocations for certain services involving machine operations and production units will be determined on an appropriate basis established by the Service Company relating to the direct use of machine equipment or production units.

VIII. Monthly bills will be issued for the services rendered to the Company on an actual or estimated basis. Estimates will normally be predicated on service department budgets and estimated productive hours of employees for the year. At the end of each year, estimated figures will be revised to reflect actual experience during such year and adjustments will be made in amounts billed to give effect to such revision.

IX. When Group A employees render services to a group of companies, the following formulas shall be used to allocate the time of such employees to the individual companies receiving such service:

A. The Service Department or Function formulas to be used when employees render services to all companies participating in such service, for the services indicated are set forth below. When necessary during the period 1999-2002, the allocation formulas described below will be calculated (in part or in whole) using data based on services performed for System Companies Dominion Resources, Inc., prior to the merger of Dominion Resources, Inc. and Consolidated Natural Gas Company.

Service Department or Function	Basis of Allocation
Employee Benefits/ Pension Investments	The number of employee and annuitant accounts as of the preceding December 31st.
Human Resources	The number of employees as of the preceding December 31st.
Corporate Planning:	
- Capital Budgets	Total investment in plant recorded at preceding December 31st.
- Operating & Maintenance Budgets	Total operating expenses, excluding purchased gas expense, purchased power expense (including fuel expenses), other purchased products and royalties, for the preceding year ended December 31st.

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Service Department or Function	Basis of Allocation

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Business and Operations Services	Energy sale and deliveries for the preceding year ended December 31st.
Risk Management	Insurance premiums for the preceding year ended December 31st.
Rates	Total regulated company operating expenses, excluding purchased gas expense, purchased power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31st.
Research	Gross revenues from the sale of natural gas (including intercompany sales) and electricity, recorded during the preceding year ended December 31st.
Tax	The sum of the total income and total deductions as reported for Federal Income Tax purposes on the last return filed.
Corporate Secretary/ Investor Relations	The weighted average of the previous three years of total Service Company billings for the prior years ended December 31st.
Customer Services	For metering, the number of gas or electric meters for the preceding year ended December 31st; otherwise the number of customers for the preceding year ended December 31st.
System Services Group:	
Information Technology:	
LDC/EDC Computer Applications	Number of residential and commercial customers at the end of the preceding year ended December 31st.
Other Computer Applications	Number of users or usage of specific computer systems at the end of the preceding year ended December 31st.

<PAGE>

Service Department or Function	Basis of Allocation
Network Computer Applications	Number of network devices at the end of the preceding year ended December 31st.
Telecommunications Applications	Number of telecommunications units at the end of the preceding year ended December 31st.
Facility Services:	
Building Services	Square footage of office space as of the preceding year ended December 31st.
Processing Services:	

Payroll	Number of employees on the previous December 31st or the number of payroll payments generated during the previous year ending December 31st.
Cash Management & Customer Payment Processing	Number of customer payments processed during the preceding year ended December 31st.
Accounts Payable Processing	Number of accounts payable documents processed during the preceding year ended December 31st.
Fleet Administration	Number of vehicles at December 31st.
Purchasing	Dollar value of contract purchases for the preceding year ended December 31st.
Regulated Business Support Group:	
Engineering Services:	
General Services	Gas pipeline and/or electric supply line footage as of the preceding year ended December 31st.
Transmission and Storage Services	Total investment in storage and transmission plant as of the preceding year ended December 31st.
Gas Supply:	Gas volumes purchased for each affiliate for the preceding year ended December 31st.
Electricity Supply:	Electricity load purchased for each affiliate for the preceding year ended December 31st.

<PAGE>

Service Department or Function	Basis of Allocation
Marketing	
Shared Projects	Annual marketing plan budget for the current year of allocation.
Other Indirect Costs	Total marketing direct and shared project costs billed to each System Company for the preceding year ended December 31st.
Material Management	Material inventory assets as of the preceding year ended December 31st.
System Accounting:	
Financial Accounting and Reporting	Number of financial related transactions, records and reports generated, and account code combinations for the preceding year ended December 31st.
Regulated Fixed Assets	Regulated companies fixed assets added, retired or transferred during the preceding year ended December 31st.

B. Company Group Formulas to be used in the absence of a service department or function formula or when service rendered by employees is for a different group of companies than those companies regularly participating in such service:

Company Group	Basis of Allocation
All companies (includes all System Companies except Service Company)	Total operating expenses, excluding purchased gas expense, purchased power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31st.
All retail companies	Volume of gas and quantity of electricity sold at retail during the preceding year ended December 31st (converted to dollar value).
All wholesale companies	Gross revenues from sales for resale recorded during the preceding year ended December 31st.

<PAGE>

Company Group	Basis of Allocation
All companies having transmission lines	Gross investment in transmission plant recorded at preceding December 31st.
All production companies	Production plant budget for the current year of allocation.
Appalachian production companies	Gross investment in Appalachian production plant recorded at preceding December 31st.
All storage companies	Gross investment in storage plant, excluding non-current inventory, recorded at preceding December 31st.
All Companies/ Shareholder Activities	The weighted average of the previous three years of Service Company billings.
All unregulated companies	Total unregulated companies' operating expenses, excluding purchased gas expense, purchased power expense (including fuel expense), other purchased products and royalties, for the preceding year ending December 31st.
All regulated companies	Total regulated companies' operating expenses, excluding purchased gas expense, purchased power expense (including fuel expense), other purchased products and royalties, for the preceding year ended December 31st.

C. If the use of a basis of allocation would result in an inequity because of a change in operations or organization, then the Service Company may adjust the basis to effect an equitable distribution.

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<SEQUENCE>3
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Exhibit 10 (xxvii)

FORM OF REIMBURSEMENT AGREEMENT

This Reimbursement Agreement is made as of _______________, 2000 by ____, residing at ______________________, ______________________ (the "Employee") and Dominion Resources, Inc., (the "Company").

Preliminary Statements

A. The Board of Directors of the Company has established the 2000 Executive Stock Purchase and Loan Program under the Dominion Resources, Inc. Incentive Compensation Plan (the "Stock Purchase Program"). Under the Stock Purchase Program, eligible employees of the Company and its parents or Subsidiaries may borrow money to exercise options to acquire common stock of the Company ("Common Stock") and receive financing from various lenders for which Bank One, NA is acting as administrative agent (collectively, the "Lender").

B. The Employee wishes to obtain a loan or loans (collectively, the "Loan") from the Lender in an aggregate principal amount not in excess of ten (10) times the Employee's annual salary for the purpose of acquiring Common Stock under the Stock Purchase Program, paying any income taxes from the restricted share match under the Stock Purchase Program, and paying any income taxes from the exercise of related stock options. The promissory note evidencing the Loan is referred to as the "Note".

C. To induce the Lender to make loans to employees participating in the Stock Purchase Program, the Company has entered a Facility and Guaranty Agreement (the "Facility Agreement") dated as of ____________, 1999 among the Company, the Lender and Bank One, NA, as Agent for the Lender. Under the Facility Agreement, the Company has guaranteed all loans made to employees by the Lender pursuant to the Facility Agreement as well as the payment by the employees of certain related amounts (the "Guaranty"). Each term used and not otherwise defined shall have the same meaning as in the Facility Agreement, a copy of which has been provided to the Employee.

D. The Employee wishes to induce the Company to designate Employee as a loan recipient under the Facility Agreement and thereby facilitate the making of the Loan (which will be guaranteed by the Company pursuant to the Guaranty). Accordingly, the Employee has agreed to execute and deliver this Agreement in favor of the Company under which the Employee will reimburse the Company on demand for all amounts paid by the Company to the Lender under the Guaranty with respect to the Loan.

Therefore, the Employee and the Company agree as follows:

Section 1. Absolute and Unconditional Reimbursement Obligation. The Employee absolutely and unconditionally agrees to reimburse the Company fully and promptly, upon demand, for all amounts paid by the Company to the Lender pursuant to the Guaranty with respect to the Loan. The Employee shall also reimburse the Company for any interest on all such
<PAGE>

amounts from the date paid by the Company until repayment by the Employee at the rate of 8% per annum. However, the Employee shall have no obligation to reimburse the Company for any Early Payment Fee that becomes due as a result of the occurrence of a Program Event of Default or other circumstance in which the

Participant is not obligated to pay the Early Payment Fee under the Stock Purchase Program, or for the Company's payment of interest on behalf of the Employee under the Stock Purchase Program prior to an Event of Default. This Agreement shall be a continuing agreement. The liability of the Employee shall be absolute and unconditional, shall be performed strictly in accordance with the terms of this Agreement and shall not be affected by reason of: (i) any assignment, renewal, modification or extension of the Loan or of the Guaranty; (ii) any modification or waiver of or change in any of the terms, covenants, conditions or provisions of the Loan or of the Guaranty; (iii) any dealings or transactions occurring between the Lender and the Company (including without limitation any amendment of the Facility Agreement) whether or not notice is given to the Employee; (iv) any default or failure of the Employee fully to perform any of its obligations, covenants or agreements with respect to the Loan or as set forth in this Agreement; (v) the invalidity or lack of enforceability of the Loan or the Guaranty or any provision of them; or (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Employee in respect of the Loan or the Employee in respect of this Agreement.

Section 2. Right of Setoff. Upon the occurrence and during the continuance of any Event of Default (as defined below), the Company is authorized at any time from time to time, without notice to the Employee (any such notice being expressly waived by the Employee) to set off and apply any and all amounts owing by the Company to the Employee or any property of the Employee in the possession of the Company against any and all of the obligations of the Employee under this Agreement, whether or not the Company shall have made any demand under this Agreement. This right of setoff includes, without limitation, base salary (to the extent permitted by law) and bonuses, but excludes any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System). The Company agrees promptly to notify the Employee after any setoff and application, but the failure to give notice shall not affect the validity of the setoff and application. The rights of the Company under this Section are in addition to the other rights and remedies which the Company may have. The following events shall constitute an "Event of Default" under this Agreement: (a) any breach by the Employee of or default by the Employee under this Agreement; (b) any representation or warranty made, or any financial or other information provided by, the Employee to the Company, in connection with this Agreement, shall prove to have been incorrect in any material respect when made or provided; and (c) the occurrence of any Borrower Event of Repayment (as defined in the Note).

Section 3. Representations and Warranties. The Employee represents and warrants to the Company as follows:

(a) The Employee has all right and power to enter into this Agreement, perform its obligations hereunder and consummate the contemplated transactions.

(b) This Agreement constitutes a legal, valid and binding obligation of the Employee, enforceable against the Employee in accordance with its terms.

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(c) Neither the execution and delivery of this Agreement, nor compliance by the Employee with the terms hereof, will violate any statute, regulation or ordinance of any governmental authority or conflict with, or result in the breach of any term, condition or provision of, any agreement, contract, order or instrument to which the Employee is a party or by which his/her assets or properties are bound or constitute a default (or an event which, with the lapse of time or the giving of notice or both, would constitute a default) thereunder.

(d) There is not pending or, to the best of the Employee's knowledge, threatened any suit, claim, action, litigation or proceeding, administrative or judicial, or any governmental investigation against the Employee or involving any of his/her properties or assets which may reasonably be expected to have a material adverse effect on the Employee's ability to meet his/her obligations under this Agreement.

(e) No representation or warranty of the Employee in or pursuant to this Agreement, including any financial or other information provided by the Employee to the Company in connection with the Stock Purchase Program, contains or will contain any untrue statement of a material fact, or omits to state, or will omit to state, any material fact necessary in order to make the statements, in the light of the circumstances under which they are made, not misleading.

Section 4. Covenants of the Employee. The Employee agrees that:

(a) so long as all or any portion of the Loan remains outstanding and unpaid, or the Guaranty remains in effect, or any amount is owing to the Company hereunder:

(i) the ratio of the liquidation value of the Liquid Assets (as defined below) of the Employee to the aggregate amount of the indebtedness for money borrowed of the Employee (other than residential mortgage indebtedness) and the credit card or similar indebtedness of the Employee shall be greater than or equal to 1.0 to 1.0;

(ii) the Employee shall promptly provide to the Company such information with respect to the Employee as the Company may from time to time reasonably request to confirm compliance with (i) and (ii) above (which information the Company shall keep confidential and make available only to employees of the Company responsible for administering the Stock Purchase Program); and

(iii) the Employee shall not voluntarily pre-pay any portion of the Loan except in the case of (a) the Employee's death; (b) the Employee's retirement on or after the Employee's early retirement date or normal retirement date as defined in the Dominion Resources, Inc. Retirement Plan; (c) the Employee's hardship as defined in the Stock Purchase Program; (d) the approval of the Company's Chief Executive Officer or the Company's Organization, Compensation and Nominating Committee; or (e) the Company's change of control as defined in the Stock Purchase Program.

<PAGE>

(b) The Employee shall use the proceeds of the Loan solely for the purposes described in the Note.

For purposes of this Agreement, "Liquid Assets" shall mean all cash, marketable securities, Common Stock (whether or not purchased with the proceeds of the Loan), unexercised and vested options of the Employee to buy Common Stock valued at the excess of market value over the exercise price, money market funds, other assets of the Employee which can be readily liquidated within 30 days and net owner-occupied residential real estate equity if such residential real estate is owned entirely by the Employee or by the Employee and his/her spouse.

Section 5. Indemnification. The Employee agrees to indemnify, defend and hold the Company harmless from and against all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, cost and expenses, including without limitation, interest, penalties and reasonable attorneys' fees

and expenses asserted against, resulting to, imposed upon or incurred directly by the Company by reason of or resulting from a breach of any representation, warranty or covenant of the Employee contained in or made pursuant to this Agreement.

Section 6. Agreement of the Company. The Company agrees to pay to the Agent for the account of the Employee any Early Payment Fee payable by the Employee pursuant to the Note that becomes due as a result of an acceleration of the Loan as a result of the occurrence of a Program Event of Default. To the extent that at any time the Employee pays any such Early Payment Fee to the Agent, the Company shall reimburse the Employee for the amount upon demand.

Section 7. Amendments, Etc. No amendment or waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the Company, and any waiver shall be effective only in the specific instance and for the specific purpose for which given.

Section 8. Waiver of Notice, Etc. The Employee waives promptness, diligence, notice of acceptance and any other notice with respect to this Agreement and any requirement that the Company protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against any person or entity.

Section 9. Governing Law. This Agreement and the rights and remedies of the Company and the Employee shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 10. Binding Effect. This Agreement shall inure to the benefit of the Company and its successors and assigns and shall be fully binding upon the Employee, its heirs, executors and legal or personal representatives.

Section 11. Expenses. The Employee will, upon demand, pay to the Company the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel, which the Company may incur in connection with the exercise or enforcement of any of the rights of the Company. The Employee shall also be solely responsible for his/her own cost for accounting, tax, legal and investment banking advice and other similar services that he/she

<PAGE>

may receive from his/her respective advisors with respect to this Agreement and the matters contemplated in the Agreement.

Section 12. Taxes. The Employee shall be solely responsible and agrees to pay any and all taxes applicable with respect to shares purchased or options exercised pursuant to or in connection with the Stock Purchase Program and subsequently sold, including but not limited to income taxes, capital gains taxes or any other tax levied by any relevant taxing authority.

Section 13. Term. This Agreement shall remain in full force and effect until all obligations of the Employee under the Note and under this Agreement have been fully performed and the Company has no further actual or contingent liability to the Lender under the Guaranty with regard to the Loan.

Section 14. Notices. All notices and other communications permitted or required pursuant to this Agreement shall be in writing and shall be deemed given when delivered in person, or when deposited in the United States mail, postage prepaid, as certified mail, return receipt requested, properly addressed to the party for whom intended at the addresses set forth below, or to such other address as either party hereto may designate for itself by notice in accordance herewith to the other:

The Company   Treasurer

Dominion Resources, Inc.
120 Tredegar Street
Richmond, VA 23219

The Employee: ______________________________
____
____

Section 15. Remedies; No Waiver. All of the Company's rights and remedies under this Agreement are intended to be distinct, separate and cumulative and no such right or remedy is intended to be to the exclusion of or be a waiver of any other right or remedy. No delay or omission of the Company to exercise any right, remedy or power shall impair the same or be construed to be a waiver of any Event of Default. A waiver of any Event of Default shall not extend to or affect any subsequent Event of Default, nor shall it impair any right, remedy or power available to the Company. No single or partial exercise of any right, remedy or power shall preclude any other or further exercise by the Company;

Section 16. Severability. Any provision of this Agreement that is legally determined to be unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the unenforceability without invalidating the remaining provisions, but no unenforceability in any jurisdiction shall invalidate or render unenforceable the same or any other provision in any other jurisdiction.

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Section 17. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the subject matter and supersedes any and all other understandings, negotiations, or agreements between the Employee and the Company about these matters.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date written above.

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DOMINION RESOURCES, INC.	[EMPLOYEE]
By:______________________________	By:______________________________
Its:______________________________	

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Exhibit 11

DOMINION RESOURCES, INC.
COMPUTATION OF EARNINGS PER SHARE OF COMMON STOCK
ASSUMING FULL DILUTION

	1999	1998	1997
	(Million, Except Per Share Amounts)		
Basic earnings per common share:			
Consolidated net income (1)	$296	$536	$399
Adjustment to average common shares: Shares of common stock - average shares outstanding	191.4	194.9	185.2
Plus: Additional shares assuming conversion of installments received on stock purchase plan at average market value (2)	0.0	0.0	0.0
Adjusted average common shares	191.4	194.9	185.2
Basic earnings per common share	$1.55	$2.75	$2.15
Diluted earnings per common share:			
Consolidated net income	$284	$536	$399
Adjustment to average common shares: Shares of common stock - average shares outstanding	191.4	194.9	185.2
Plus: Additional shares assuming conversion of installments received on stock purchase plan at average market value (2)	0.0	0.0	0.0
Adjusted average common shares	191.4	194.9	185.2
Diluted earnings per common share	$1.48	$2.75	$2.15

Notes: (1) See the Consolidated Statements of Income.
(2) Based on the following data:

	1999	1998	1997
Installments received on stock purchase plan at year-end	$0.2	$0.4	$0.7
Average market per common share	$43.46	$43.38	$38.06

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Exhibit 13

Consolidated Statements of Income
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For The Years Ended December 31,
(millions, except per share amounts)
Operating revenue and income:
<S>
 Domestic electric utility service
 East Midlands-electric utility service
 Other

 Total

Expenses:
 Fuel, net
 Purchased power capacity, net
 Supply and distribution n East Midlands
 Impairment of regulatory assets
 Other operation and maintenance
 Depreciation, depletion and amortization
 Other taxes

 Total

Income from operations

Other income and expense:
 Gain on sale (windfall profits tax) n East Midlands
 Other

 Total other income and expense

Income before fixed charges and income taxes

Fixed charges:
 Interest charges
 Distributions n preferred securities and preferred stock

 Total fixed charges

Income before provision for income taxes, minority interests and extraordinary item
 Provision for income taxes
 Minority interests

Income before extraordinary item

Extraordinary item (net of income taxes of $197)

Net income

Basic earnings per common share:
 Income before extraordinary item
 Extraordinary item

 Net income

Diluted earnings per common share:

Income before extraordinary item
Extraordinary item

Net income

Dividends paid per common share

Average common shares outstanding

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

<PAGE>

Consolidated Balance Sheets
Assets
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At December 31,
(millions)
Current assets:
<S>
Cash and cash equivalents
Accounts receivable:
Customers (less allowance for doubtful accounts of $12 in 1999 and $5 in 1998)
Other
Materials and supplies at average cost or less:
Plant and general
Fossil fuel
Mortgage loans in warehouse
Commodity contract assets
Finance receivables held for sale
Other

Total current assets

Investments:
Loans receivable, net
Investments in affiliates
Available for sale securities
Nuclear decommissioning trust funds
Investments in real estate
Other

Total net investments

Property, plant and equipment
Less accumulated depreciation, depletion and amortization

Net property, plant and equipment

Deferred charges and other assets:
Goodwill, net
Regulatory assets, net
Other, net

Total deferred charges and other assets

Total assets

</TABLE>

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

<PAGE>

Liabilities and Shareholders' Equity
<TABLE>
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At December 31,
(millions)
Current liabilities:
<S>
Securities due within one year
Short-term debt
Accounts payable, trade
Accrued interest
Accrued payroll
Accrued taxes
Commodity contract liabilities
Other

Total current liabilities

Long-term debt

Deferred credits and other liabilities:
Deferred income taxes
Investment tax credits
Other

Total deferred credits and other liabilities

Total liabilities

Minority interest

Commitments and contingencies (See Note Q)

Obligated mandatorily redeemable preferred securities of subsidiary trusts*

Preferred stock:
Preferred stock subject to mandatory redemption

Preferred stock not subject to mandatory redemption

Common shareholders' equity:
Common stock -- no par; authorized -- 500.0 shares;
outstanding -- 186.3 shares at 1999 and
194.5 shares at 1998
Retained earnings

Accumulated other comprehensive income

Other paid-in capital

Total common shareholders' equity

Total liabilities and shareholders' equity

</TABLE>

* As described in Note M, the 7.83% and 8.05% Junior Subordinated Notes totaling $258 million and $139 million principal amounts, respectively constitute 100% of the Trusts' assets.

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

<PAGE>

Consolidated Statements of Shareholders' Equity

<TABLE>
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(millions)	Common Stock Shares	Common Stock Amount	Retai Earni
<S>	<C>	<C>	<C>
Balance at January 1, 1997	181	$ 3,472	$ 1,
Issuance of stock through employee and direct stock purchase plans	5	176	
Other common stock activity	2	26	
Comprehensive income		399	
Dividends and other adjustments		(483)	
Balance at December 31, 1997	188	$ 3,674	$ 1,
Issuance of stock through public offering	7	268	
Issuance of stock through employee and direct stock purchase plans	2	86	
Stock repurchase and retirement	(2)	(99)	
Other common stock activity		4	
Comprehensive income			
Dividends and other adjustments			(
Balance at December 31, 1998	195	$ 3,933	$ 1,
Stock repurchase and retirement	(9)	(372)	
Comprehensive income			
Dividends and other adjustments			(
Balance at December 31, 1999	186	$ 3,561	$ 1,

</TABLE>

Consolidated Statements of Comprehensive Income
<TABLE>
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For The Years Ended December 31,
(millions)
<S>
Net income
Other comprehensive income, net of tax:
 Unrealized holding gains (losses) arising during a period
 Less: reclassification adjustment for gains realized in net income
(millions)
 Unrealized gains (losses) on investment securities*
 Foreign currency translation adjustment

(millions)
Other comprehensive income
(millions)
Comprehensive income
(millions)
</TABLE>

* Reclassification adjustments for gains (losses) realized in net income were not material in any of the periods presented.

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

<PAGE>

Consolidated Statements of Cash Flows

<TABLE>
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For The Years Ended December 31,
(millions)
Cash flow from (used in) operating activities:
<S>
 Net income
 Adjustments to reconcile net income to net cash from operating activities:
  Depreciation, depletion and amortization
  Gain on sale of East Midlands
  Deferred income taxes
  Deferred fuel expense
  Extraordinary item, net of income taxes
  Impairment of regulatory assets
 Changes in current assets and liabilities:
  Accounts receivable

  Materials and supplies
  Purchase and origination of mortgages

  Proceeds from sale and principal collections of mortgages
  Accounts payable, trade
  Accrued interest and taxes
  Commodity contract assets and liabilities
 Other

Net cash flow from operating activities

Cash flow from (used in) financing activities:
Issuance of common stock
Repurchase of common stock
Issuance of preferred securities of subsidiary trust
Issuance (repayment) of short-term debt

Issuance of long-term debt
Repayment of long-term debt

Common dividend payments

Other

Net cash flow from (used in) financing activities

Cash flow from (used in) investing activities:
Utility capital expenditures

Acquisition of natural gas and independent power properties

Loan originations

Repayments of loan originations
Purchase of East Midlands

Sale of businesses, including East Midlands
Purchase of property, plant and equipment

Sale of marketable securities
Purchase of debt securities

Acquisitions of businesses

Other investments

Other

Net cash flow used in investing activities

(Decrease) increase in cash and cash equivalents
Cash and cash equivalents at beginning of the year

Cash and cash equivalents at end of the year

Supplemental disclosures of cash flow information:
Cash paid during the year for:
Interest, excluding capitalized amounts
Income taxes
Non-cash transactions from investing and financing activities:
Assumption or issuance of debt as part of acquisitions
Note issued in sale of business
Exchange of securities
Equity contribution for Wolverine acquisition
</TABLE>

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

<PAGE>

Management's Discussion and Analysis of Financial Condition and Results of Operations
(unaudited)

Forward-Looking Information

We have included certain information in this annual report which contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995, including (without limitation) discussions as to expectations, beliefs, plans, objectives and future financial performance, or assumptions underlying or concerning matters discussed in this document. These discussions, and any other discussions, including certain contingency matters (and their respective cautionary statements) discussed elsewhere in this report, that are not historical facts, are forward-looking and, accordingly, involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

The business and financial condition of Dominion Resources, Inc. and its subsidiaries (Dominion or the Company) is influenced by a number of factors including political and economic risks, market demand for energy, inflation, capital market conditions, governmental policies, legislative and regulatory actions (including those of the Federal Energy Regulatory Commission [FERC], the Securities and Exchange Commission [SEC], the Environmental Protection Agency [EPA], the Department of Energy, the Nuclear Regulatory Commission, the Virginia State Corporation Commission [Virginia Commission], and the North Carolina Utilities Commission [North Carolina Commission]), industry and rate structure, and legal and administrative proceedings. Some other important factors that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements include changes in and compliance with environmental laws and policies, weather conditions and catastrophic weather-related damage, present or prospective wholesale and retail competition, competition for new energy development opportunities, pricing and transportation of commodities, operation of nuclear power facilities, acquisition and disposition of assets and facilities, effects of the merger with Consolidated Natural Gas (CNG), nuclear decommissioning costs, exposure to changes in the fair value of commodity contracts, counter-party credit risk and unanticipated changes in operating expenses and capital expenditures. All such factors are difficult to predict, contain uncertainties that may materially affect actual results, and may be beyond the control of Dominion. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of each such factor on Dominion.

Any forward-looking statement speaks only as of the date on which such statement is made, and Dominion undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made.

Introduction

In Management's Discussion and Analysis of Financial Condition and Results of Operations, we explain the general financial condition and the results of operations for Dominion. As you read this section, it will be helpful to refer to our consolidated financial statements and notes.

At December 31, 1999, Dominion's principal subsidiaries were Virginia Electric and Power Company (Virginia Power), Dominion Energy, Inc. (DEI), and Dominion Capital, Inc. (Dominion Capital). Virginia Power, a regulated public utility, is engaged in the generation, transmission, distribution and sale of electric energy within a 30,000 square mile area in Virginia and northeastern North Carolina. Virginia Power is also engaged in off-system wholesale purchases and sales of electricity and purchases and sales of natural gas beyond the geographic limits of its service territory. DEI is engaged in independent power production and oil and gas exploration, development and production. Dominion

Capital's primary business is financial services which includes commercial lending, merchant banking, asset management and residential mortgage lending.

In preparation for the transition to competition for electric generation in Virginia, Dominion is evaluating operating results and financial information across Virginia Power's and DEI's current business lines. Although the employees and assets involved remain with their respective legal entities, Dominion currently evaluates the operations of DEI and Virginia Power in the following business segments:

- generation-related operations of both Virginia Power and DEI (referred to as Dominion Energy);
- regulated electric transmission and distribution services (referred to as Dominion Delivery); and
- oil and gas operations of DEI (referred to as Dominion E&P).

In addition to the business segments mentioned above, Dominion also reviews the following as business segments:

- the financial services of Dominion Capital;
- East Midlands which was sold by Dominion in mid-1998; and
- Corporate Operations which include: corporate costs of Dominion's holding company; Corby Power (Corby) operations; intercompany eliminations; the impact of the impairment of regulatory assets and one-time refund recorded as a result of Virginia Power's 1998 rate settlement; and the extraordinary item recorded in 1999.

Dominion has structured its Management's Discussion and Analysis of Operations to reflect these business segments. Certain activities are currently evaluated based on existing legal entities rather than operating segments. In those cases, discussion is provided on a legal entity basis.

Three major events occurred in 1999 which will have a significant effect on Dominion's future operations and business segments. These events are more fully described in Future Issues and include:

- the announcement of Dominion's merger with CNG which closed on January 28, 2000;
- the enactment of law which established a detailed plan to restructure the electric industry in Virginia; and
- the sale of Dominion Energy's interests in Latin American power generation.

RESULTS OF OPERATIONS

Overview

Dominion achieved earnings of $296 million in 1999 or $1.55 per average common share, compared with earnings of $536 million in 1998 or $2.75 per share. Absent the extraordinary item, earnings would have been $551 million in 1999, or $2.88 per share. Significant factors impacting earnings in 1999 and 1998 include:

- the write-off of generation-related assets and liabilities at Virginia Power in 1999;
- the loss recorded by Dominion Energy in 1999 related to its interests in Latin American power generation;

. the increased contribution from Dominion Energy's energy marketing business during 1999;

. the sale of East Midlands which resulted in a gain in 1998 and the absence of East Midlands' contribution to earnings in 1999; and

. the impairment of regulatory assets and one-time base rate refund resulting from the settlement of Virginia Power's 1998 Virginia jurisdictional rate proceedings.

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Earnings increased $137 million in 1998 as compared to 1997 primarily due to the gain on the sale of East Midlands in mid-1998 offset by the impact of Virginia Power's 1998 rate case settlement and the recognition of the windfall profits tax by East Midlands in 1997.

Below we have provided a comparison of net income and earnings per share contributions by segment:

<TABLE>
<CAPTION>

Year ended December 31,	1999		1998		
	Net Income	EPS	Net Income	EPS	Net Income
(millions, except per share amounts)					
<S>	<C>	<C>	<C>	<C>	<C>
Dominion Delivery	$ 175	$ 0.91	$ 168	$ 0.86	$ 193
Dominion Energy	271	1.42	262	1.35	275
Dominion E&P	43	0.22	22	0.11	35
Dominion Capital	78	0.41	59	0.30	45
East Midlands			26	0.14	47
Corporate:					
Operations	(16)	(0.08)	(1)	(0.01)	(15)
Rate case settlement			(201)	(1.03)	
Extraordinary item	(255)	(1.33)			
Impairment -- regulatory assets					(24)
East Midlands Gain on sale/ (windfall profits tax)			201	1.03	(157)
Consolidated	$ 296	$ 1.55	$ 536	$ 2.75	$ 399
Average Shares	191.4		194.9		185.2

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Domestic Electric Utility Service

As mentioned above, Dominion is evaluating the operating results of its domestic utility operations as two separate businesses. Although distinct discussions are presented for these businesses below, this section provides a general discussion of factors that affect both the utility operations of Dominion Energy and the regulated transmission and distribution business of Dominion Delivery.

Revenue

Domestic electric utility service revenue for fiscal years 1999, 1998, and 1997 were allocated to the utility operations of Dominion Energy and Dominion

Delivery businesses as follows:

Year ended December 31, (millions)	1999	1998	1997
Revenue:			
Dominion Energy	$3,129	$3,075	$3,150
Dominion Delivery	1,148	1,092	1,080
Corporate Operations	(3)	(154)	
Total revenue	$4,274	$4,013	$4,230

See Note R for discussion of the nature of items in this caption.

The following factors contributed to the increase in domestic electric utility service revenue in 1999 as compared to 1998 and the decrease in 1998 as compared to 1997:

(millions)	1999 vs. 1998	1998 vs. 1997
Increase (decrease) due to:		
Customer growth	$ 68	$ 60
Weather	2	(7)
Base rate refund	154	(154)
Base rate variance	(57)	(88)
Fuel rate variance	24	(121)
Other retail, net	31	99
Total retail	222	(211)
Other electric service revenue	39	(6)
Total increase (decrease) in domestic electric service revenue	$261	$(217)

Domestic electric utility service revenue consists primarily of sales to retail customers in Virginia Power's service territory at rates authorized by the Virginia and North Carolina commissions and sales to cooperatives and municipalities at wholesale rates authorized by FERC. Also, included in this revenue are amounts received from others for use of our transmission system to transport electric energy under tariffs authorized by FERC. The primary factors affecting this revenue in both fiscal years 1999 and 1998 were customer growth and changes in rates.

Retail Customer Growth

Virginia Power's retail customer base increased by approximately 39,000 in 1999 and 35,000 in 1998 over the respective prior year periods. These additional customers increased our electric utility service revenue by an estimated $68 million in 1999 compared to 1998 and an estimated $60 million in 1998 compared to 1997.

Weather

Weather typically has a significant impact on the Company's revenue. However, for the comparative periods presented, weather did not have a significant impact.

Base Rate Reduction

Electric utility service revenue in 1998 was less than revenue in both 1999 and 1997 as a result of a one-time $150 million base rate refund. Further, a two-phased rate reduction in Virginia ($100 million effective March 1, 1998 and

an additional $50 million effective March 1, 1999), reduced 1999 electric service revenue by $57 million compared to 1998 and 1998 revenue by $88 million compared to 1997. As a result of Virginia law enacted in 1999, Virginia Power's jurisdictional base rates will remain unchanged until mid-2007. See Note (C) to Consolidated Financial Statements.

Fuel Rates

Currently, Virginia Power is permitted to recover the cost of fuel used in generating electricity through fuel rates approved by regulatory authorities. The decrease in 1998 fuel rate revenue of $121 million, as compared to 1997, is primarily attributable to lower fuel rates. The reduction recognized savings from negotiated changes to power supply contracts. In December 1998, Virginia Power's annual fuel case resulted in an increase in fuel rates and increased electric utility service revenue in 1999 by $24 million as compared to 1998.

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Dominion Delivery

The business segment Dominion Delivery includes customer service, bulk power transmission, distribution and metering services that continue to be subject to cost-based regulation.

Overall Dominion Delivery's operating income increased in 1999, as compared to 1998, primarily due to an increase in revenue for electric transmission services and from retail electric service customer growth, offset in part by increased expenses associated with storm damage. The decrease in Dominion Delivery's operating income in 1998, as compared to 1997, reflects primarily the excess of increased storm damage costs and other routine operational expenses over the increase in revenue for electric transmission services. Selected financial information relevant to Dominion Delivery is as follows:

Year ended December 31, (millions)	1999	1998	1997
Domestic electric utility service revenue	$1,148	$1,092	$1,080
Operation and maintenance	313	286	266
Operating income	431	424	442

Operation and maintenance

Operation and maintenance increased in 1999 and 1998 as compared to respective prior years, primarily due to increased service restoration costs associated with storm damage.

Dominion Energy

The business segment Dominion Energy consists of the independent power generation operations of DEI and the utility generation operations of Virginia Power. Dominion Energy's 1999 operating income increased when compared to 1998 primarily due to the performance of the energy marketing business. The performance was attributable to changes in the composition and the fair value of its portfolio of commodity contracts as well as the settlement of commodity contract liabilities using Dominion Energy resources rather than market purchases. Selected financial information relevant to Dominion Energy is as follows:

Year ended December 31, (millions)	1999	1998	1997
Domestic electric utility service revenue	$3,129	$3,075	$3,150
Other revenue	464	435	599
Fuel, net	996	961	1,222
Purchased power capacity, net	809	806	718
Other operation and maintenance	690	605	624
Operating income	624	615	645

Other revenue includes sales of electricity beyond Virginia Power's retail service territory, including trading revenues, and sales of natural gas, nuclear consulting services and energy management services. The increase in other revenue in 1999 over 1998 reflects primarily changes in the composition and fair value of our portfolio of commodity contracts.

Other revenue decreased in 1998 as compared to 1997 due to electricity trading revenue being reported net of purchased energy for the entirety of 1998 and only for the last four months of 1997. Such revenue was reported gross for the first eight months of 1997 as a result of being subject to cost of service rate regulation during that time.

Fuel, net increased in 1999, as compared to 1998, primarily due to increased fuel costs resulting from higher production from our generating units and increased energy purchases.

Fuel, net decreased in 1998, as compared to 1997, primarily due to the inclusion of the cost of power marketing purchases for the first eight months of 1997. However, the cost of power marketing purchases since September 1997 is being reported net of related revenue in Other revenue. Prior to September 1997, this activity was subject to cost of service rate regulation.

Purchased power capacity, net increased in 1998 as compared to 1997 primarily due to (1) increased expenses associated with the restructuring of certain contracts and (2) the discontinuance of deferral accounting for such expenses. See Note (C) to the Consolidated Financial Statements.

The increase in Operation and maintenance in 1999 as compared to 1998, includes the following:

- increased maintenance activities performed during planned outages at fossil plants;
- adjustments to inventories related to the planned disposal of identified obsolete and excess materials and supplies;
- certain accounting policy changes, including the recognition of losses on retirement of equipment and related removal costs; and
- the recognition of a loss related to the sale of the Latin American power generation businesses.

See Note (B) to the Consolidated Financial Statements for discussion of accounting policy changes made in connection with the discontinuance of Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation (SFAS No. 71), to utility generation operations.

Dominion E&P

In 1999, DEI acquired interests in certain gas producing properties located in the San Juan Basin of New Mexico for approximately $115 million. In addition, DEI completed its purchase of all of the issued and outstanding shares of

Remington Energy Ltd. (Remington), a publicly traded natural gas exploration and production company headquartered in Calgary, Alberta, Canada. DEI paid $33 million and assumed $260 million of Remington's debt and liabilities.

Selected financial information relevant to Dominion E&P is as follows:

Year ended December 31, (millions)	1999	1998	1997
Revenue	$256	$164	$158
Operating income:			
Oil and gas*	73	44	53
Adjustments*	(46)	(32)	(25)
Total operating income	27	12	28

*Oil and gas Operating income includes Nonconventional Fuels Tax Credits. Such credits are reversed on the Adjustments line as they are not ordinarily reported as a component of Operating income.

Operating income increased in 1999 primarily due to increased natural gas production. Natural gas production rose to 109 billion cubic feet equivalent (Bcfe) in 1999, compared to 69 Bcfe in 1998, a 58 percent increase. At December 31, 1999, proved gas reserves totaled 1,234 Bcfe, an increase of 618 Bcfe over 1998. The 1999 increase in production and reserves resulted primarily from the development of existing acreage, a full year's production at Dominion Energy Canada, Ltd., and the acquisition of interests discussed above.

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Natural gas production rose to 69 Bcfe in 1998, compared to 59 Bcfe in 1997, a 17 percent increase. At December 31, 1998, proved gas reserves totaled 616 Bcfe, an increase of 157 Bcfe over 1997. The 1998 increase resulted primarily from the development of existing acreage and the acquisition of Dominion Energy Canada, Ltd. The increased production for 1998 was offset by a $0.38 reduction in average sales price per Mcfe, from $2.44 in 1997 to $2.06 in 1998. The 1998 decreases in gas prices resulted from a combination of shifting geographic production mix and lower overall market price.

Dominion Capital

Dominion Capital's 1999 results of operations increased as compared to 1998 primarily due to a higher earnings contribution from the commercial lending, merchant banking, asset management and residential mortgage lending operations in 1999, partially offset by a decrease in net investment gains.

Dominion Capital's 1998 operating income increased over 1997 primarily due to earnings contribution from its commercial finance, merchant banking and asset management operations.

Selected financial information relevant to Dominion Capital is as follows:

Year ended December 31, (millions)	1999	1998	1997
Revenue	$473	$409	$296
Operating income:			
Financial services	267	212	143
Other	(2)	(2)	14
Total operating income	265	210	157

Operating income increased in 1999 and 1998 primarily due to increased contributions from our financial services businesses. Our mortgage lending volumes were $2.4 billion in 1999, up from $2.1 billion in 1998. Our commercial finance operations portfolio has grown to $2.0 billion at the end of 1999, compared to $1.7 billion at the end of 1998. In addition, assets under management were $4.8 billion and $3.5 billion at December 31, 1999 and 1998, respectively.

Income from investments decreased in 1998 over 1997 primarily due to a valuation adjustment to other investments and higher real estate operating costs.

Corporate

Corporate earnings include transactions for which the segments are not held accountable for internal reporting purposes and other miscellaneous items. Corporate earnings include the effects of the utility operations' write-off of generation-related assets and liabilities as an extraordinary item in 1999 and the impairment of regulatory assets and one-time refund recorded as a result of the settlement of Virginia Power's 1998 Virginia jurisdictional rate proceedings. See Note (C) to the Consolidated Financial Statements.

Other Income and Expense

In 1999, Other income and expense decreased as compared to 1998 because of the gain on the sale of East Midlands in 1998. Other income and expense increased in 1998 as compared to 1997 primarily due to the gain on the sale of East Midlands in 1998 and the recognition of the windfall profits tax by East Midlands in 1997.

Fixed Charges

Interest charges decreased in 1999 as compared to 1998, primarily due to:

- cancellation of the debt associated with East Midlands which was sold in mid-1998;
- interest paid in 1998 in connection with the settlement of Virginia Power's Virginia jurisdictional rate proceeding; and
- the utility generation operations starting to capitalize interest on construction projects.

These reductions were offset by:

- the issuance of debt to fund DEI's acquisitions of Kincaid Power Station and Dominion Energy Canada, Ltd. in 1998 and
- the increase in funding needs for loan originations at Dominion Capital's financial services businesses.

Interest charges decreased in 1998 as compared to 1997 because of the cancellation of the debt associated with East Midlands which was sold in 1998. The debt cancellation for East Midlands was offset by the issuance of debt to fund DEI's acquisitions.

Provision For Income Taxes

The taxes on the gain on the sale of East Midlands recorded in 1998 were the primary reasons for the decrease in taxes in 1999 as compared to 1998 and the increase in taxes in 1998 as compared to 1997. In 1998, the taxes related to the sale of East Midlands were partially off-set by the income tax provisions associated with the effects of Virginia Power's Virginia rate proceeding settlement.

Extraordinary Item, Net of Tax

This extraordinary item was recorded in connection with the passage of new

legislation in 1999 establishing a detailed plan to restructure the electric utility industry in Virginia. The legislation's deregulation of generation was an event that required discontinuation of SFAS No. 71 for our utility generation operations. Generation-related assets and liabilities not expected to be recovered through cost-based rates were written off in March 1999, resulting in an after-tax charge to earnings of $255 million. See Note (C) to Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Certain activities discussed under Liquidity and Capital Resources are currently evaluated based on existing legal entities rather than the operating segments defined by the new organizational structure. References are made to specific operating segments as appropriate.

Dominion funds its operations and supports the financing needs of its subsidiaries primarily through the issuance of commercial paper, backed by lines of credit and the issuance of debt, preferred or common securities, which is facilitated by the equity plans described below and a $950 million dollar shelf registration, $675 million of which was still available to Dominion as of December 31, 1999.

The proceeds of Dominion's financing activities are provided to its subsidiaries as needed under inter-company agreements.

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CNG Merger Financing

In 2000, Dominion initially financed the cash used in the CNG merger with a $3.5 billion commercial paper program backed by a short-term credit facility and $1 billion of short-term, privately placed money market notes. Dominion expects to refinance these amounts with a combination of debt, preferred and convertible securities along with the proceeds from sales of non-core assets, including DEI's interests in Latin American power generation, CNG's foreign investments, Virginia Natural Gas, and Dominion Capital. See Future Issues -- CNG Merger.

A $4.5 billion shelf registration was filed with the SEC and it became effective on January 6, 2000. The shelf is expected to be used to facilitate the refinancing of the CNG merger.

Immediately before the CNG merger, we concluded a first step transaction in which 33 million shares of Dominion common stock were exchanged for approximately $1.4 billion.

Commercial Paper

Dominion's nonutility subsidiaries may finance their working capital for operations with the proceeds of Dominion commercial paper sales. Dominion sells its commercial paper in regional and national markets and provides the proceeds to the nonutility subsidiaries under the terms of intercompany credit agreements. At the end of 1999, Dominion Resources, Inc. supported these borrowings through bank lines of credit totaling $601 million. The nonutility subsidiaries repay Dominion through cash flow from operations and proceeds from permanent financings. Virginia Power and Dominion Capital also have commercial paper programs as discussed below

Equity Plans

In 1998 and 1997, Dominion raised $87 million and $176 million, respectively,

from the sale of common stock through the Dominion Direct Investment and Employee Savings plans. In 1998, management made the decision that purchases of shares required by the Company's equity plans would be purchased on the open market instead of issuing new shares. However, Dominion continues to have access to capital through the Dominion Direct Investment and the Employee Savings plans in the future.

Virginia Power

Operating activities continue to be a strong source of cash flow, providing $1.1 billion in each of the years 1999, 1998, and 1997. Over the past three years, cash flow from operating activities, after dividend payments, has, on average, covered 120% of Virginia Power's total construction requirements and provided 77% of its total cash requirements. Virginia Power's cash requirements not met by the timing or amount of cash flow from operations are generally satisfied with proceeds from the sale of securities and short-term borrowings.

Cash from (used in) financing activities was as follows:

(millions)	1999	1998	1997
Issuance of long-term debt	$ 305	$ 270	$ 270
Repayment of long-term debt	(345)	(334)	(311)
Issuance (repayment) of short-term debt	156	(4)	(86)
Common dividend payments	(383)	(378)	(380)
Other	(53)	(53)	(50)
Total	$(320)	$(499)	$(557)

Financing activities have represented a net outflow of cash in recent years as strong cash flow from operations has reduced Virginia Power's reliance on debt financing.

During 1999, Virginia Power issued $305 million in aggregate principal of unsecured debt securities. In 1999, Virginia Power issued $150 million in aggregate principal of unsecured Senior Notes, Series 1999-A, with an annual coupon rate of 6.7%, due 2009; and $80 million of Medium-Term Notes, Series G, with an annual coupon rate of 6.3%, due 2001. Virginia Power also issued $75 million in aggregate principal of unsecured Senior Notes, Series 1999-B, with an annual coupon rate of 7.2%, due 2004.

During 1999, Virginia Power retired $321 million in aggregate principal amount of mandatory debt maturities. In 1999, Virginia Power repurchased $24 million in aggregate principal amount of First and Refunding Mortgage Bonds that were made available through the open market.

As of December 31, 1999, Virginia Power has $740 million under effective shelf registration statements with the SEC available for its use to meet capital requirements. Virginia Power also has a commercial paper program that is supported by two revolving credit facilities totaling $500 million. Proceeds from the sale of commercial paper are primarily used to provide working capital. Net borrowings under the program were $378 million at December 31, 1999.

Cash used in investing activities was as follows:

(millions)	1999	1998	1997
Plant and equipment	$(673)	$(451)	$(397)
Nuclear fuel	(64)	(81)	(85)
Nuclear decommissioning			

contributions	(35)	(37)	(36)
Other	(3)	(13)	(28)
Total	$(775)	$(582)	$(546)

Plant and equipment expenditures for generation-related projects were approximately $327 million in 1999 and included significant expenditures for additional capacity and environmental upgrades -- See Capital Requirements below. Transmission and distribution-related projects accounted for approximately $282 million of our total plant and equipment expenditures. These projects included routine capital improvements and expenditures associated with new connections. Remaining plant and equipment expenditures of $64 million reflect general projects and information technology enhancements. These information technology projects include development of remote metering and dispatch technology, and continued implementation of new financial systems.

Capital Requirements

Capacity Virginia Power anticipates that peak demand will grow approximately 2% per year through 2002. Virginia Power will complete construction of four 150-megawatt combustion turbines in Fauquier County, Virginia by mid-2000. Virginia Power will spend an estimated

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$190 million on the project of which approximately $145 million has been incurred through December 31, 1999. In January 2000, Virginia Power filed for approval from the Virginia Commission for the construction of two additional combustion turbines. The Virginia Commission has set a hearing date in May 2000 to consider this request. Commercial operation is planned to begin in June 2001. Virginia Power expects that any future additional capacity and energy requirements will be met through a combination of market purchases and company-constructed generation.

Plant and Equipment Virginia Power's construction and nuclear fuel expenditures during 2000, 2001 and 2002 are expected to total $856 million, $822 million and $760 million, respectively. Virginia Power expects these construction and nuclear fuel expenditures to be met through cash flow from operations, sales of securities and short-term borrowings. These projected expenditures include the effects of environmental costs discussed below.

Virginia Power is installing sulfur dioxide (SO2) emission control equipment at two coal-fired generating units. The total cost for this project is estimated to be $126 million of which $33 million has been incurred as of December 31, 1999. Management believes the installation of scrubbers on these two units will provide the most cost-effective means of complying with the Clean Air Act.

In response to a rule adopted by the EPA in September 1998, Virginia Power plans to install nitrogen oxide (NOx) reduction equipment on a portion of its generating units at an estimated capital cost of $454 million over the next five years. Whether these costs are actually incurred is dependent on the implementation plans adopted by the states in which Virginia Power operates. No significant costs have been incurred as of December 31, 1999. See Future Issues - -- Clean Air Act Compliance.

Maturities Virginia Power will require $375 million to meet maturities of securities in 2000.

Funding Capital Requirements

Virginia Power expects to meet its capital funding requirements with cash flow

from operations and issuance of replacement debt or preferred securities.

DEI

Net cash flow from operating activities was $151 million, $148 million and $162 million in 1999, 1998 and 1997, respectively. During 1999, cash flow from operating activities increased as compared to 1998 primarily due to normal business operations.

Net cash flow provided by operating activities decreased in 1998, as compared to 1997, primarily due to a reduction in ownership of a subsidiary that occurred during the third quarter of 1997.

DEI funds its capital requirements through cash flow from operations, equity contributions by Dominion, an intercompany credit agreement with Dominion, and bank revolving credit agreements. Cash flow from (used in) financing activities was as follows:

(millions)	1999	1998	1997
Contribution from parent	$ 115		
Issuance of long-term debt	14	$455	$ 108
Repayment of debt			(213)
Common dividend payments	(62)	(48)	(48)
Issuance (repayment) of intercompany debt	(10)	1	22
Other	(27)	4	
Total	$ 30	$412	$(131)

During 1999, cash flow from financing activities was $30 million primarily due to an equity contribution from Dominion, net of dividends. Proceeds were used primarily to fund acquisitions which expanded DEI's natural gas exploration, development and production operations. Also, in 1998, DEI borrowed funds to expand and upgrade its independent power plants.

Cash from (used in) investing activities was as follows:

(millions)	1999	1998	1997
Purchase of fixed assets	$ (57)	$ (73)	$(12)
Purchase of natural gas properties	(65)	(35)	(53)
Purchase of electric plant	(92)	(96)	
Sale of business	180	53	123
Acquisition of businesses	(167)	(338)	(28)
Other	(36)	(26)	(20)
Total	$(237)	$(515)	$ 10

During 1999, cash flow was used in investing activities for the following:

- the acquisitions of Remington and interests in certain gas producing properties located in the San Juan Basin of New Mexico and
- expansion and upgrade activities at certain independent power plants, offset by
- proceeds from the sale of DEI's interest in its Latin American subsidiaries in Peru and Belize.

Capital Requirements

DEI and Peoples Energy Corporation plan to expand the capacity at their jointly-owned electric generating peaking facility near Elwood, Illinois. The expansion is expected to be completed in 2001 and will add a combined 600 megawatts of natural gas-fired electric power to the facility's capacity for a total of 1,200 megawatts. The cost of the expansion is estimated at $280 million. DEI and Peoples Energy Corporation will share equally in the construction costs.

In response to a rule adopted by the EPA in 1998, DEI expects to install NOx reduction equipment at its Kincaid plant at an estimated capital cost of approximately $100 million over the next five years. Whether these costs are actually incurred is dependent on the implementation plans adopted by Illinois and the outcome of litigation regarding this rule. The power purchase agreement with Commonwealth Edison Company provides that DEI will recover a portion of these capital expenditures through monthly reimbursement over the term of the agreement. The agreement also provides that DEI will be reimbursed for operations, maintenance and fuel costs that may be incurred as a result of NOx emission reduction regulations. For more information, see Future Issues -- Clean Air Act Compliance. The capital requirements will be funded by cash flow from operations and existing sources of financing.

Dominion Capital

Dominion Capital's net cash flow provided by operations for 1999 increased by $76 million as compared to 1998 due to an increase in mortgage sales and principal collections, net of originations, plus normal operations. Cash flow provided by operations for 1998 increased by $61 million as compared to 1997 primarily due to higher operating income from financial services and liquidation of marketable equity securities.

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Dominion Capital funds its capital requirements through cash flow from operations, an intercompany credit agreement with Dominion, equity contributions from Dominion, bank revolving credit agreements, term loans and commercial paper programs. Cash flow from (used in) financing activities was as follows:

(millions)	1999	1998	1997
Contribution from parent	$ 100	$ 118	$ 162
Issuance of long-term debt	5,331	3,212	3,911
Repayment of long-term debt	(5,446)	(2,992)	(3,865)
Common dividend payments	(71)	(55)	(43)
Issuance of commercial paper, net	541	492	33
Issuance (repayment) of intercompany debt	(96)	114	28
Total	$ 359	$ 889	$ 226

During 1999, cash flow from financing activities was $359 million and was used primarily to fund loan originations.

Dominion Capital has a senior unsecured 364-day $400 million revolving credit agreement. The credit agreement is used by Dominion Capital for general

corporate purposes including providing liquidity to support a $400 million commercial paper program which was established in February 1999. Net borrowings under the agreement were $275 million at December 31, 1999.

Cash used in investing activities was as follows:

(millions)	1999	1998	1997
Loan originations, net	$(343)	$(802)	$ (82)
Purchase of securities	(156)	(125)	(139)
Other	(24)	(4)	(22)
Total	$(523)	$(931)	$(243)

During 1999, cash flow used in investing activities decreased chiefly because of an increase in commercial loan syndications, sales and repayments. In addition, Dominion Capital also has an interest in a hydroelectric facility, real estate and other investments. In mid 1999, Dominion Capital sold one half of its interest in its hydroelectric facility for $45 million.

Capital Requirements

Until its divestiture, Dominion Capital will continue to fund the operations of its financial services activities through net cash flows from operations, sales of existing real estate and other assets and borrowings through the intercompany credit agreement and various third party credit sources.

FUTURE ISSUES

This section discusses information that may have an impact on future operating results. The SEC encourages companies to provide forward-looking information because it provides investors with an insight into management's outlook for the future. It should be noted that any forward-looking information is expressly covered by the safe harbor rule for projections. For a more detailed description of some of the uncertainties associated with forward-looking information, please refer to the Forward-Looking Information section on page 26.

Three major events occurred in 1999 which will have a significant effect on Dominion's future operations. These events were:

- the announcement of the CNG merger;
- the enactment of law which established a detailed plan to restructure the electric industry in Virginia; and
- the sale of Dominion Energy's interests in Latin American power generation.

CNG Merger

On January 28, 2000, Dominion and CNG closed the merger of CNG into a subsidiary of Dominion. The aggregate purchase price was $6.4 billion. Shareholders of CNG received either Dominion common stock or cash in consideration of their CNG shares. The combination with CNG, based in Pittsburgh, Pa., creates a fully integrated electric and natural gas utility in the Midwest, Northeast and Mid-Atlantic regions of the United States with selective energy businesses located abroad. Immediately before the CNG Merger, we concluded a first step transaction in which 33 million shares of Dominion common stock were exchanged for approximately $1.4 billion.

With the CNG Merger, Dominion has an energy portfolio of almost 20,000 megawatts of domestic power generation and 2.8 trillion cubic feet equivalent in natural gas and oil reserves, producing more than 300 billion cubic feet

equivalent annually. Dominion now operates a major interstate gas pipeline system and the largest natural gas storage system in North America and has approximately 6,000 miles of electric transmission lines. Dominion is the eleventh largest independent oil and gas producer in the United States, measured by reserves, and provides integrated energy services to approximately four million retail customers.

As a result of the merger, Dominion is a registered public utility holding company subject to the provisions of the Public Utility Holding Company Act of 1935 (1935 Act). The 1935 Act imposes a number of restrictions on the operations of registered holding company systems. One such restriction limits the ability of a registered holding company to engage in activities unrelated to its utility operations. Consequently, as part of the SEC order approving the merger, Dominion must divest itself of Dominion Capital, its financial services subsidiary. Although a formal plan for divestiture has not been adopted, the SEC allowed three years for this to be accomplished.

During the merger approval process, Dominion and CNG also agreed to divest Virginia Natural Gas, Inc. (VNG), CNG's gas distribution subsidiary located in Virginia Beach, Va. Dominion has one year after the merger is completed to sell VNG to a third party. If the sale of VNG is not completed within one year, VNG will be spun off as an independent company with the common stock distributed to Dominion shareholders. Both deadlines are subject to reasonable extensions, which may be granted by regulatory authorities. For more information on the CNG merger, see Note (X) to the Consolidated Financial Statements.

As part of the merger, Dominion created a subsidiary service company, Dominion Resources Services, Inc. (Services), which will provide certain services to Dominion's operating subsidiaries. Employees of Dominion Resources and Virginia Power who will perform those functions became employees of Services, effective February 1, 2000. CNG also has a service company. The operating subsidiaries may elect to purchase services from either service company; however, service company functions are expected to be centralized into a single service company in 2001.

In addition, our business operations are being reviewed in conjunction with the merger to identify opportunities for operational efficiencies. As a result of the formation of the service company and this operational review, restructuring charges for items such as employee severance and other special termination benefits and the elimination of duplicate facilities are likely to be incurred during 2000 and 2001.

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Dominion intends to manage the oil and gas exploration and production operations of CNG and DEI on a combined basis. Dominion also intends to review CNG's local gas distribution companies, Virginia Power's transmission and distribution operations and the related customer services functions on a combined basis.

Virginia Legislation

On March 25, 1999, the Governor of Virginia signed into law legislation establishing a detailed plan to restructure the electric utility industry in Virginia. The legislation will deregulate generation by 2002 with the phase-in of retail customer choice beginning at that time. When customer choice begins, customers will have the right to choose their energy supplier. However, we will continue to transport all energy to customers within Virginia Power's service territory. Under this legislation, Virginia Power's base rates will remain generally unchanged until July 2007 and recovery of generation-related costs will continue to be provided through capped rates. For more information, see Note (C) to the Consolidated Financial Statements and Competition--Legislative Initiatives below.

Sale of Interests in Latin American Power Generation
In 1999, DEI reached an agreement to sell its interests in approximately 1,200 megawatts of gross generation capacity located in Latin America. Duke Energy International is purchasing the interests for approximately $405 million. Dominion Energy completed the sale of its interests in Belize and Peru in November 1999 and expects to complete the sale of its interests in Argentina and Bolivia in 2000, following receipt of certain regulatory approvals.

During 1999, DEI recorded a one-time after-tax charge of $21 million related to the sale. For additional information, see Note (V) to the Consolidated Financial Statements and Future Issues--Dominion Energy.

Recently Issued Accounting Standards
The Financial Accounting Standards Board (FASB) recently issued SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133, which defers the effective date of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. As a result, Dominion must adopt SFAS No. 133 no later than January 1, 2001. SFAS No. 133 requires that derivative instruments (including certain derivative instru-ments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at fair value. The statement requires that changes in a derivative's fair value be recognized currently in earnings unless specific hedge-accounting criteria are met.

The FASB-sponsored Derivatives Implementation Group is addressing implementation issues related to SFAS No. 133. Dominion does not believe that its long-term purchased power contracts would be subject to SFAS No. 133. Dominion's portfolio of commodity contracts held for trading purposes is currently marked to fair value and would not be affected by this statement. Dominion is in the process of assessing the impact of SFAS No. 133. To the extent that contracts are subject to SFAS No. 133 fair value accounting, implementing appropriate hedging strategies could possibly mitigate the potential impact on earnings volatility.

However, Dominion has not yet quantified the impacts of adopting SFAS No. 133.

Year 2000 Compliance

Dominion experienced a successful transition to the Year 2000. Immediately after the rollover and throughout the rollover weekend, Dominion's transmission and distribution systems and its generating units continued to operate smoothly. Our customers did not lose power as a result of a Year 2000 problem.

We are continuing to monitor systems for any Year 2000 issues, and we will be especially alert to any problems caused by the transition through February 29, 2000. However, as with the rollover to January 1, 2000, no significant problems are expected.

We expect total Year 2000 costs to be approximately $32 million. Actual Year 2000 costs of $30 million had been expended as of December 31, 1999.

We cannot estimate or predict the potential adverse consequences, if any, that could result from a third party's failure to effectively address remaining Year 2000 issues, if any, but believe that any impact would be short-term in nature and would not have a material adverse impact on results of operations.

Dominion Delivery Business and Utility Operations of
Dominion Energy
The following discussion is about Virginia Power, Dominion's principal subsidiary, and the environment in which it operates. As previously discussed, Dominion evaluates the operations of Virginia Power in two of its operating segments, Dominion Delivery (regulated electric distribution and transmission operations) and Dominion Energy (utility generation operations).

Competition -- General
Dominion has recently seen federal and state developments toward increased competition. Electric utilities have been required to open up their transmission systems for use by potential wholesale competitors. In addition, non-utility power producers now compete with electric utilities in the wholesale generation market. At the federal level, retail competition is under consideration. Some states, including Virginia, Ohio and Pennsylvania, have already enacted legislation requiring the introduction of retail competition.

Today, Dominion faces competition in the wholesale market. There is no general retail competition in Virginia Power's principal service area at this time. However, Virginia enacted a law in 1999 establishing a detailed plan to restructure the electric utility industry in Virginia. Dominion actively supported this restructuring legislation. See Competition -- Retail and Competition -- Legislative Initiatives below and Note (C) to the Consolidated Financial Statements.

Dominion has responded to the trend toward competition by cutting costs, re-engineering core business processes, and pursuing innovative approaches to serving traditional markets and future markets. Dominion's strategy also includes the development of non-traditional products and services with an objective of providing growth in future earnings. These products and services include electric energy and capacity in the emerging wholesale market; natural gas and other energy-related products and services; nuclear management and consulting services; power distribution and transmission related services, including engineering and metering; and telecommunication services. In addition, Dominion may from time to time identify and investigate opportunities to expand its markets through strategic alliances with partners whose strengths, market position and strategies complement those of Dominion.

Competition -- Wholesale
Virginia Power sells electricity in the wholesale market under its market based sales tariff authorized by FERC, but has agreed not to make wholesale power sales under this tariff to loads located within Virginia Power's service territory. However, Virginia Power expects to file in the first quarter 2000 an application with FERC to make sales under its market-based sales tariff to loads within its service territory to facilitate the retail access pilot program. Also, Virginia Power expects to file in the first

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quarter 2000 an application with FERC to amend its open access transmission tariff to accommodate the retail access pilot program. Until such authorization has been granted by FERC, any agreements which allow Virginia Power to sell wholesale power to loads located within its service territory are to be at cost-based rates accepted by FERC.

During 1999, sales to wholesale customers under requirements contracts represented approximately 4 percent of Virginia Power's total revenues from electric sales. Since FERC issued its Order 888 requiring open access to transmission service, Virginia Power has faced increased competitive pressures on sales to wholesale customers served under requirements contracts. In response, Virginia Power has renegotiated long-term contracts with wholesale customers. Virginia Power has also implemented a new arrangement with its largest wholesale customer that provides for a transition from cost-based rates to market-based rates.

Competition -- Retail

Currently, Virginia Power has the exclusive right to provide electricity at retail within its assigned service territories in Virginia and North Carolina. As a result, Virginia Power now faces competition for retail sales only if certain of its business customers move into another utility service territory, use other energy sources instead of electric power, or generate their own electricity.

However, in 1998, the Virginia General Assembly passed legislation that established a timeline for deregulation of retail electric service but left the details regarding implementation to future enabling legislation. In March 1999, the Governor of Virginia signed into law new legislation establishing a detailed plan to restructure the electric utility industry in Virginia which will provide for customer choice beginning in 2002. For a discussion of Virginia Power's pilot program for customer choice beginning in 2000, see Competition -- Regulatory Initiatives below. Under this legislation, Virginia Power's base rates will remain unchanged until July 2007 and recovery of generation-related costs will continue to be provided through capped rates and a wires charge assessed to those customers opting for alternate suppliers. See Note (C) to the Consolidated Financial Statements.

Competition--Legislative Initiatives

Virginia As discussed above, the Governor of Virginia signed into law legislation establishing a detailed plan to restructure the electric utility industry. Under the legislation, the generation portion of Virginia Power's Virginia jurisdictional operations will no longer be subject to cost-based rate regulation beginning in 2002.

A legislative transition task force is charged with specific assignments including the monitoring of possible over- or under-recovery of stranded costs by incumbent utilities. This monitoring begins at the onset of customer choice and the task force will submit annual reports to the Governor and the General Assembly offering recommendations as it deems necessary.

The legislation also addressed divestiture, functional separation and other corporate relationships. Although mandatory divestiture is prohibited by the law, functional separation is required and must be completed by January 1, 2002. Utilities must submit their plans to the Virginia Commission by January 1, 2001, outlining steps to be taken to functionally separate generation, transmission and distribution.

Dominion is currently supporting certain technical amendments to the restructuring legislation being considered by the 2000 General Assembly.

North Carolina The 1997 session of the North Carolina General Assembly created a study commission on the future of electric service in North Carolina. In October 1999, Duke Energy Corp. and Carolina Power and Light Company submitted a proposal to the study commission addressing certain municipal debt issues that must be resolved before a comprehensive restructuring plan can be developed. The North Carolina Commission continues to study the subject of deregulation in anticipation that the 2000 session of the General Assembly may consider the issue when it convenes in May.

Federal The U.S. Congress is expected to consider federal legislation in the near future authorizing or requiring retail competition. Dominion cannot predict what, if any, definitive actions the Congress may take.

Competition -- Regulatory Initiatives

Virginia In 1998, the Virginia State Corporation Commission issued an order instructing Virginia Power and American Electric Power (AEP)- Virginia, as the Commonwealth's two largest investor-owned utilities, to design and file retail access pilot programs. Virginia Power filed a report in November 1998 describing the details, objectives and characteristics of its proposed retail access pilot

program. In August 1999, the Commission's Hearing Examiner issued a report on interim rules for the introduction of electric and natural gas retail competition in Virginia. In September 1999, Virginia Power, the Virginia Commission Staff and two other parties entered into a stipulated agreement which resolved the size and scope of the proposed pilot program and the methodology for determining the market price of electricity used in calculating the wires charge assessed to those customers opting for alternate suppliers. The pilot program will initially give approximately 35,000 customers the ability to choose their electricity supplier. The scope of the program will be expanded to include approximately 70,000 customers by year end 2000. A Hearing was held in September 1999. The Hearing Examiner's Report was issued in November 1999, recommending certain changes to Virginia Power's pilot plan and a modification of the stipulated market price methodology. Virginia Power filed comments and exceptions in December 1999. A Final Order from the Virginia Commission is anticipated in early 2000.

In March 1998, the Virginia Commission issued an Order Establishing Investigation with regard to independent system operators (ISOs), regional power exchanges (RPXs) and retail access pilot programs. The Order directed all investor-owned electric utilities to begin work, in conjunction with the Virginia Commission Staff and other interested parties, to develop one or more ISOs and RPXs to serve the public interest in Virginia. The Virginia Electric Utility Restructuring Act (Act), signed into law in 1999, requires that Virginia's incumbent electric utilities join or establish regional transmission entities (RTEs) by January 2001, and seek authorization from the Virginia Commission to transfer ownership or operational control of their transmission facilities to such RTE's. In May 1999, the Virginia Commission issued an Order Establishing an Investigation and inviting comments concerning the development of the rules required by the Act. Virginia Power submitted comments in June 1999 and reply comments in July 1999, urging the Virginia Commission to adopt rules and regulations that are identical to FERC's regulations concerning ISOs. In January 2000, the Virginia Commission issued an Order giving notice of, and requesting comments to, the proposed rules and regulations establishing the elements of RTE structures. Under the proposed rules, Virginia Power would be required to seek authorization to transfer operational control of its transmission facilities on or before May 1, 2000. Virginia Power submitted comments on the proposed rules and regulations in February 2000.

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Federal Virginia Power maintains major interconnections with Carolina Power and Light Company, AEP, Allegheny Energy (AE) and the utilities in the Pennsylvania-New Jersey-Maryland Power Pool. Through this major transmission network, Virginia Power has arrangements with these utilities for coordinated planning, operation, emergency assistance, and exchanges of capacity and energy.

In June 1999, Virginia Power, together with American Electric Power Services Corporation, Consumers Energy Company, The Detroit Edison Company and First Energy Corporation, on behalf of themselves and their public utility operating company subsidiaries (Alliance Companies), filed with FERC applications under Sections 205 and 203 of the Federal Power Act for approval of the proposed Alliance Regional Transmission Organization (Alliance RTO).

In December 1999, FERC issued an Order under Section 203 of the Federal Power Act granting the application, subject to certain conditions and requirements discussed in the Order, and directing the Alliance Companies to submit a compliance filing as discussed in the Order. In January 2000, the Alliance Companies filed an application seeking a rehearing of certain conditions and requirements of the Order. In February 2000, the Alliance Companies filed amendments to the Alliance RTO documents to comply with certain conditions and requirements of the Order.

In December 1999, FERC issued Order 2000 which amended its regulations to

advance the formation of Regional Transmission Organizations (RTOs). The regulations require that each public utility that owns, operates, or controls transmission facilities make certain filings with respect to forming and participating in an RTO. FERC also codified minimum characteristics and functions that a transmission entity must satisfy in order to be considered an RTO. In January 2000, the Alliance Companies filed an application seeking a rehearing of such order.

Competition -- Exposure To Potentially Stranded Costs

Under traditional cost-based regulation, utilities have generally had an obligation to serve, supported by an implicit promise of the opportunity to recover prudently incurred costs. The most significant potential impact of transitioning from a regulated to a competitive environment is "stranded costs." Stranded costs are those costs incurred or commitments made by utilities under cost-based regulation that may not be reasonably expected to be recovered in a competitive market. If no recovery mechanism is provided during the transition, the financial position of a utility could be materially adversely affected.

At December 31, 1999, Virginia Power's exposure to potentially stranded costs was comprised of the following:

- long-term purchased power contracts that could ultimately be determined to be above market (see Purchased Power Contracts, Note (Q) to the Consolidated Financial Statements);

- generating plants that could possibly become uneconomic in a deregulated environment; and

- unfunded obligations for nuclear plant decommissioning and postretirement benefits not yet recognized in the financial statements (see Notes (F) and (O) to the Consolidated Financial Statements).

Dominion believes the capped rates provided by the 1999 legislation present a reasonable opportunity to recover a substantial portion of our potentially stranded costs. In the absence of capped rates, Virginia Power would otherwise have been exposed, on a pre-tax basis, to an estimated $3.2 billion of potential losses related to long-term power purchase commitments. See Note (C) to the Consolidated Financial Statements. Recovery of potentially stranded costs remains subject to numerous risks including, among others, exposure to long-term power purchase commitment losses, future environmental compliance requirements, changes in tax laws, decommissioning costs, inflation, increased capital costs, and recovery of certain other items.

Rate Matters

In obtaining approval for the CNG Merger in North Carolina, Virginia Power agreed not to request an increase in its North Carolina retail electric base rates until after December 31, 2005, except for certain events that would have a significant financial impact on Dominion.

Virginia Power's fuel rates are still subject to change under the annual fuel cost adjustment proceedings in both Virginia and North Carolina.

Competition -- Retail Gas

Gas industry competition at the retail level is receiving increased attention from both regulators and legislators. Governments in three of the states in which Dominion, subsequent to the CNG Merger, operates distribution subsidiaries have enacted or considered legislation regarding deregulation of natural gas at the retail level. In Ohio, a 1996 law established customer choice as a state policy in the supply of natural gas services. Implementation of the law, which allows retail customers to obtain gas from an array of suppliers, is under way. In Pennsylvania, legislation was enacted to unbundle gas utility merchant

functions and permit the Pennsylvania Public Utility Commission to certify marketers, in addition to gas utilities, as suppliers of last resort, creating competition in a traditional gas utility function. Virginia is currently operating under a one-year unbundling pilot program, enacted in 1999. The Virginia General Assembly is currently considering legislation to make the program permanent.

Dominion Energy

Dominion Energy's future focus in its domestic power generation business is to acquire and develop additional power generation in the MAIN to Maine region. The MAIN region consists of the Mid-America Interconnected Network. This network includes the range of electric utility service territories that begins in the upper Midwest and covers an area northeastward through Maine. Dominion Energy will benefit from the merger with CNG as it plans to develop natural gas-fired power generation facilities along CNG's natural gas pipeline system. Dominion has identified a number of potential development sites along CNG's natural gas pipeline network in Ohio, Pennsylvania, New York, West Virginia and Virginia.

As indicated above, Dominion Energy's business is increasingly competitive, particularly given the deregulation and consolidation activity the industry is experiencing. In its existing independent power investments, Dominion Energy intends to counter competition by focusing on cost structure, operating efficiencies and actively exercising management control.

Environmental Matters

Dominion Energy is subject to rising costs resulting from a steadily increasing 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. Historically, these costs for utility operations could be recovered from customers through utility rates. However, to the extent environmental costs are incurred during the period ending June 30, 2007, in excess of the level currently included in Virginia jurisdictional rates, Dominion's results of operations will decrease. After that date, recovery may be sought for only those environmental costs related to transmission and distribution operations through regulated utility rates.

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Environmental Protection and Monitoring Expenditures

Dominion Energy incurred $78 million, $72 million, and $71 million (including depreciation) during 1999, 1998 and 1997, respectively, in connection with the use of environmental protection facilities. Dominion Energy expects these expenses to be $79 million in 2000. In addition, capital expenditures to limit or monitor hazardous substances were $84 million, $22 million, and $25 million for 1999, 1998 and 1997, respectively. The amount estimated for 2000 for these expenditures is $148 million.

Clean Air Act Compliance

The Clean Air Act, as amended in 1990, requires Dominion Energy to reduce its emissions of SO_2 and NO_x which are gaseous by-products of fossil fuel combustion. The Clean Air Act also requires Dominion Energy to obtain operating permits for all major emissions-emitting facilities. Permit applications have been submitted for Dominion Energy's power stations.

The Clean Air Act's SO2 reduction program is based on the issuance of a limited number of SO2 emission allowances, each of which may be used as a permit to emit one ton of SO2 into the atmosphere or may be sold to someone else. The EPA administers the program. Dominion Energy's compliance plans are reviewed periodically and may include switching to lower sulfur coal, purchase of emission allowances, and installation of SO2 control equipment. In December 1998, Dominion Energy initiated a capital project to install SO2 control equipment on two units at the Mt. Storm power station at an estimated cost of $126 million. These SO2 controls are expected to be operational by January 2002. In July 1999, Dominion Energy's Kincaid plant converted to low-sulfur Powder River Basin coal, further reducing SO2 emissions.

Dominion Energy began complying with Clean Air Act Phase I NOx limits at eight of its units in Virginia in 1997, three years earlier than otherwise required. As a result, the units will not be subject to more stringent Phase II limits until 2008. Dominion Energy has established a plan to comply with the Phase II limits at remaining coal-fired units subject to the Phase II limits.

In September 1998, EPA adopted a rule requiring 22 states, including states within which we operate, to reduce and cap ozone season (May-September) NOx emissions beginning in May 2003. The affected states were to submit a compliance plan to EPA by September 1999, but a May 1999 ruling by the U.S. District Court of Appeals in the DC Circuit has granted an indefinite stay of the states' submittal requirements. However, in December 1999, EPA issued a finding in support of petitions filed by several Northeastern states seeking relief from long-range pollutant transport from utility and large industrial sources that essentially enforces the same NOx emission caps beginning in May 2003. In response to these requirements, Dominion Energy plans to install NOx reduction equipment at its coal-fired generating facilities at an estimated capital cost of approximately $554 million over the next five years. Whether these costs are actually incurred and the timing of such expenditures are dependent on both the outcome of pending litigation of these rules and on the implementation plans adopted by the states in which Dominion Energy operates.

Evaluation and planning of future projects to comply with SO2 and NOx reduction requirements are ongoing and will be influenced by changes in the regulatory environment, availability of SO2 and NOx allowances, and emission control technology.

Global Climate Change

In 1993, the United Nation's Global Warming Treaty became effective. The objective of the treaty is the stabilization of greenhouse gas concentrations at a level that would prevent man-made emissions from interfering with the climate system.

As a continuation of the effort to limit man-made greenhouse emissions, an international Protocol was formulated in December 1997 in Kyoto, Japan. This Protocol calls for the United States to reduce greenhouse emissions by 7 percent from 1990 baseline levels by the period 2008-2012. The Protocol has been signed by the United States but will not constitute a binding commitment unless submitted to and approved by the United States Senate. Emission reductions of the magnitude included in the Protocol, if adopted, would likely result in a substantial financial impact on companies that consume or produce fossil fuel-derived electric power, including Dominion.

Dominion E&P

One of Dominion E&P's primary goals in its oil and gas business is to sustain and increase earnings from non-tax credit oil and gas properties. Dominion E&P's operating focus is on cost structure and operating efficiencies. Dominion E&P expects to compete in regional markets by expanding its reserve base through drilling and the acquisition of oil and gas properties.

Dominion E&P will benefit from the merger with CNG through the optimization of the value of the Company's reserve portfolio. This optimization will be achieved through the convergence of the Company's gas and electric products and maximization of gas storage facilities, to achieve the most favorable market conditions when selling energy. In addition, Dominion E&P's oil and gas operations should realize the benefits of sharing past experiences and sound business practices developed over time. This should help improve operational efficiencies and minimize finding, developing, and lifting costs. Additional efficiencies will be achieved by elimination of duplicate administrative functions.

Dominion Capital

Under the SEC's order approving the CNG merger, Dominion must divest itself of Dominion Capital within three years. No formal plan of divestiture has been adopted. However, Dominion has begun identifying suitable buyers. Until Dominion Capital is sold, Dominion will continue to operate these financial services businesses and be subject to their risks.

The financial performance of Dominion Capital's diversified financial services businesses depends to a certain degree on the movement of interest rates, overall economic conditions, and increasing competition. Dominion Capital intends to manage the effect of these issues by maintaining a balanced diversified business approach, maintaining underwriting, credit quality and service, and focusing on specialized markets. Dominion Capital expects continued growth in its existing financial service business units through increased market share, developing new products and services and entering new financial markets.

Business Opportunities

Because Dominion's industry is rapidly changing, especially in the U.S., there are many opportunities for acquisitions of assets and business combinations. We investigate any opportunity we learn about that may increase shareholder value and build on our existing businesses. We have participated in the past and our security holders may assume that at any time Dominion may be participating in bidding or other negotiating processes for such transactions. Such participation may or may not result in a transaction for Dominion. However, any such transaction that does take place may involve consideration in the form of cash, debt or equity securities and may involve payment of a premium over book or market values. Such transactions or payments could affect the market prices and rates for Dominion's securities.

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MARKET RATE SENSITIVE
INSTRUMENTS AND RISK MANAGEMENT

Dominion is exposed to market risk because it utilizes financial instruments, derivative financial instruments, and derivative commodity instruments. The market risks inherent in these instruments are represented by the potential loss due to adverse changes in commodity prices, equity security prices, interest rates, and foreign currency exchange rates as described below. Interest rate risk generally is related to Dominion and its subsidiaries' outstanding debt as well as their commercial, consumer, and mortgage lending activities. Currency risk exists principally through Dominion E&P's investment in Canada and some debt denominated in European currencies associated with Dominion Energy's investment in Latin America. Dominion is exposed to equity price risk through various portfolios of equity securities. Commodity price risk is experienced in Dominion's power generation and oil and gas businesses, Dominion Energy and Dominion E&P. They are exposed to effects of market shifts in the sales prices they receive and pay for natural gas and electricity.

Dominion has utilized the sensitivity analysis methodology to disclose the

quantitative information for the interest rate, commodity price and foreign exchange risks. Sensitivity analysis provides a presentation of the potential loss of future earnings, fair values, or cash flows from market risk-sensitive instruments over a selected time period due to one or more hypothetical changes in interest rates, foreign currency exchange rates, commodity prices, or other similar price changes. The tabular presentation methodology continues to be used to disclose equity price market risk.

Interest Rate Risk Non-Trading Activities

Dominion manages its interest rate risk exposure by maintaining a mix of fixed and variable rate debt. In addition, Dominion enters into interest rate sensitive derivatives. Examples of these derivatives are swaps, forwards and futures contracts.

Dominion's sensitivity analysis estimates the impact of a hypothetical change in interest rates on its variable-rate long-term and short-term financial instruments and interest rate-sensitive derivatives. For financial instruments outstanding at December 31, 1999, a hypothetical 10% increase in market interest rates would decrease annual earnings by approximately $31 million. A similar hypothetical increase in market interest rates, as determined at December 31, 1998, would have resulted in a decrease in annual earnings of $12 million.

Dominion Capital, through subsidiaries, retains ownership in the residual classes of the asset-backed securities utilized to sell home equity loans originated and purchased. At December 31, 1999, these assets are classified as available for sale securities on the balance sheet and total $307 million.

The residual securities represent the net present value of the excess of interest payable on the underlying mortgage collateral, net of interest payments to outstanding bond holders, servicing costs, over-collateralization requirements, and credit losses. Fair value of the residual is analyzed quarterly by Dominion Capital to determine whether prepayment experience, losses and changes in the interest rate environment have had an impact on the valuation. Expected cash flows of the underlying loans sold are reviewed based upon current economic conditions and the type of loans originated and are revised as necessary.

Foreign Exchange Risk Activities

Dominion's exposure to foreign currency exchange rates results from debt which is denominated in a currency different from the company's functional currency, the U.S. dollar. In this situation, the company is subject to gains and losses due to the relative change in the foreign currency rate of the debt versus the U.S. dollar. This risk is mitigated by entering into contracts which are denominated or indexed to the U.S. dollar. In the past, Dominion has also used currency swaps to minimize this exposure. As of December 31, 1999, no currency swaps were outstanding.

Dominion has performed sensitivity analyses to estimate its exposure to foreign-exchange market risk. If the U.S. dollar declines in value by 10% as compared to its value at December 31, 1999, the impact on the fair value of the foreign denominated debt would be insignificant. Comparatively, the same percentage decline of the U.S. dollar at December 31, 1998 would have resulted in an insignificant increase in the fair value of the foreign denominated debt.

Commodity Price Risk Non-Trading Activities

Dominion E&P is exposed to the impact of market fluctuations in the sales price it receives for its produced natural gas and oil. To reduce price risk caused by market fluctuations, Dominion E&P generally follows a policy of hedging a portion of its natural gas and oil sales commitments by selecting derivative commodity instruments whose historical price fluctuations correlate strongly with those of the production being hedged. Dominion E&P enters into options,

swaps, and collars to mitigate a loss in revenues, should natural gas or oil prices decline in future production periods. Dominion E&P also mitigates price risk by entering into fixed price sale agreements with physical purchasers of natural gas.

When conducting sensitivity analysis of the change in the fair value of Dominion E&P's oil and gas portfolio which would result from a hypothetical change in the future market price of oil and natural gas, the fair value of the contracts are determined from models which take into account estimated future market prices of oil and natural gas, the volatility of the market prices in each period, as well as the time value factors of the underlying commitments. In most instances, market prices and volatility are determined from quoted prices on the futures exchange.

Dominion has determined a hypothetical change in fair value for its oil and natural gas contracts assuming a 10% unfavorable change in market prices. This hypothetical 10% change in market prices would have resulted in a decrease in fair value of approximately $20 million and $8 million as of December 31, 1999 and December 31, 1998, respectively.

The impact of a change in oil and natural gas commodity prices on Dominion E&P's oil and natural gas contracts at a point in time is not necessarily representative of the results that will be realized when such contracts are ultimately settled.

Commodity Price Risk Trading Activities

As part of its strategy to market energy from owned generation capacity and to manage related risks, Dominion Energy manages a portfolio of derivative commodity contracts held for trading purposes. These contracts are sensitive to changes in the prices of natural gas and electricity. Dominion Energy employs established policies and procedures to manage the risks associated with these price fluctuations and uses various commodity instruments, such as futures, swaps and options, to reduce risk by creating offsetting market positions. In addition, Dominion Energy seeks to use its generation capacity,

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when not needed to serve electric utility service customers, to satisfy commitments to sell energy.

Under sensitivity analysis, the fair value of the portfolio is a function of the underlying commodity, contract prices and market prices represented by each derivative commodity contract. For swaps, forward contracts and options, market value reflects our best estimates considering over-the-counter quotations, time value and volatility factors of the underlying commitments. Exchange-traded futures and options are marked to market based on closing exchange prices.

Dominion Energy has determined a hypothetical loss by calculating a hypothetical fair value for each contract assuming a 10% unfavorable change in the market prices of the related commodity and comparing it to the fair value of the contracts based on market prices at December 31, 1999 and 1998. This hypothetical 10% change in commodity prices would have resulted in a hypothetical loss of approximately $5 million and $13 million in the fair value of Dominion Energy's commodity contracts as of December 31, 1999 and 1998, respectively. The commodity contracts' sensitivity to unfavorable price changes decreased in 1999 primarily due to reduced price exposure from options included in the portfolio at December 31, 1999, as compared to December 31, 1998.

The sensitivity analysis does not include the price risks associated with utility operations, including those underlying utility fuel requirements. In the normal course of business, Dominion Energy also faces risks that are either nonfinancial or nonquantifiable. Such risks principally include credit risk, which is not reflected in the sensitivity analysis above.

Equity Price Risk Activities

Dominion is subject to equity price risk due to marketable securities held as investments and in trust funds. Trust funds are maintained by Virginia Power in order to fund certain nuclear decommissioning costs.

In accordance with current accounting standards, the marketable securities are reported on the balance sheet at fair value. The following table presents descriptions of the equity securities, other than trading, held by Dominion at December 31, 1999 and 1998.

	1999		1998	
(millions)	Cost	Fair Value	Cost	Fair Value
Trading:				
Short-term marketable securities	$ 1	$ 2	$ 1	$ 1
Other than trading:				
Marketable securities	$134	$126	$165	$169
Nuclear decommissioning trust investments	$274	$565	$252	$470

Other Risk Management Factors and Matters

Foreign Risks

Dominion's investment in Corby, a generation project in the United Kingdom, and a significant portion of DEI's operations are located in foreign countries. DEI's foreign operations include interests in Latin American power production included in Dominion Energy and certain Canadian activities included in Dominion E&P. These investments represent primarily investments in affiliates which own energy-related production, generation and transmission facilities. Dominion is exposed to foreign currency risk and sovereignty risk with respect to these investments. Sovereignty risk relates to losses due to actions initiated by foreign governments that preclude actions by Dominion to mitigate such losses. Dominion seeks to manage this risk by limiting its exposure in any single country and by limiting its investments to those countries and regions where it believes these risks are less significant.

The sale of DEI's interests in Belize and Peru in November 1999 and the pending completion of the sale of its interests in Argentina and Bolivia in 2000 will reduce Dominion's exposure to foreign currency and sovereignty risk.

Financial Service Business Risk

Dominion Capital manages a number of risks in its operations in addition to interest rate risk as discussed above. Its lending groups are concerned with credit risks, loan loss reserves, prepayments, and oil and natural gas market fluctuations.

Credit risks are managed by:

- experienced management and effective underwriting policies and procedures;
- controlling the average loan size;

- geographic diversification of the portfolio;
- compensating for risk grade by lowering loan to values and higher interest rates; and
- servicing and quality control efforts.

Commercial credit risks are managed by:

- diversification of clients by industry classification;
- primarily maintaining first position in collateralized assets;
- underwriting by experienced professionals and effective underwriting policies and procedures; and
- portfolio monitoring and credit collection.

Dominion Capital's mortgage investments are adversely impacted by increases in the rate at which home equity loans prepay. Accordingly, Dominion Capital actively manages this risk by:

- including prepayment penalties, when possible, as part of loan structure;
- aggressively enforcing premium recapture provisions with sellers of mortgage loans;
- limiting the acquisition of below market (teaser) start rates on adjustable rate mortgages to those covered by prepayment penalties; and
- constructing prudent valuation assumptions based on historical prepayment rates globally and within the company.

The market price of natural gas assets are monitored and coverages are maintained in the underwriting structures of Dominion Capital's loan assets as well as oil and gas hedges.

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Notes to Consolidated Financial Statements

NOTE A: Nature of Operations

General Organization and Legal Description Dominion Resources, Inc. (Dominion or the Company) is a holding company headquartered in Richmond, Va. Its principal subsidiary is Virginia Electric and Power Company (Virginia Power), which is a regulated public utility. Virginia Power is engaged in the generation, transmission, distribution and sale of electric energy within a 30,000 square mile area in Virginia and northeastern North Carolina. It sells electricity to retail customers (including government agencies) and to wholesale customers such as rural electric cooperatives, power marketers and municipalities. The Virginia service area comprises about 65 percent of Virginia's total land area, but accounts for 80 percent of its population. Virginia Power engages in off-system wholesale purchases and sales of electricity and purchases and sales of natural gas beyond the geographic limits of its service territory.

Dominion's subsidiary, Dominion Energy, Inc. (DEI), is engaged in independent power production and oil and gas exploration, development and production. Some of the independent power and natural gas and oil businesses are located in foreign countries. In Latin America, DEI is engaged in power generation. See Note (V) for information about the sale of such interests. In Canada, DEI is engaged in natural gas exploration, production and storage.

Including the Latin American power generation assets being sold in 2000, DEI's net investment in foreign operations was approximately $277 million at December 31, 1999.

Dominion Capital, Inc. (Dominion Capital) is Dominion's financial services subsidiary. Dominion Capital's primary business includes commercial lending, merchant banking, asset management and residential mortgage lending.

Dominion's United Kingdom subsidiary, Dominion U.K. Holding, Inc., owns an 80% interest in Corby Power Station (Corby), a 350-megawatt natural gas-fired power station located in Northamptonshire, about 90 miles north of London. Until mid-1998, this subsidiary also owned East Midlands Electricity, plc (East Midlands), an electricity distribution and supply company in the United Kingdom.

Dominion evaluates its businesses along functional lines rather than legal entities. The functional segments include Dominion Delivery (representing the regulated transmission and distribution operations of Virginia Power); Dominion Energy (including the generation-related operations of Virginia Power and DEI); Dominion E&P (representing oil and gas exploration and production activities); Dominion Capital (consistent with legal entity described above); and Corporate Operations (including general corporate items as well as Corby).

In 1999, Dominion announced its merger with Consolidated Natural Gas Company (CNG) which closed on January 28, 2000. As a result, Dominion became a registered holding company under the Public Utility Holding Company Act of 1935 (the 1935 Act). See Note (X) for further discussion.

NOTE B: Significant Accounting Policies

General The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The Consolidated Financial Statements include the accounts of Dominion and its subsidiaries. In consolidation, all significant intercompany transactions and accounts have been eliminated.

Accounting for the utility business conforms with generally accepted accounting principles as applied to regulated public utilities and as prescribed by federal agencies and the commissions of the states in which the utility business operates.

As discussed in Dominion's Form 8-K, filed March 29, 1999, Virginia Power discontinued the application of Statement of Financial Accounting Standards No. 71 (SFAS No. 71), Accounting for the Effects of Certain Types of Regulation, to its generation operations. The effect thereof was an after-tax charge of $255 million. See Note (C).

In connection with the discontinuance of SFAS No. 71, for its utility generation operations, Dominion prospectively changed certain of its accounting policies to those used by nonregulated entities. These policy changes primarily relate to the capitalization of interest on and depreciation of generation-related property. Dominion also reevaluated the economic useful life estimates of its generation-related property in light of the scheduled deregulation of the generation business in Virginia. In addition, Dominion no longer provides for the cost of removal in its provision for depreciation of generation-related utility property, as prescribed by regulatory accounting practices. Effective April 1999, such costs are expensed as incurred. Also, Dominion no longer records retirements of generation-related utility property by charging accumulated depreciation. Rather, Dominion records gains and losses

upon retirement of such property based upon the difference between proceeds received, if any, and the property's undepreciated basis at the retirement date. The overall impact of these changes was not material to Dominion's results of operations and financial condition.

Earnings per share Basic earnings per common share are calculated by dividing net income by the average number of common shares outstanding during the year. Under Statement of Financial Accounting Standards No. 128, Earnings Per Share, and Emerging Issues Task Force (EITF) Topic No. D-72, Effect of Contracts That May Be Settled in Stock or Cash on the Computation of Diluted Earnings Per Share, diluted earnings per share includes an adjustment to reflect the cost incurred under a total return equity swap associated with Dominion's repurchase of Dominion common stock. The adjustment reduced basic earnings per share by $0.07. For more information on the transaction, see Note (P).

Revenue Revenue is recorded on the basis of services rendered, commodities delivered or contracts settled and include amounts yet to be billed to customers. Revenues from trading activities include realized commodity contract revenues, net of related cost of sales, amortization of option premiums, and unrealized gains and losses resulting from marking to market those commodity contracts not yet settled. Dividend income on securities owned is recognized on the ex-dividend date. Interest income is accrued on the unpaid principal balance.

Fuel, Net Fuel, net includes the cost of fossil fuel and nuclear fuel used in electric generation and purchased energy used to serve electric sales. It also includes the cost of purchased energy associated with power marketing sales subject to cost of service rate regulation.

Approximately 95% of Virginia Power's rate regulated fuel costs are subject to deferral accounting. Deferral accounting provides that the difference between reasonably incurred actual expenses and the level of expenses included in current rates is deferred and matched against future revenues. Fuel, net includes the effect of this deferral accounting and may therefore show expenses that are marginally higher or lower than the actual cost of fuel consumed during the period.

Investments in Affiliates Investments in common stocks of affiliates representing 20% to 50% ownership, and joint ventures and partnerships representing generally 50% or less ownership interests, are accounted for under the equity method.

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Dominion also uses the equity method when accounting for its 80% investment in Corby, as the Company believes that Corby's governing agreements give substantive participating rights to the minority shareholder. Corby owns and operates a 350-megawatt gas-fired power station in England. At December 31, 1999, Corby's assets and liabilities were as follows: current assets of $40 million, current liabilities of $31 million, non-current assets of $263 million, and non-current liabilities of $232 million. Corby had total revenues of $137 million and total expenses (including interest and taxes) of $122 million in 1999.

Goodwill Goodwill is the excess of the cost of net assets acquired in business combinations over their fair value. It is amortized on a straight-line basis over periods ranging from 20 to 40 years. Goodwill is evaluated for impairment at least annually.

Property, Plant and Equipment Property, plant and equipment is recorded at

original cost, which includes labor, materials, services, and other indirect costs.

The cost of acquisition, exploration and development of natural resource properties is accounted for under the successful efforts method.

Interest is capitalized in connection with the construction of major facilities. The capitalized interest is recorded as part of the asset and is depreciated over the asset's estimated useful life. In 1999, 1998 and 1997, $30 million, $10 million and $4 million of interest cost was capitalized, respectively.

Depreciation, Depletion and Amortization Depreciation of power generation plant (other than nuclear fuel) is computed using the straight-line method based on projected useful service lives. For Virginia Power's transmission and distribution assets, which remain subject to SFAS No. 71, the cost of depreciable utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation. The provision for depreciation applicable to utility operations resulted in a weighted average rate of 3.2% for 1999, 1998 and 1997.

Owned nuclear fuel is amortized on a unit-of-production basis sufficient to amortize fully, over the estimated service life, the cost of the fuel plus permanent storage and disposal costs.

Natural gas properties are depleted using the units-of-production method.

Federal Income Taxes Dominion and its subsidiaries file a consolidated federal income tax return.

Deferred income taxes are provided for all significant temporary differences between the financial and tax basis of assets and liabilities using presently enacted tax rates in accordance with SFAS No. 109, Accounting for Income Taxes. Temporary differences occur when events and transactions recognized for financial reporting result in taxable or tax-deductible amounts in future periods. The regulatory treatment of temporary differences can differ from the requirements of SFAS No. 109. Accordingly, a regulatory asset has been recognized if it is probable that future revenues will be provided for the payment of deferred tax liabilities.

Dominion accounts for investment tax credits related to utility plant subject to cost-based regulation under the "deferral method," which provides for the amortization of these credits over the service lives of the property giving rise to the credits.

Regulatory Assets The financial statements reflect assets and costs in accordance with SFAS No. 71 and related literature. SFAS No. 71 provides that certain expenses normally reflected in income are deferred on the balance sheet as regulatory assets. Regulatory assets represent probable future revenue associated with certain costs that will be recovered from customers through the ratemaking process. See Notes (C) and (E) for information on regulatory assets and the impact of legislation on continued application of SFAS No. 71.

Foreign Currency Translation Dominion translates foreign currency financial statements by adjusting balance sheet accounts using the exchange rate at the balance sheet date and income statement accounts using the average exchange rate for the year. Translation gains and losses are recorded in shareholders' equity as a component of accumulated other comprehensive income. Gains and losses resulting from the settlement of transactions in a currency other than the functional currency are reflected in income.

Amortization of Debt Issuance Costs Dominion defers and amortizes any expenses incurred in the issuance of long-term debt, including premiums and discounts associated with such debt, over the lives of the respective issues. Any gains or

losses resulting from the refinancing of debt allocable to utility operations that are subject to cost-based regulation are also deferred and amortized over the lives of the new issues of long-term debt as permitted by regulatory commissions. In addition, gains or losses resulting from the redemption of debt allocable to utility operations that are subject to cost-based regulation without refinancing are amortized over the remaining lives of the redeemed issues.

Investment Securities Dominion accounts for and classifies investments in equity securities that have readily determinable fair values and for all investments in debt securities based on management's intent. The investments are classified into three categories and accounted for in the following manner: Debt securities which are intended to be held to maturity are classified as held-to-maturity securities and reported at amortized cost. Debt and equity securities purchased and held with the intent of selling them in the current period are classified as trading securities and are reported at fair value with unrealized gains and losses included in earnings. Debt and equity securities that are neither held-to-maturity or trading are classified as available-for-sale securities. These are reported at fair value with unrealized gains and losses reported in shareholders' equity, as a component of accumulated other comprehensive income, net of tax. However, for a discussion of the treatment for securities held in nuclear decommissioning trusts and classified as available for sale, see Note (H).

Mortgage Investments Mortgage investments at December 31, 1999 consist of subordinated bonds and interest-only strips retained at securitization of the mortgage loans. In accordance with SFAS No. 134, Accounting for Mortgage-Backed Securities Retained after the Securitization of Mortgage Loans Held for Sale by a Mortgage Banking Enterprise, mortgage investments are classified as available for sale as defined by SFAS No. 115, Accounting for Certain Investments in Debt and Equity Securities. Changes in the fair value of the mortgage investments are reported in accumulated other comprehensive income. Fair value of the residual is analyzed quarterly on a security level stratum, further disaggregated between the fixed rate and adjustable rate pieces of interest-only strips to determine whether prepayment experience, losses and changes in the interest rate environment have had an impact on the valuation. Expected cash flows of the underlying loans sold are reviewed based upon current economic conditions and the type of loans originated and are revised as necessary.

Mortgage Loans in Warehouse Mortgage loans in warehouse consist of mortgage loans secured by single family residential properties. Any price premiums or discounts on mortgage loans, including any capitalized costs or deferred fees on originated loans, are deferred as an adjustment to the cost of the loans and are therefore included in the determination of any gains or losses on sales of the related loans. Mortgage loans in warehouse are carried at the lower of cost or market value.

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Loans Receivable, Net and Finance Receivables Held for Sale Loans receivable and finance receivables held for sale are stated at their outstanding principal balance, net of the allowance for credit losses and any deferred fees or costs. Origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the yield of the related loans receivable.

The allowance for credit losses is established through provisions for credit losses charged against income. Loans and finance receivables deemed to be uncollectible are charged against the allowance for credit losses, and subsequent recoveries, if any, are credited to the allowance. At December 31, 1999 and 1998, the allowance for credit losses for loans receivable, net was $47 million.

Gain on Sale of Loans Gain on sale of loans represents the present value of

amounts based on the difference between the interest rate received on the mortgage loans and the interest rate received by the investor in the securities after considering the effects of estimated prepayments, credit losses, costs to service the mortgage loans, and non-refundable fees and premiums on loans sold. Gains on the sale of loans are recognized on the settlement date and are based on the relative fair market value of the portion sold and retained. Concurrently with recognizing such gain on sale, a corresponding asset representing interest-only strips retained at securitization is recorded based on the net present value of the projected cash flows. The asset, which is classified as available for sale, is amortized in proportion to the estimated income received.

Loan Servicing Rights SFAS No. 125, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, (SFAS No. 125) requires that a mortgage banking enterprise recognize as separate assets rights to service mortgage loans. Mortgage servicing rights are recorded when purchased or when mortgage loans are originated and subsequently sold or securitized with the servicing rights retained. The total cost of the mortgage loans is allocated to the mortgage servicing rights and the loans (without the mortgage servicing rights) based on their relative fair values. The cost of servicing rights is capitalized and amortized in proportion to, and over the period of, estimated future net servicing income.

In order to determine the fair value of the servicing rights, the company uses market prices under comparable servicing sales contracts, or alternatively, it uses a valuation model that calculates the present value of future cash flows.

In accordance with SFAS No. 125, the company assesses the impairment of the capitalized mortgage servicing portfolio based on the fair value of those rights, and any impairment is recognized through a valuation allowance.

Mortgage loans serviced require regular monthly payments from borrowers. Income on loan servicing is generally recorded as payments are collected and is based on a percentage of the principal balance of loans serviced. Loan servicing expenses are charged to operations when incurred.

Derivatives -- Other Than Trading Dominion utilizes futures and forward contracts and derivative instruments, including swaps, caps and collars, to manage exposure to fluctuations in interest rates, foreign currency exchange rates, lease payments, and natural gas and electricity prices.

These futures, forwards and derivative instruments are deemed effective hedges when the item being hedged and the underlying financial or commodity instrument show strong historical correlation. Dominion uses deferral accounting to account for futures, forwards and derivative instruments which are designated as hedges. Under this method, gains and losses (including the payment of any premium) related to effective hedges of existing assets and liabilities are recorded on the balance sheet and recognized in earnings in conjunction with earnings of the designated asset or liability. Gains and losses related to effective hedges of firm commitments and anticipated transactions are included in the measurement of the subsequent transaction. Cash flow from derivatives designed as hedges are reported in Net cash flow from operating activities.

Derivatives -- Trading The fair value method, which is used for those derivative transactions which do not qualify for settlement or deferral accounting, requires that derivatives are carried on the balance sheet at fair value, with changes in that value recognized in earnings or stock-holder's equity. As part of Dominion's strategy to market energy from its generation capacity and to manage the risks related thereto, it enters into contracts for the purchase and sale of energy commodities. Dominion uses the fair value method for its trading activities.

Options, swaps and future contracts are marked to market with resulting gains and losses reported in earnings. Forward contracts, initiated for

trading purposes, are also marked to market with resulting gains and losses reported in earnings. For swaps, forward contracts, and options, market value reflects management's best estimates considering over-the-counter quotations, time value and volatility factors of the underlying commitments. Exchange-traded futures and options are marked to market based on closing exchange prices.

Commodity contracts representing unrealized gain positions are reported as Commodity contract assets; commodity contracts representing unrealized losses are reported as Commodity contract liabilities. In addition, purchased options and options sold are reported as Commodity contract assets and Commodity contract liabilities, respectively, at estimated market value until exercise or expiration. Realized commodity contract revenues, net of related cost of sales, settlement of futures contracts, amortization of option premiums, and unrealized gains and losses resulting from marking positions to market are included in Operating revenue and income -- Other. Cash flow from trading activities is reported in Net cash flow from operating activities.

Other Derivatives Dominion uses total return swaps to accumulate loans and securities for future sale as collateralized debt obligation securities. Gains and losses from the settlements and sale of total return swaps are recorded as Operating revenue and income -- Other. Total return swaps are marked to market with the corresponding unrealized gains and losses also recorded in Operating revenue and income--Other. Cash flow from total return swaps are reported in Net cash flow from operating activities.

Dominion has used total return equity swaps to reacquire shares of its outstanding common stock. Dominion has the option to settle any price fluctuation settlement requirements and fees with the third party counterparty in either cash or shares of common stock. Due to Dominion's ability to issue shares to resolve settlement issues with respect to the swap, Dominion records all amounts received or paid under this arrangement as either increases or decreases to equity.

The net of amounts paid and amounts received under interest rate swaps is reported as interest expense in the Consolidated Statement of Income.

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Cash Current banking arrangements generally do not require checks to be funded until actually presented for payment. At December 31, 1999 and 1998, accounts payable included the net effect of checks outstanding but not yet presented for payment of $61 million and $58 million, respectively.

For purposes of the Consolidated Statements of Cash Flows, Dominion considers cash and cash equivalents to include cash on hand and temporary investments purchased with a maturity of three months or less.

Reclassification Certain amounts in the 1998 and 1997 Consolidated Financial Statements have been reclassified to conform to the 1999 presentation.

NOTE C: Extraordinary Item and 1998 Rate Settlement

Extraordinary Item -- Discontinuance of SFAS No. 71 During its 1998 session, the Virginia legislature passed a law that required a transition to retail competition between January 1, 2002 and January 1, 2004, but left the details as to how that would be accomplished to future enabling legislation.

In March 1999, the Governor of Virginia signed into law legislation establishing a detailed plan to restructure the electric utility industry in

Virginia. The major elements of the bill included:

- Phase-in of retail customer choice beginning in 2002 with full retail customer choice by 2004; the schedule is to be determined by the Virginia Commission, which has the authority to accelerate or delay implementation under certain conditions; however, the phase-in of retail customer choice may not be delayed beyond January 1, 2005;
- No mandatory divestiture of generating assets;
- Deregulation of generation in 2002;
- Capped base rates from January 1, 2001 to July 1, 2007;
- Recovery of net stranded costs through capped rates or a wires charge paid by those customers opting, while capped rates are in effect, to purchase energy from a competitive supplier;
- Cost-based recovery of fuel expenses until July 2007;
- Consumer protection safeguards;
- Establishment of default service beginning January 1, 2004; and
- Creation of a Legislative Transition Task Force to oversee the implementation of the statute.

Under this legislation, Virginia Power's base rates will remain unchanged until July 2007 and recovery of generation-related costs will continue to be provided through the capped rates. In addition, under companion legislation enacted by Virginia in 1999, providers of electric service will be subject to corporate income taxes in lieu of gross receipts taxes, effective in 2001.

As discussed in Note (B), Dominion's financial statements reflect regulatory assets and liabilities under cost-based rate regulation in accordance with SFAS No. 71. Rate-regulated companies are required to write off regulatory assets against current earnings whenever changes in facts and circumstances result in those assets no longer satisfying criteria for recognition as defined by SFAS No. 71. The legislation's deregulation of generation was an event that required discontinuation of SFAS No. 71 for utility generation operations. Virginia Power's transmission and distribution operations continue to meet the criteria for recognition of regulatory assets and liabilities as defined by SFAS No. 71. In addition, fuel continues to be subject to deferral accounting.

In order to measure the amount of regulatory assets to be written off, Virginia Power evaluated to what extent recovery of regulatory assets would be provided through the capped rates during the transition period. EITF Issue No. 97-4, "Deregulation of the Pricing of Electricity Issues Related to the Application of FASB Statements No. 71, Accounting for the Effects of Certain Types of Regulation, and No. 101, Regulated Enterprises -- Accounting for the Discontinuance of Application of FASB Statement No. 71" (EITF Issue 97-4), provides guidance about writing off regulatory assets when SFAS No. 71 is discontinued for only a portion of a utility's operations. The provisions of the Virginia legislation provide an opportunity to recover generation-related costs, including certain regulatory assets, through capped rates prior to July 2007. Under EITF Issue 97-4, such generation-related regulatory assets will continue to be recognized until they are recovered through capped rates. Generation-related assets and liabilities that will not be recovered through the capped rates were written off in the first quarter of 1999, resulting in an after-tax charge to earnings of $255 million. This amount also included the write-off of regulatory assets previously assigned to wholesale requirements customers. See Note (E) for further discussion of net regulatory assets at December 31, 1999.

In addition to the write-off of generation-related net regulatory assets, the $255 million charge included a write-off of approximately $18 million, after-tax, of other generation-related assets. Pursuant to EITF Issue 97-4, a corresponding regulatory asset of $23 million, representing the amount expected to be recovered during the transition period related to these assets, was established. The extraordinary item also included the write-off of approximately $38 million, after-tax, of deferred investment tax credits.

The events or changes in circumstances that cause discontinuance of SFAS No. 71, and write-off of regulatory assets, also require a review of utility plant assets and long-term power purchase contracts for possible impairment. This review was based on estimates of possible future market prices, load growth, competition and many other assumptions. Virginia Power evaluated its generation assets in accordance with the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of. Those evaluations included the effects of nuclear decommissioning and other currently identified environmental expenditures. Based on those analyses which were highly dependent on the underlying assumptions, no plant write-downs were appropriate at that time.

Virginia Power reviewed its long-term power purchase commitments for potential loss in accordance with SFAS No. 5, Accounting for Contingencies, and Accounting Research Bulletin No. 43, Chapter 4, Inventory Pricing. Based on projections of possible future market prices for wholesale electricity, the results of the analyses of the Company's long-term power purchase contracts indicated no loss recognition is appropriate at this time. Other projections of possible future market prices indicated a possible loss of $500 million. In the absence of capped rates as provided by the legislation, the potential exposure related to Virginia Power's power purchase contracts would have otherwise been approximately $3.2 billion.

Significant estimates were required in recording the effect of the deregulation legislation, including the resulting impact on the fair value determination of generating facilities and estimated purchases under long-term power purchase contracts. Such projections are highly dependent on customer load projections, generating unit availability, the timing and type of future capacity additions in Virginia Power's market area, and market prices for fuel and electricity. The projections are subject to re-evaluation.

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Virginia 1998 Rate Settlement

In 1998, Virginia Power reached a settlement with the Virginia Commission to resolve then outstanding rate proceedings. The settlement provided for the following:

- A two-phased base rate reduction: $100 million per annum beginning March 1, 1998 with one additional $50 million per annum reduction beginning March 1, 1999;
- A base rate freeze through February 28, 2002 unless a change is necessary to protect the legitimate interests of the Company, its shareholder or ratepayers;
- An immediate, one-time refund of approximately $150 million for the period March 1, 1997 through February 28, 1998;
- A discontinuation of deferral accounting for purchased power capacity expenses effective February 28, 1998;
- A write-off of a minimum of $220 million of regulatory assets in addition to normal amortization by February 28, 2002.

Due to the required write-off of a minimum of $220 million of regulatory assets in addition to normal amortization thereof during the rate freeze period, Dominion evaluated regulatory assets for potential impairment under SFAS No. 71. Based on the uncertainty of Virginia Power's earnings potential for regulatory purposes during the rate freeze period, management could no longer conclude that recovery of the $220 million was probable. Previously identified reductions in operating costs of $38 million in 1997 and $27 million in 1996 were used to establish a reserve for potential impairment of regulatory assets. Accordingly, Dominion charged $159 million to second quarter 1998 earnings, which when combined with the reserve for accelerated cost recovery accrued in 1996 and

1997, provided for the impairment of regulatory assets resulting from the settlement.

NOTE D: Taxes

Income before provision for income taxes was as follows:

Year ended December 31, (millions)	1999	1998	1997
U.S.	$792	$397	$713
Non-U.S.	36	472	(34)
Total	$828	$869	$679

The provision for income taxes, classified by the timing and location of payment, was as follows:

At December 31, (millions)	1999	1998	1997
Current:			
U.S.	$187	$153	$222
State	18	25	9
Non-U.S	4	101	25
Total Current	209	279	256
Deferred:			
U.S.	64	24	22
State		(3)	
Non-U.S	1	23	(28)
Total Deferred	65	44	(6)
Amortization of deferred investment tax credits--net	(15)	(17)	(17)
Total Provision	$259	$306	$233

The statutory U.S. federal income tax rate reconciles to the effective income tax rates as follows:

Year ended December 31,	1999	1998	1997
U.S. statutory rate	35.0%	35.0%	35.0%
Utility plant differences	0.3	3.0	0.9
Preferred dividends of Virginia Power	1.6	1.4	1.5
Amortization of investment tax credits	(1.8)	(1.9)	(2.0)
Nonconventional fuel credit	(4.4)	(2.8)	(3.0)
UK windfall profits tax	0.0	0.0	12.1
Other--benefits and taxes related to foreign operations	(0.2)	(0.1)	3.6
State taxes net of federal benefit	1.5	1.5	0.7
Other, net	(0.7)	(0.9)	(2.2)
Effective tax rate	31.3%	35.2%	46.6%

The effective income tax rate includes state and foreign income taxes. The effective income tax rate was higher in 1997 due to the one-time windfall profits tax at East Midlands.

The 1999 United Kingdom corporate income tax rate was 30%, compared to 31% and 33% in 1998 and 1997, respectively. Income tax expense from continuing operations for 1998 has been reduced by $8 million to reflect the decrease in deferred tax liabilities resulting from the 1% decrease in the corporate tax rate. Income tax expense from continuing operations in 1997 has been reduced by $16 million to reflect the decrease in deferred tax liabilities resulting from the 2% decrease in the corporate tax rate.

Dominion's net noncurrent deferred tax liability is attributable to:

At December 31, (millions)	1999	1998
Assets:		
Deferred investment tax credits	$ 52	$ 78
Total deferred income tax asset	52	78
Liabilities:		
Depreciation method and plant basis differences	1,485	1,498
Income taxes recoverable through future rates	20	155
Partnership basis differences	159	168
Other	87	50
Total deferred income tax liability	1,751	1,871
Net deferred income tax liability	$1,699	$1,793

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Notes to Consolidated Financial Statements, continued

NOTE E: Regulatory Assets

Regulatory assets included the following:

At December 31, (millions)	1999	1998
Income taxes recoverable through future rates	$ 57	$439
Cost of decommissioning DOE uranium enrichment facilities	55	62
Deferred losses on reacquired debt, net	15	31
Deferred fuel	63	28
Other	31	60
Total	$221	$620

The incurred costs underlying these regulatory assets may represent expenditures by Virginia Power or may represent the recognition of liabilities that ultimately will be settled at some time in the future. See Note (C) for

information about the write-off of regulatory assets that resulted from 1999 deregulation legislation and the settlement of Virginia Power's 1998 Virginia rate proceeding.

Income taxes recoverable through future rates represent principally the tax effect of depreciation differences not normalized in earlier years for rate-making purposes. These amounts are amortized as the related temporary differences reverse. Such amounts are net of related regulatory liabilities and $43 million associated with deferred income taxes which were established at rates in excess of the current federal rate and are subject to Internal Revenue Code normalization requirements.

The costs of decommissioning the Department of Energy's (DOE) uranium enrichment facilities represents the unamortized portion of Virginia Power's required contributions to a fund for decommissioning and decontaminating DOE's uranium enrichment facilities. Virginia Power is making such contributions over a 15-year period with escalation for inflation. These costs are currently being recovered in fuel rates.

Where permitted by appropriate regulatory jurisdictions for the portion of Virginia Power's operations that remain subject to cost-based regulation, losses on reacquired debt are deferred and amortized over the lives of the new issues of long-term debt. Gains or losses resulting from the redemption of debt without refinancing are amortized over the remaining lives of the redeemed issues.

Deferred fuel accounting provides that the difference between reasonably incurred actual expenses and the recovery for such costs included in current rates is deferred and matched against future revenue.

NOTE F: Property, Plant and Equipment

Major classes of property, plant and equipment and their respective balances are:

At December 31, (millions)	1999	1998
Utility:		
Production	$ 7,758	$ 7,714
Transmission	1,517	1,422
Distribution	4,835	4,682
Other electric	901	941
Plant under construction	677	449
Nuclear fuel	801	816
Total utility	16,489	16,024
Nonutility:		
Natural gas properties	1,127	710
Independent power properties	811	1,190
Other	219	182
Total nonutility	2,157	2,082
Total property, plant and equipment	$18,646	$18,106

When Virginia Power's nuclear units cease operations, it is obligated to decontaminate or remove radioactive contaminants so that the property will not require Nuclear Regulatory Commission (NRC) oversight. This phase of a nuclear power plant's life cycle is termed decommissioning. While the units are operating, amounts are currently being collected from ratepayers that, when combined with investment earnings, will be used to fund this future

obligation. These dollars are deposited into external trusts through which the funds are invested.

The total estimated cost to decommission the four nuclear units is currently estimated at $1.6 billion based on a site-specific study that was completed in 1998. The cost estimate assumes that the method of completing decommissioning activities is prompt dismantlement. This method assumes that dismantlement and other decommissioning activities will begin shortly after cessation of operations, which under current operating unit licenses will begin in 2012, 2013, 2018 and 2020. The balance in the external trusts available for decommissioning was $818 million at December 31, 1999.

The amount being accrued for decommissioning is equal to the amount being collected from ratepayers and is included in depreciation, depletion and amortization expense. The decommissioning collections were $36 million per year for the period 1997 through 1999. However, an additional $10 million was expensed in 1997 based on an expected increase in the decommissioning collections for 1997 as provided in Virginia Power's rate case then pending before the Virginia Commission. Since the Virginia rate case settlement did not include such an increase, the 1998 expense provision was decreased by $10 million. Therefore, the expense levels were $36 million, $26 million and $46 million in 1999, 1998 and 1997, respectively.

Net earnings of the trusts' investments are included in Other income. In 1999, 1998 and 1997, net earnings were $17 million, $18 million and $21 million, respectively. The accretion of the decommissioning obligation is equal to the trusts' net earnings and is also recorded in Other income.

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The accumulated provision for decommissioning, which is included in Accumulated depreciation, depletion and amortization in the Consolidated Balance Sheets, includes the accrued expense and accretion described above and any unrealized gains and losses on the trusts' investments. At December 31, 1999, the net unrealized gains were $291 million, which is an increase of $60 million over the December 31, 1998 amount of $231 million. The accumulated provision for decommissioning at December 31, 1999 was $818 million. It was $705 million at December 31, 1998.

The NRC requires nuclear power plant owners to annually update minimum financial assurance amounts for the future decommissioning of the nuclear facilities. Virginia Power's 1999 NRC minimum financial assurance amount, aggregated for the four nuclear units, was $1.0 billion. Financial assurance is provided by a combination of surety bonds and the funds being collected and funded in the external trusts.

The Financial Accounting Standards Board (FASB) is reviewing the accounting for nuclear plant decommissioning. FASB has tentatively determined that the estimated cost of decommissioning should be reported as a liability rather than as accumulated depreciation and that a substantial portion of the decommissioning obligation should be recognized earlier in the operating life of the nuclear unit. During its deliberations, FASB expanded the scope of the project to include similar unavoidable obligations to perform closure and post-closure activities for other long-lived assets, possibly including non-nuclear power plants. Any forthcoming standard may also impact regulated utility plant depreciation practices, the impact of which cannot be determined at this time.

The following information relates to Virginia Power's proportionate share of jointly owned utility plants at December 31, 1999.

	Bath County Pumped Storage Station	North Anna Power Station	Clover Power Station
Ownership interest	60.0%	88.4%	50.0%
(millions)			
Plant in service	$1,069	$1,824	$536
Accumulated depreciation	274	1,066	56
Nuclear fuel		361	
Accumulated amortization of nuclear fuel		334	
Construction work in progress		61	3

The co-owners are obligated to pay their share of all future construction expenditures and operating costs of the jointly owned facilities in the same proportions as their respective ownership interest. Such operating costs are classified in the appropriate expense category in the Consolidated Statements of Income.

NOTE G: Short-Term Debt and Credit Agreements

Dominion and its subsidiaries have credit agreements with various expiration dates. Dominion and its subsidiaries pay fees in lieu of compensating balances in connection with these credit agreements. These agreements provided for maximum borrowings of $5.1 billion and $4.6 billion at December 31, 1999 and 1998, respectively. At December 31, 1999 and 1998, $2.3 billion and $1.2 billion, respectively, was borrowed under such agreements.

Dominion and its subsidiaries' credit agreements supported $1.2 billion and $297 million of commercial paper at December 31, 1999 and 1998, respectively. A total of $813 million and $222 million of the commercial paper was classified as short-term in 1999 and 1998, respectively. A significant portion of the commercial paper is supported by credit agreements that have expiration dates extending beyond one year. Therefore, a total of $364 million and $75 million of the commercial paper was classified as long-term in 1999 and 1998, respectively. These borrowings are used primarily to fund operational needs at Dominion and its subsidiaries. For discussion of interim financing associated with the CNG merger, see Note (X).

A summary of the amounts that are classified as short-term debt at December 31 follows:

<TABLE>
<CAPTION>

	1999		1998	
(millions, except percentages)	Amount Outstanding	Weighted Average Interest Rate	Amount Outstanding	Inter
<S>	<C>	<C>	<C>	<C>
Commercial paper	$813	5.3%	$222	
Term-notes	57	9.7%	79	
Total	$870		$301	

</TABLE>

NOTE H: Investment Securities

Securities classified as available-for-sale as of December 31 follow:

<TABLE>
<CAPTION>

Security Type (millions)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	A Fa
<S>	<C>	<C>	<C>	<C>
1999				
Equity	$134	$ 2	$10	
Debt	$396		$10	
1998				
Equity	$165	$11	$ 7	
Debt	$333		$ 2	

</TABLE>

Debt securities held at December 31, 1999 do not have stated contractual maturities because borrowers have the right to call or repay obligations with or without call or prepayment penalties.

For the years ended December 31, 1999 and 1998, the proceeds from the sales of available-for-sale securities were $35 million and $40 million, respectively. The gross realized gains were $5 million and $3 million for 1999 and 1998, respectively. The gross realized loss for 1998 was $1 million. The basis on which the cost of these securities was determined is specific identification. The changes in net unrealized holding gains and losses on available-for-sale securities have resulted in a decrease in the separate component of shareholders' equity during the years ended December 31, 1999 and 1998 of $17 million, net of tax, and $6 million, net of tax, respectively. The changes in net unrealized holding gains and losses on trading securities increased earnings during the years ended December 31, 1999 and 1998 by $1 million and $9 million, respectively.

For a discussion of investment securities held in nuclear decommissioning trusts, see Note (F).

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Notes to Consolidated Financial Statements, continued

NOTE I: Fair Value of Financial Instruments

The fair value amounts of Dominion's financial instruments have been determined using available market information and valuation methodologies deemed appropriate in the opinion of management. However, considerable judgment is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market estimation assumptions may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents The carrying amount of these items is a reasonable estimate of their fair value.

	Carrying Amount		Estimated Fair Value	
At December 31, (millions)	1999	1998	1999	1998
Assets:				

Cash and cash equivalents	$ 280	$ 426	$ 280	$ 426
Trading securities	2	1	2	1
Mortgage loans in warehouse	119	140	119	146
Commodity-based swaps and options, trading	6	6	10	10
Available-for-sale securities	512	500	512	500
Loans and notes receivable and finance receivables held for sale	2,131	1,722	2,131	1,768
Nuclear decommissioning trust funds	818	705	818	705
Liabilities:				
Short-term debt	870	301	870	301
Commodity-based swaps and options, trading	5	9	5	9
Long-term debt	7,317	6,719	7,185	6,971
Preferred securities of subsidiary trusts	385	385	359	430
Preferred stock	180	180	181	186
Loan commitments			937	762
Unrecognized financial instruments:				
Forward treasury locks				2
Interest rate-swaps			(15)	(6)
Equity -- total return swap			(19)	
Swaps, collars and futures contracts			5	23

Investment Securities and Nuclear Decommissioning Trust Funds The estimated fair value is based on quoted market prices, dealer quotes, and prices obtained from independent pricing sources.

Mortgage Loans in Warehouse The fair value of mortgage loans in warehouse is based on outstanding commitments from investors.

Commodity-Based Swaps and Options, Trading Fair value reflects the Company's best estimates considering over-the-counter quotations, time value and volatility factors of the underlying commitments.

Loans and Notes Receivable and Finance Receivables The carrying value approximates fair value due to the variable rate or term structure.

Short-Term Debt and Long-Term Debt Market values are used to determine the fair value for debt securities for which a market exists. For debt issues that are not quoted on an exchange, interest rates currently available to the company for issuance of debt with similar terms and remaining maturities are used to estimate fair value. 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.

Preferred Securities of Subsidiary Trusts The fair value is based on market quotations.

Preferred Stock The fair value of the fixed-rate preferred stock subject to mandatory redemption was estimated by discounting the dividend and principal payments for a representative issue of each series over the average remaining life of the series.

Loan Commitments The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present credit-worthiness of the

counterparties.

Total Return and Interest Rate Swaps The fair value is based upon the present value of all estimated net future cash flows, taking into account current interest rates and the creditworthiness of the swap counterparties.

Forward Treasury Lock Contracts Fair value is based on the difference between the yield at December 31, 1998 on the 30-year treasury note and such rates specified in the contracts.

Total Return Equity Swaps The fair value of the total return equity swap is estimated by obtaining quotes from brokers.

Swaps, Collars, and Futures Contracts Derivatives used by the Company to hedge its exposure to interest rate fluctuations and mitigate its exposure to future gas price fluctutations. These instruments are marked to market with any unrealized gains or losses deferred until the hedged item is sold.

<PAGE>

NOTE J: Long-Term Debt

<TABLE>
<CAPTION>

At December 31,	1999 Balance	Inter
(millions)		
Virginia Power First and Refunding Mortgage Bonds(1):		
<S>	<C>	<
1989 Series B, due 1999		
1993 Series C, due 2000	$ 135	
1993 Series E, due 2001	100	
1992 Series E, due 2002	155	
1993 Series F, due 2002	100	
1993 Series B, due 2003	200	
Various series, due 2004-2007	665	
Various series, due 2021-2025	1,101	
Total First and Refunding Mortgage Bonds	2,456	
Other long-term debt:		
Dominion:		
Commercial paper(2)	300	
Virginia Power:		
Term notes, fixed interest rate, due 1998-2008	422	
Various series, due 2004-2038	375	
Tax exempt financings(3):		
Money market municipals, due 2007-2027	489	
Other, due 2022-2024	29	
Dominion UK:		
Variable rate debt, due 1998-2007	54	
DEI:		
Secured revolving lines of credit, variable rates, due 2002, 2005	303	
Total other long-term debt	1,972	
Nonrecourse nonutility:		
Dominion:		
Bank loans, due 2005-2008(5)	18	
DEI:		

Revolving credit agreements, due 2001	363
Bank loans, due 1998-2024	39
Senior secured bonds, fixed rate, due 2020	265
Bonds, due 2001-2003	
Other	3
Dominion Capital:	
Senior notes(4):	
Fixed rate, due 2000-2003	96
Term notes, fixed rate, due 1998-2012	159
Line of credit, variable rate, due 1998-2000	48
Line of credit, fixed rate, due 2000	44
Notes payable, due 2002-2006	298
Commercial paper	64
Revolving credit agreements	1,492
Total nonrecourse -- nonutility debt	2,889
Total debt	7,317
Less amounts due within one year:	
First and Refunding Mortgage Bonds	135
Term notes and Loans	60
Nonrecourse -- nonutility	161
Total amount due within one year	356
Less unamortized discount, net of premium	25
Total long-term debt	$6,936

</TABLE>

Notes:

(1) Substantially all of Virginia Power's property is subject to the lien of the mortgage, securing its First and Refunding Mortgage Bonds.

(2) See Note (G).

(3) Certain pollution control equipment at Virginia Power's generating facilities has been pledged or conveyed to secure these financings.

(4) Certain common stock owned by Dominion Capital is pledged as collateral to secure the loan.

(5) Real estate at Dominion is pledged as collateral.

(6) Interest rates are rounded to the nearest one-tenth of one-percent and consist of weighted average interest rates for variable rate debt.

Maturities (including sinking fund obligations) through 2004 are as follows (in millions): 2000-$356; 2001-$623; 2002-$753; 2003-$319; and 2004-$486.

<PAGE>

Notes to Consolidated Financial Statements, continued

NOTE K: Common Stock

On July 20, 1998, Dominion's Board of Directors authorized the repurchase of up to $650 million of Dominion common stock outstanding. As of December 31, 1999, Dominion had repurchased approximately 11 million shares valued at approximately $503 million. In 2000, Dominion has repurchased approximately 5 million shares of stock through the implementation of a total return swap and accelerated stock repurchase facilities. These shares were repurchased at a cost of approximately $209 million. For additional information on the total return swap, see Note (P).

Immediately before the CNG merger, Dominion concluded a first step transaction in which 33 million shares of Dominion common stock were exchanged for approximately $1.4 billion.

NOTE L: Long-Term Incentive Plan

In 1997, Dominion's Long-Term Incentive Plan (LTIP) expired and was replaced with the Dominion Resources Incentive Compensation Plan (Incentive Plan). At December 31, 1999, 1,113 options remained outstanding under the LTIP. No further awards will be made under the LTIP. The Incentive Plan provides for the granting of stock options, restricted stock and performance shares to employees of Dominion and its affiliates. The aggregate number of shares of common stock that may be issued under the Incentive Plan is 11 million. The changes in restricted share incentives and option awards under the combined plans were as follows:

<TABLE>
<CAPTION>

<S>	Restricted Shares <C>	Weighted Average Price <C>	Sto Optio <C>
Balance at December 31, 1996	95,779	$ 41.18	9,6
Awards granted -- 1997	53,884	$ 35.24	
Exercised/distributed/forfeited	(44,399)	$ 39.42	(4,8
Balance at December 31, 1997	105,264	$ 38.88	4,8
Awards granted -- 1998	75,866	$ 39.78	
Exercised/distributed/forfeited	(83,162)	$ 38.37	(2,7
Balance at December 31, 1998	97,968	$ 40.02	2,1
Awards granted -- 1999	24,758	$43.51	7,146,3
Exercised/distributed/forfeited	(94,113)	$40.71	(1,1
Balance at December 31, 1999	28,613	$42.29	7,147,3

</TABLE>

Under SFAS No. 123, Accounting for Stock Based Compensation, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service (or vesting) period. However, as permitted under SFAS No. 123, the company instead measures compensation cost in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Under this standard, compensation cost is measured as the difference between the market price of the company's common stock and the exercise price of the option at the grant date. Accordingly, no compensation expense has been recognized for the stock option grants.

Had compensation cost associated with the stock options been determined under SFAS No. 123 based on the fair market value of the options at the grant date, such cost, net of related income taxes, would have been approximately $20 million for the year ended December 31, 1999. Basic and diluted earnings per share for the year would have decreased by $0.11 and $0.12, respectively, due to the issuance of the stock options.

The fair value of the options was estimated on the date of grant using the Black-Scholes option pricing model. The following assumptions were used:

- expected dividend yield of 6.25%;
- expected volatility of 15.137%;
- contractual life of 10 years;
- risk-free interest rate of 6.52%; and

- expected lives of six years.

The fair values of each option at the dates of the grants were as follows:

- May 17, 1999 $4.34
- July 12, 1999 $4.59
- September 15, 1999 $4.88
- September 20, 1999 $4.90

The weighted-average fair value of options granted during 1999 was $4.35.

In 2000, Dominion instituted a third-party loan program whereby Dominion officers may borrow funds to increase their investment in the common stock of Dominion. The first subscription in this program involved approximately 1.7 million shares of common stock at a price of $41.22 per share. Dominion officers are responsible for the payment of such loans.

<PAGE>

NOTE M: Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trusts

In December 1997, Dominion established Dominion Resources Capital Trust I (DR Capital Trust). DR Capital Trust sold 250,000 Capital Securities for $250 million, representing preferred beneficial interests and 97% beneficial ownership in the assets held by DR Capital Trust.

Dominion issued $258 million of 7.83% Junior Subordinated Debentures (Debentures) in exchange for the $250 million realized from the sale of the Capital Securities and $8 million of common securities of DR Capital Trust. The common securities represent the remaining 3% beneficial ownership interest in the assets held by DR Capital Trust. The Debentures constitute 100% of DR Capital Trust's assets.

In 1995, Virginia Power established Virginia Power Capital Trust I (VP Capital Trust). VP Capital Trust sold 5 million preferred securities for $135 million, representing preferred beneficial interests and 97% beneficial ownership in the assets held by VP Capital Trust.

Virginia Power issued $139 million of its 1995 Series A, 8.05% Junior Subordinated Notes (the Notes) in exchange for the $135 million realized from the sale of the preferred securities and $4 million of common securities of VP Capital Trust. The common securities represent the remaining 3% beneficial ownership interest in the assets held by VP Capital Trust. The Notes constitute 100% of VP Capital Trust's assets.

NOTE N: Preferred Stock

Dominion is authorized to issue up to 20 million shares of preferred stock; however, no such shares are issued and outstanding.

Virginia Power has authorized 10 million shares of preferred stock, $100 liquidation preference. Upon involuntary liquidation, dissolution or winding-up of Virginia Power, each share is entitled to receive $100 per share plus accrued dividends. Dividends are cumulative. Virginia Power preferred stock subject to mandatory redemption, which is non-callable prior to redemption, at December 31, 1999 was as follows:

Series	Shares Outstanding	Redemption Date
$5.58	400,000	3/1/00

$6.35	1,400,000	9/1/00
Total	1,800,000	

Dominion has classified the $180 million of preferred stock subject to mandatory redemption in Securities Due Within One Year.

There were no redemptions of preferred stock during 1997 through 1999.

As noted above, the 400,000 shares of the $5.58 Series of Preferred Stock matured on March 1, 2000.

At December 31, 1999, Virginia Power preferred stock not subject to mandatory redemption, $100 liquidation preference, is listed in the table below.

Dividend	Issued and Outstanding Shares	Entitled Per Share Upon Redemption
$5.00	106,677	$112.50
4.04	12,926	102.27
4.20	14,797	102.50
4.12	32,534	103.73
4.80	73,206	101.00
7.05	500,000	105.00(1)
6.98	600,000	105.00(2)
MMP 1/87(3)	500,000	100.00
MMP 6/87(3)	750,000	100.00
MMP 10/88(3)	750,000	100.00
MMP 6/89(3)	750,000	100.00
MMP 9/92 series A(3)	500,000	100.00
MMP 9/92 series B(3)	500,000	100.00
Total	5,090,140	

(1) Through 7/31/03 and thereafter to amounts declining in steps to $100.00 after 7/31/13.

(2) Through 8/31/03 and thereafter to amounts declining in steps to $100.00 after 8/31/13.

(3) Money Market Preferred (MMP) dividend rates are variable and are set every 49 days via an auction. The weighted average rates for these series in 1999, 1998, and 1997, including fees for broker/dealer agreements, were 4.82%, 4.49%, and 4.48%,respectively.

NOTE O: Retirement Plan, Postretirement Benefits and Other Benefits

In 1999 and 1998, Dominion Resources' Retirement Plan covered virtually all employees of Dominion except the majority of the employees of Dominion's U.K.-based subsidiary, East Midlands Electricity, who were covered by a separate multi-employer plan administered on behalf of the U.K. electricity industry. The Retirement Plan benefits are based on years of service and the employee's compensation. Dominion's funding policy is to contribute annually an amount that is in accordance with the provisions of the Employment Retirement Income Security Act of 1974. For the years 1998 and 1997, non-U.S. activity refers to the pension plan of East Midlands. East Midlands was sold in July 1998. Dominion and its subsidiaries, except for U.K.-based subsidiaries, provide retiree health care and life insurance benefits through insurance companies with annual premiums based on benefits paid during the year. Retiree health benefits in the United Kingdom are generally provided by the state. From time to time in the past, Dominion and its subsidiaries have changed benefits. Some of these

changes have reduced benefits. Under the terms of their benefit plans, the companies reserve the right to change, modify or terminate the plans.

<PAGE>

Notes to Consolidated Financial Statements, continued

The components of the provision for net periodic benefit cost were as follows:

<TABLE>
<CAPTION>

	Pension Be		
	1999	1998	
Year ending December 31, (millions)	U.S.	U.S.	Non-U.S.
<S>	<C>	<C>	<C>
Service cost	$ 40	$ 32	$ 10
Interest cost	76	71	44
Expected return on plan assets	(93)	(80)	(49)
Amortization of transition obligation			
Net amortization and deferral		(1)	
Net periodic benefit cost	$ 23	$ 22	$ 5

</TABLE>

<TABLE>
<CAPTION>

Change in plan assets:	
<S>	<C>
Fair value of plan assets at beginning of year	$1
Actual return on plan assets	
Contributions	
Benefits paid from plan assets	
Fair value of plan assets at end of year	1
Expected benefit obligation at beginning of year	1
Actuarial (gain)/loss during prior period	
Actual benefit obligation at beginning of year	1
Service cost	
Interest cost	
Benefits paid	
Actuarial (gain)/loss during the year	
Expected benefit obligation at end of year	1
Funded status	
Unrecognized net actuarial (gain)/loss	
Unamortized prior service cost	
Unrecognized net transition (asset)/obligation	
Prepaid (accrued) benefit costs	$

===

</TABLE>

Significant assumptions used in determining net periodic pension cost, the projected benefit obligation, and postretirement benefit obligations were:

<TABLE>
<CAPTION>

	Pension Benefits		
	1999	1998	
	U.S.	U.S.	Non
<S>	<C>	<C>	<C>
Discount rates	7.50%	7.00%	6
Expected return on plan assets	9.50%	9.50%	7
Rate of increase for compensation income	5.00%	5.00%	4
Medical cost trend rate			

</TABLE>

<PAGE>

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

Other Postretirement Benefits

(millions)	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total of service and interest cost components for 1999	$ 6	$ (5)
Effect on postretirement benefit obligation at 12/31/99	$40	$(33)

The funds collected for other postretirement benefits in Virginia Power's regulated utility rates, in excess of other postretirement benefits actually paid during the year, are contributed to external benefit trusts. See Note (C) for a discussion of legislation that provides for the restructuring of the electric utility industry in Virginia.

NOTE P: Derivative Transactions

Dominion uses derivative financial instruments for the purposes of managing interest rate, natural gas price and foreign currency risks.

Interest Rate Risk Dominion Capital's mortgage business enters into forward delivery contracts, financial futures, options contracts, and interest rate swap agreements for the purpose of reducing exposure to the effects of changes in interest rates on mortgage loans which the company has funded or has committed to fund as well as residual interests retained. Gains and losses on such contracts relating to mortgage loans are recognized when the loans are sold. If the counterparties to the hedging transactions are unable to perform according to the terms of the contracts, Dominion Capital may incur losses upon selling the mortgage loans at prevailing prices. As of December 31, 1999 and 1998, Dominion Capital's mortgage business has outstanding liabilities related to its hedging positions with certain counterparties based on notional amounts of $3.7 billion and $1.3 billion, respectively. The deferred hedging losses, net, at

December 31, 1999, 1998 and 1997 were immaterial.

Commodity Price Risk DEI enters into natural gas options, collars, and swaps as hedges against fluctuations in natural gas prices for future production periods. DEI addresses market risk by selecting natural gas-based financial instruments with historical value fluctuations that correlate strongly with those of the item being hedged. Revenues received from such contracts held until expiration are recognized in the corresponding production month for the contract. DEI has some risk, since the price received for the underlying production may exceed the reference price included in the hedging transaction. As of December 31, 1999, DEI has entered into various natural gas put options, collars, and swap contracts as hedges expiring on various dates until October 2002 on approximately 42 Bcf of natural gas. The weighted average put price per MMBTU of natural gas was $2.40. At December 31, 1998, DEI had entered into natural gas put option contracts as hedges extending through October 1999 on approximately 18 Bcf of natural gas. The weighted average put price per MMBTU of natural gas was $2.08.

In addition, as part of Dominion's strategy to market energy and to manage related risks, it manages a portfolio of derivative commodity contracts held for trading purposes. During 1999 and 1998, the portfolio included some derivative financial instruments in the form of commodity-based swaps and options. Such contracts were not material at December 31, 1999 and 1998.

Other Derivatives In 1998, Dominion entered into total return swap agreements with swap counterparties. The notional amount of the swaps is based on the purchase price of the securities to be acquired by the swap counterparties. At December 31, 1999 and 1998, the notional amounts were $249 million and $756 million, respectively. The gains or losses from the sale, settlement or mark to market of the total return swaps are recorded in Operating revenue and income -- Other in the income statement. Earnings due to swap transactions were $18 million and $8 million in 1999 and 1998, respectively. Total return swap transactions require additional funding of or return of cash collateral resulting from decreases or increases in the fair market value of the swap position. Total return swap cash collateral is included in cash and cash equivalents on the balance sheet. Such cash collateral was $59 million at December 31, 1999, and $71 million at December 31, 1998.

During the fourth quarter of 1999, Dominion entered into a total return equity swap facility agreement (Agreement). The Agreement gave Dominion the right to direct the counterparty to purchase shares of Dominion common stock during the term of the Agreement. In addition, Dominion paid the counterparty a carrying cost equal to a LIBOR-based rate on the counterparty's cost of acquiring the shares from the date of such acquisitions until the date of settlement. Due to Dominion's ability to issue shares to settle periodic price fluctuations and fees under the Agreement, Dominion recorded all amounts received and paid as equity. As of December 31, 1999, the counterparty had acquired 3,236,805 shares of Dominion common stock under this Agreement at an aggregate cost that was approximately $19 million more than the fair market value of the shares at December 31, 1999. On February 3, 2000, Dominion settled all transactions under the Agreement and received the 3,236,805 shares at a cost of $146 million.

NOTE Q: Commitments and Contingencies

As the result of issues generated in the course of daily business, Dominion and its subsidiaries are involved in legal, tax and regulatory proceedings before various courts, regulatory commissions and governmental agencies, some of which involve substantial amounts of money. Management believes that the final disposition of these proceedings will not have an adverse material effect on its operations or the financial position, liquidity or results from operations.

Utility Rate Regulation As discussed in Note (C), the Governor of Virginia signed into law legislation establishing a detailed plan to restructure the

electric utility industry in Virginia. Under this legislation, Virginia Power's base rates will remain unchanged until July 2007 and recovery of generation-related costs will continue to be provided through capped rates. The legislation's deregulation of generation was an event that required discontinuation of SFAS No. 71 for Virginia Power's generation operations in the first quarter of 1999.

<PAGE>

Virginia Power remains exposed to numerous risks, including, among others, exposure to potentially stranded costs, future environmental compliance requirements, changes in tax laws, inflation, and increased capital costs. At December 31, 1999, Virginia Power's exposure to potentially stranded costs was comprised of the following:

- long-term purchased power contracts that could ultimately be determined to be above market --See Purchased Power Contracts below;
- generating plants that could possibly become uneconomic in a deregulated environment; and
- unfunded obligations for nuclear plant decommissioning and postretirement benefits not yet recognized in the financial statements -- See Notes (F) and (O).

Construction Program Virginia Power has made substantial commitments in connection with its construction program and nuclear fuel expenditures. Those expenditures are estimated to total approximately $856 million (excluding capitalized interest) for 2000. Virginia Power presently estimates that 2000 construction expenditures, including nuclear fuel, will be met through cash flow from operations and through a combination of sales of securities and short-term borrowing.

Purchased Power Contracts Virginia Power has entered into contracts for the long-term purchase of capacity and energy from other utilities, qualifying facilities and independent power producers. Virginia Power has 56 non-utility purchase contracts with a combined dependable summer capacity of 3,273 megawatts.

The table below reflects Virginia Power's minimum commitments as of December 31, 1999, for power purchases from utility and non-utility suppliers.

Year (millions)	Commitment Capacity	Commitment Other
2000	$ 765	$ 45
2001	770	36
2002	771	32
2003	731	33
2004	731	31
Later years	7,890	227
Total	$11,658	$404
Present value of the total	$ 6,218	$215

In addition to the minimum purchase commitments in the table above, under some of these contracts Virginia Power may purchase, at its option, additional power as needed. Purchased power expenditures, subject to cost of service rate

regulation, (including economy, emergency, limited term, short-term and long-term purchases) for the years 1999, 1998 and 1997 were $1.2 billion, $1.1 billion and $1.4 billion, respectively.

See Note (C) for an evaluation of the company's potential exposure under its long-term purchased power commitments.

Fuel Purchase Commitments Virginia Power's estimated fuel purchase commitments for the next five years for system generation are as follows: 2000 -- $334 million; 2001 -- $277 million; 2002 -- $156 million; 2003 -- $145 million; and 2004 -- $143 million.

Sales of Power Virginia Power enters into agreements with other utilities and with other parties to purchase and sell capacity and energy. These agreements may cover current and future periods. The volume of these transactions varies from day to day, based on the market conditions, Virginia Power's current and anticipated load, and other factors. The combined amounts of sales and purchases range from 3,000 megawatts to 15,000 megawatts at various times during a given year. These operations are closely monitored from a risk-management perspective.

Environmental Matters Dominion is subject to rising costs resulting from a steadily increasing 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. These laws and regulations can result in increased capital, operating and other costs as a result of compliance, remediation, containment and monitoring obligations of Dominion. Historically, Dominion recovered such costs from customers through utility rates. However, to the extent environmental costs are incurred during the period ending June 30, 2007, in excess of the level currently included in Virginia jurisdictional rates, Dominion's results of operations will decrease. After that date, Virginia Power may seek recovery from customers through utility rates of only those environmental costs related to transmission and distribution operations. At December 31, 1999, the environmental matters discussed below are related to the operations of Virginia Power.

In 1987, the Environmental Protection Agency (EPA) identified Virginia Power and several other entities as Potentially Responsible Parties (PRPs) at two Superfund sites located in Kentucky and Pennsylvania. Current cost studies estimate total remediation costs for the sites to range from $106 million to $156 million. Virginia Power's proportionate share of the total cost is expected to be in the range of $2 million to $3 million, based upon allocation formulas and the volume of waste shipped to the sites. Virginia Power has accrued a reserve of $2 million to meet its obligations at these two sites. Based on a financial assessment of PRPs involved at these sites, Virginia Power has determined that it is probable that the PRPs will fully pay the costs apportioned to them.

Virginia Power generally seeks to recover its costs associated with environmental remediation from third-party insurers. Any pending or possible claims were not recognized as an asset or offset against such obligations of Virginia Power.

In 1999, Virginia Power was notified by the Department of Justice of alleged noncompliance with EPA's oil spill prevention, control and countermeasures (SPCC) plans and facility response plan (FRP) requirements at one of Virginia Power's power stations. If, in a legal proceeding, such instances of noncompliance are deemed to have occurred, Virginia Power may be required to remedy any alleged deficiencies and pay civil penalties. Settlement of this matter is currently in negotiation and is not expected to have a material impact on Virginia Power's financial condition or results of operations.

In 1999, Virginia Power identified matters at certain other power stations that EPA might view as not in compliance with the SPCC and FRP requirements. Virginia Power reported these matters to the EPA

and in December 1999 submitted revised FRP and SPCC plans. Presently, the EPA has not assessed any penalties against Virginia Power, pending its review of Virginia Power's disclosure information. Future resolution of these matters is not expected to have a material impact on Virginia Power's financial condition or results of operations.

On November 8, 1999 and September 21, 1999, Virginia Power received notices from the Attorneys General of Connecticut and New York, respectively, of their intention to file suit against Virginia Power for alleged violations of the Clean Air Act. The notices question whether modifications at certain Virginia Power generating facilities were properly permitted under the Clean Air Act and allege that emissions from these facilities have contributed to damage to public health and the environment in the Northeast. To date, no suits have been filed. Dominion believes that it is one of a number of companies with fossil fuel power generating stations in the southeast and central U.S. to have received such notifications. Virginia Power believes that it has obtained the permits necessary in connection with its generating facilities and that the outcome of the suits, if any, filed by the Attorney Generals would not have a material adverse effect on Dominion's financial condition or results of operations.

Nuclear Insurance The Price-Anderson Act limits the public liability of an owner of a nuclear power plant to $9.5 billion for a single nuclear incident. The Price-Anderson Act Amendment of 1988 allows for an inflationary provision adjustment every five years. Virginia Power has purchased $200 million of coverage from the commercial insurance pools, with the remainder provided through a mandatory industry risk sharing program. In the event of a nuclear incident at any licensed nuclear reactor in the United States, Virginia Power could be assessed up to $91 million for each of its four licensed reactors not to exceed $10 million per year per reactor. There is no limit to the number of incidents for which this retrospective premium can be assessed.

Virginia Power's current level of property insurance coverage ($2.55 billion for North Anna and $2.4 billion for Surry) exceeds the NRC's minimum requirement for nuclear power plant licensees of $1.06 billion per reactor site and includes coverage for premature decommissioning and functional total loss. The NRC requires that the proceeds from this insurance be used first to return the reactor to and maintain it in a safe and stable condition, then to decontaminate the reactor and station site in accordance with a plan approved by the NRC. Virginia Power's nuclear property insurance is provided by Nuclear Electric Insurance Limited (NEIL), a mutual insurance company, and is subject to retrospective premium assessments in any policy year in which losses exceed the funds available to the insurance company. The maximum assessment for the current policy period is $29 million. Based on the severity of the incident, the board of directors of Virginia Power's nuclear insurer has the discretion to lower or eliminate the maximum retrospective premium assessment. For any losses that exceed the limits or for which insurance proceeds are not available because they must first be used for stabilization and decontamination, Virginia Power has the financial responsibility for these losses.

Virginia Power purchases insurance from NEIL to cover the cost of replacement power during the prolonged outage of a nuclear unit due to direct physical damage of the unit. Under this program, Virginia Power is subject to a retrospective premium assessment for any policy year in which losses exceed funds available to NEIL. The current policy period's maximum assessment is $7 million.

Under several of Virginia Power's nuclear insurance policies, it is subject to retrospective premium assessments in any policy year in which losses exceed the funds available to these insurance companies.

As part owner of the North Anna Power Station, Old Dominion Electric Cooperative is responsible for its share of the nuclear decommissioning obligation and insurance premiums applicable to that station, including any retrospective premium assessments and any losses not covered by insurance.

Dominion

Dominion has issued guarantees to various third party creditors in relation to the repayment of debt by certain of its subsidiaries. At December 31, 1999, Dominion had issued $751 million of guarantees, and the subsidiaries' debt subject to such guarantees totaled $406 million.

DEI

Subsidiaries of DEI have general partnership interests in certain of its energy ventures. These subsidiaries may be required to fund future operations of these investments, if operating cash flow is insufficient.

Dominion Capital

At December 31, 1999, Dominion Capital had commitments to fund loans of approximately $937 million.

NOTE R: Business Segments

Under SFAS No. 131, Disclosure About Segments of an Enterprise and Related Information, Dominion has defined segments based on product, geographic location and regulatory environment.

In preparation for the transition to competition for electric generation in Virginia, Dominion is evaluating the operating results across Virginia Power's and DEI's current business lines. Although the employees and assets involved remain with their respective legal entities, Dominion currently evaluates the operations of DEI and Virginia Power in the following business segments:

- generation-related operations of both Virginia Power and DEI (referred to as Dominion Energy);
- regulated electric transmission and distribution services (referred to as Dominion Delivery); and
- oil and gas operations of DEI (referred to as Dominion E&P).

In addition to the business segments mentioned above, Dominion reviews the following as business segments:

- the financial services of Dominion Capital;
- Dominion UK (East Midlands) which was sold by Dominion in 1998; and
- Corporate Operations:
  - -- corporate costs of Dominion's holding company;
  - -- Corby operations;
  - -- intercompany eliminations;
  - -- impact of the impairment of regulatory assets and one-time refund recorded as a result of the settlement of the 1998 Virginia jurisdictional rate proceedings; and

-- extraordinary item recorded in the first quarter of 1999.

<PAGE>

Notes to Consolidated Financial Statements, continued

Business segment financial information follows for each of the three years in the period ended December 31, 1999. Corporate includes intersegment eliminations.

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(millions, except total assets)	Dominion Delivery	Dominion Capital	Dominion Energy	Do
1999				
<S>	<C>	<C>	<C>	<C
Revenue	$1,166	$473	$3,593	
Interest income			12	
Interest expense	141	152	173	
Operating income	431	265	624	
Depreciation	246	32	313	
Unusual items				
Equity income		4	14	
Income tax expense (benefit)	109	35	161	
Net income	175	78	271	
Equity investments		166	186	
Capital expenditures	317	9	461	
Total assets (billions)	4.6	3.6	7.4	
1998				
Revenue	1,111	409	3,510	
Interest income			12	
Interest expense	145	121	179	
Operating income	424	210	615	
Depreciation	237	25	337	
Unusual items				
Equity income		21	14	
Income tax expense (benefit)	104	31	157	
Net income	168	59	262	
Equity investments		203	122	
Capital expenditures	282	6	260	
Total assets (billions)	4.6	3.1	7.5	
1997				
Revenue	1,098	296	3,749	
Interest income			9	
Interest expense	134	92	192	
Operating income	442	157	645	
Depreciation	237	18	374	
Unusual items				
Equity income		16	13	
Income tax expense (benefit)	111	20	119	
Net income	193	45	275	

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Geographic Areas

Revenue

(millions)		International	
Year	Domestic	United Kingdom	Latin America
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1999	$5,295		$106
1998	4,913	$1,009	133
1997	5,130	1,970	163

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Long-Lived Assets

(billions)		International	
Year	Domestic	United Kingdom	Latin America
<S>	<C>	<C>	<C>
1999	$10.6	$0.1	$0.4
1998	10.6	0.1	0.7

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NOTE S: Loan Servicing Portfolio

As of December 31, 1999 and 1998 Dominion Capital serviced a portfolio consisting of loans in all 50 states. In addition to servicing loans of its mortgage lending subsidiary, Saxon Mortgage, Inc. (SMI), Dominion Capital's customers are Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC) and Dynex Capital, Inc. (Dynex). The loan-servicing portfolios as of December 31, 1999 and 1998 are summarized below:

	1999		1998	
(millions, except number of loans)	Number Of Loans	Principal Balance	Number Of Loans	Principal Balance
SMI	42,071	$4,136	26,760	$2,773
GNMA	1,491	48	1,758	60
FNMA	634	16	798	20
FHLMC	124	6	155	8
Dynex	2,586	308	3,707	470
Other	150	47	1,265	58
	47,056	$4,561	34,443	$3,389

Activity related to capitalized loan servicing rights during 1999 and 1998 was as follows:

For the Years Ended December 31, (millions)	1999	1998
Balance, beginning of year	$52	$ 23
Loan servicing rights purchased	48	39
Amortization	(20)	(10)
Balance, end of year	$80	$ 52

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NOTE T: Collateralized Debt Obligation Investments

Dominion manages financial assets held in three collateralized debt obligations (CDO). In addition to the management of the debt, Dominion holds an investment in the subordinated debt of each CDO. The total investment in the CDOs were $58 million and $24 million at December 31, 1999 and 1998, respectively. The total assets under management in the CDOs were approximately $2.3 billion and $1.0 billion at December 31, 1999 and 1998, respectively.

NOTE U: Leases

Future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year as of December 31, 1999 are 2000-$25 million, 2001-$20 million, 2002-$18 million, 2003-$15 million, 2004-$11 million and years after 2004-$46 million. Rent on leases, which have been charged to operations expense, were $31 million, $27 million, and $20 million for 1999, 1998 and 1997, respectively.

NOTE V: Acquisitions and Divestitures

Acquisitions

In 1999, DEI acquired interests in certain gas producing properties located in the San Juan Basin of New Mexico for approximately $115 million. In addition, DEI completed its purchase of all of the issued and outstanding shares of Remington Energy Ltd., (Remington), a publicly traded natural gas exploration and production company headquartered in Calgary, Alberta, Canada. DEI paid $33 million and assumed $260 million of Remington's debt and liabilities.

In April 1998, DEI purchased Dominion Energy Canada, Ltd., a natural gas and oil exploration and production company. DEI paid $119 million and assumed debt of $26 million. The transaction has been recorded using the purchase method of accounting.

Divestitures

In 1999, DEI reached an agreement to sell its interests in approximately 1,200 megawatts of gross generation capacity located in Latin America. Duke Energy International is purchasing the interests for approximately $405 million. DEI completed the sale of its interests in Belize and Peru in November 1999 and expects to complete the sale of its interests in Argentina and Bolivia in 2000, following receipt of certain regulatory approvals.

The assets and liabilities of the unsold interests amounts to $446 million and $178 million, respectively, and continues to be reflected in Dominion's Consolidated Balance Sheets.

During 1999, DEI adjusted the carrying amount of the Latin American interests to be sold and recognized an impairment loss of $21 million, including the effect of applicable income taxes. The pretax loss of $17 million was recorded in Other operation and maintenance and the income tax effect of $4 million was recorded in Provision for income taxes in Dominion's Consolidated Statements of Income.

In 1998, Dominion sold East Midlands to PowerGen, an electricity generator and supplier in the United Kingdom. East Midlands is principally an electricity supply and distribution company serving 2.3 million homes and businesses in the East Midlands region of the United Kingdom. PowerGen acquired 100% of DR Investments in a transaction valued at $3.2 billion. DR Investments is the holding company for DR Investments (UK) PLC and East Midlands. Dominion recorded an aftertax gain of $201 million or $1.03 per share.

<PAGE>

Notes to Consolidated Financial Statements, continued

NOTE W: Quarterly Financial and Common Stock Data (unaudited)

The following amounts reflect all adjustments, consisting of only normal recurring accruals (except as disclosed below), necessary in the opinion of Dominion Resources' management for a fair statement of the results for the interim periods.

Quarterly Financial and Common Stock Data -- Unaudited

(millions, except per share amounts)	1999	1998
Operating revenue and income		
First Quarter	$1,293	$1,774
Second Quarter	1,315	1,585
Third Quarter	1,663	1,549
Fourth Quarter	1,249	1,173
Year	$5,520	$6,081
Income from operations		
First Quarter	$ 313	$ 381
Second Quarter	296	67
Third Quarter	487	436
Fourth Quarter	215	202
Year	$1,311	$1,086
Income (loss) before provision for income taxes, minority interests and extraordinary item		
First Quarter	$ 211	$ 217
Second Quarter	175	(108)
Third Quarter	357	666
Fourth Quarter	85	94
Year	$ 828	$ 869
Net income (loss)		
First Quarter	$ (116)	$ 140
Second Quarter	117	(83)
Third Quarter	232	425
Fourth Quarter	63	54
Year	$ 296	$ 536
Earnings (loss) per share		
First Quarter	$(0.60)	$ 0.72
Second Quarter	0.61	(0.42)
Third Quarter	1.21	2.17
Fourth Quarter	0.33	0.28
Year	$ 1.55	$ 2.75
Dividends per share		
First Quarter	$0.645	$0.645
Second Quarter	0.645	0.645
Third Quarter	0.645	0.645

Fourth Quarter	0.645	0.645
Year	$ 2.58	$ 2.58
Stock price range		
First Quarter	47 1/16 -36 7/8	42 15/16-39 3/8
Second Quarter	44 13/16-36 9/16	42 1/16 -37 13/16
Third Quarter	47 3/16 -43	44 15/16-39 5/16
Fourth Quarter	49 3/8 -39 1/4	48 15/16-44 3/8
Year	49 3/8 -36 9/16	48 15/16-37 13/16

Certain accruals recorded in 1999 and 1998 were not ordinary, recurring adjustments.

Extraordinary Item In the first quarter of 1999, Dominion recorded an after-tax charge to net income of $255 million or $1.33 per share. The charge reflects the write-off of assets and liabilities that will not be recovered through base rates capped by Virginia legislation enacted into law on March 25, 1999. This legislation establishes a detailed plan to restructure the electric utility industry in Virginia. The after-tax charge was recorded as an extraordinary item on Dominion Resources' Consolidated Statements of Income.

Sale of Interests in Latin American Power Generation In 1999, Dominion recorded a one-time after-tax charge of $21 million, or $0.11 per share, related to the sale of its interests in its Latin American power generation.

Rate Refund Dominion recognized a provision for rate refund of $154 million or $0.79 per share and related interest expense of $11 million and other taxes of $4 million in the second quarter of 1998 as a result of the settlement of its rate proceeding in Virginia.

Impairment of Regulatory Assets Dominion charged $159 million to second quarter 1998 earnings or $0.82 per share as a provision for the impairment of regulatory assets resulting from the settlement of Virginia Power's rate proceeding in Virginia.

Depreciation and Amortization Dominion recorded adjustments of $27 million in the second quarter of 1998 decreasing the year-to-date provision for depreciation and decommissioning expenses to reflect terms of the settlement of Virginia Power's Virginia rate proceedings. For more information, see Note (C).

Sale of East Midlands In the third quarter of 1998, Dominion Resources recorded an after-tax gain of $201 million or $1.03 per share to reflect the sale of East Midlands to PowerGen.

<PAGE>

NOTE X: Subsequent Event

Merger

On January 28, 2000, Dominion acquired the outstanding shares of CNG's common stock. The aggregate purchase price was $6.4 billion. The purchase price was paid in a combination of cash and Dominion stock. The acquisition was accomplished in a two-step transaction. In the first step, a wholly owned subsidiary of Dominion merged (First Merger) with and into Dominion, the surviving corporation. The second step involved the merger (Second Merger) of CNG and a subsidiary of Dominion in which the Dominion subsidiary is the surviving corporation.

In the first merger, Dominion shareholders exchanged approximately 33

million shares of Dominion common stock for approximately $1.4 billion. In the second merger, CNG shareholders received approximately 87 million shares of Dominion common stock and approximately $2.9 billion in exchange for all of the outstanding shares of CNG common stock.

In 2000, Dominion initially financed the cash used in the CNG merger with a $3.5 billion commercial paper program backed by a short-term credit facility and $1 billion of short-term, privately placed money market notes. Dominion expects to refinance these amounts with a combination of debt, preferred and convertible securities, and proceeds from sales of non-core assets, including DEI's interests in Latin American power generation, CNG's foreign investments, Virginia Natural Gas and Dominion Capital.

For accounting purposes, the First Merger is treated as a reorganization with no changes in the recorded amount of Dominion's assets and liabilities. The Second Merger will be accounted for under the purchase method of accounting.

In the Second Merger, Dominion has registered as a holding company under the 1935 Act. The 1935 Act imposes a number of restrictions on the operations of registered holding company systems. One such restriction is it limits the ability of registered holding companies to engage in activities unrelated to their utility operations. Consequently, as part of the SEC order approving the merger, Dominion must divest itself of Dominion Capital, its financial services subsidiary. Although a formal plan for divestiture has not been adopted, the SEC allowed three years for this to be accomplished.

During the merger approval process, Dominion and CNG also agreed to divest Virginia Natural Gas, Inc. (VNG), CNG's gas distribution subsidiary located in Virginia Beach, Va., under an agreement with the Virginia Commission. The companies have also agreed with the Federal Trade Commission (FTC) to divest VNG. Dominion has one year after the merger is completed to sell VNG to a third party. If the sale of VNG is not completed within the timeframe of one year, VNG will be spun off as an independent company with the common stock distributed to Dominion shareholders. Both deadlines are subject to reasonable extensions, which may be granted by the regulatory authorities.

After the CNG Merger, Dominion has an energy portfolio of almost 20,000 megawatts of domestic power generation and 2.8 trillion cubic feet equivalent in natural gas and oil reserves producing more than 300billion cubic feet equivalent annually. Dominion now operates a major interstate gas pipeline system and the largest natural gas storage system in North America and has approximately 6,000 miles of electric transmission lines. Dominion is the eleventh largest independent oil and gas producer in the United States, measured by reserves, and provides integrated energy services to approximately four million retail customers.

<PAGE>

Report of Management's Responsibilities

The management of Dominion Resources, Inc. is responsible for all information and representations contained in the Consolidated Financial Statements and other sections of the annual report. The Consolidated Financial Statements, which include amounts based on estimates and judgments of management, have been prepared in conformity with generally accepted accounting principles. Other financial information in the annual report is consistent with that in the Consolidated Financial Statements.

Management maintains a system of internal accounting controls designed to provide reasonable assurance, at a reasonable cost, that Dominion's and its subsidiaries' assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed and recorded in accordance with established procedures. Management recognizes the inherent limitations of any

system of internal accounting control, and therefore cannot provide absolute assurance that the objectives of the established internal accounting controls will be met.

This system includes written policies, an organizational structure designed to ensure appropriate segregation of responsibilities, careful selection and training of qualified personnel, and internal audits. Management believes that during 1999 the system of internal control was adequate to accomplish the intended objectives.

The Consolidated Financial Statements have been audited by Deloitte & Touche LLP, independent auditors, who were designated by the Board. Their audits were conducted in accordance with generally accepted auditing standards and include a review of Dominion's and its subsidiaries' accounting systems, procedures and internal controls, and the performance of tests and other auditing procedures sufficient to provide reasonable assurance that the Consolidated Financial Statements are not materially misleading and do not contain material errors.

The Audit Committees of the Boards, composed entirely of directors who are not officers or employees of Dominion or its subsidiaries, meet periodically with independent auditors, the internal auditors and management to discuss auditing, internal accounting control and financial reporting matters and to ensure that each is properly discharged. Both independent auditors and the internal auditors periodically meet alone with the Audit Committees and have free access to the Committees at any time.

Management recognizes its responsibility for fostering a strong ethical climate so that Dominion's affairs are conducted according to the highest standards of personal corporate conduct. This responsibility is characterized and reflected in Dominion Resources' Code of Ethics, which addresses potential conflicts of interest, compliance with all domestic and foreign laws, the confidentiality of proprietary information, and full disclosure of public information.

Dominion Resources, Inc.

/s/ Thos. E. Capps

Thos. E. Capps
President and
Chief Executive Officer

/s/ James L. Trueheart

James L. Trueheart
Group Vice President and
Controller

Report of Independent Auditors

To the Shareholders and Board of Directors of
Dominion Resources, Inc.

We have audited the accompanying consolidated balance sheets of Dominion Resources, Inc. and subsidiaries as of December 31, 1999 and 1998 and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material

misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of Dominion Resources, Inc. and subsidiaries as of December 31, 1999 and 1998 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche LLP

Richmond, Virginia
January 28, 2000

<PAGE>

Directors and Officers

Dominion Resources, Inc.

Directors

George A. Davidson, Jr., 61
Chairman of the Board of Directors

Thos. E. Capps, 64
Vice Chairman, President and Chief Executive Officer

William S. Barrack, Jr., 70
Former Senior Vice President, Texaco, Inc., New Canaan, Connecticut

John B. Bernhardt, 70
Managing Director, Bernhardt/Gibson Financial Opportunities, Newport News, Virginia

Raymond E. Galvin, 68
Former President, Chevron USA Production Company, Houston, Texas

Ray J. Groves, 64
Chairman, Legg Mason Merchant Banking, Inc., New York, New York

John W. Harris, 52
President, Lincoln Harris, LLC, Charlotte, North Carolina

Benjamin J. Lambert, III, 63
Optometrist, Richmond, Virginia

Richard L. Leatherwood, 60
Former President and Chief Executive Officer, CSX Equipment, Baltimore, Maryland

Paul E. Lego, 69
Former Chairman and Chief Executive Officer, Westinghouse Electric Corporation, Pittsburgh, Pennsylvania

Margaret A. McKenna, 54

President, Lesley College, Cambridge, Massachusetts

Steven A. Minter, 61
President and Executive Director, The Cleveland Foundation, Cleveland, Ohio

Kenneth A. Randall, 72
Corporate director of various companies, Williamsburg, Virginia

Frank S. Royal, M.D., 60
Physician, Richmond, Virginia

S. Dallas Simmons, 60
Chairman, President and Chief Executive Officer,
Dallas Simmons & Associates, Inc., Richmond, Virginia

Robert H. Spilman, 72
President, Spilman Properties, Bassett, Virginia

David A. Wollard, 62
Chairman of the Board, Exempla Healthcare, Denver, Colorado

Officers

Thomas F. Farrell, II, 45
Executive Vice President (Chief Executive Officer of Dominion Energy)

David L. Heavenridge, 53
Executive Vice President (Chief Executive Officer of Dominion Capital)

H. Patrick Riley, 62
Executive Vice President (Chief Executive Officer and President of Dominion Exploration & Production)

Edgar M. Roach, Jr., 51
Executive Vice President (Chief Executive Officer of Dominion Delivery)

Thomas N. Chewning, 54
Executive Vice President and Chief Financial Officer

James P. O'Hanlon, 56
Executive Vice President (President and Chief Operating Officer of Dominion Energy)

Robert E. Rigsby, 50
Executive Vice President (President and Chief Operating Officer of Dominion Delivery)

James L. Trueheart, 48
Group Vice President, Controller and Principal Accounting Officer

G. Scott Hetzer, 43
Senior Vice President and Treasurer

James L. Sanderlin, 58
Senior Vice President -- Law

Eva S. Teig, 55
Senior Vice President -- External Affairs & Corporate Communications

William C. Hall, Jr., 46
Vice President -- External Affairs & Corporate Communications

Simon C. Hodges, 38
Vice President -- Financial Planning

Karen E. Hunter, 45
Vice President -- Tax

James F. Stutts, 55
Vice President and General Counsel

Patricia A. Wilkerson, 44
Vice President and Corporate Secretary

Virginia Electric and Power Company
Nonemployee Directors

Jean E. Clary, 56
President, Century 21 Clary and Associates, Inc., South Hill, Virginia

William G. Thomas, 60
Partner, Reed Smith Hazel & Thomas, LLP, Falls Church, Virginia
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Selected Consolidated Financial Data

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(dollars in millions, except per share amounts)		199
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Operating revenue and income		$ 5,52
Net income		$ 29
Total assets		$17,74
Long-term debt, preferred stock subject to mandatory redemption and preferred securities of a subsidiary trust (1)		$ 7,32
Common stock data:		
Earnings per share		$ 1.5
Dividends paid per share		$ 2.5
Common stock price range (dollars)	49 3/8 -	36 9/1
Market value per share (year-end)		$ 39.2
Book value per share (year-end)		$ 25.5
Market to book value (year-end)		153.9
Return on average common equity		5.9
Payout ratio		166.5
Price/earnings ratio (year-end)		25.
Outstanding shares of common stock (millions)		
-- average		191.
-- actual (year-end)		186.
Capitalization:		
Debt and capital lease obligations		$ 8,19
Preferred securities		38
Preferred stock		68
Common equity		4,75

Total capitalization	$14,01
Capitalization ratios	
Debt and capital lease obligations	58
Preferred securities of subsidiary trust	3
Preferred stock	5
Common equity	34

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(dollars in millions, except per share amounts)	199
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Operating revenue and income	$ 4,81
Net income	$ 47
Total assets	$14,89
Long-term debt, preferred stock subject to mandatory redemption and preferred securities of a subsidiary trust (1)	$ 5,36
Common stock data:	
Earnings per share	$ 2.6
Dividends paid per share	$ 2.5
Common stock price range (dollars)	44 3/8 - 36 7/
Market value per share (year-end)	$ 38.5
Book value per share (year-end)	$ 27.1
Market to book value (year-end)	141.9
Return on average common equity	9.8
Payout ratio	97.4
Price/earnings ratio (year-end)	14.
Outstanding shares of common stock (millions)	
-- average	178.
-- actual (year-end)	181.
Capitalization:	
Debt and capital lease obligations	$ 5,85
Preferred securities	13
Preferred stock	68
Common equity	4,91
Total capitalization	$11,59
Capitalization ratios	
Debt and capital lease obligations	51
Preferred securities of subsidiary trust	1
Preferred stock	6
Common equity	42

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(1) In 1999, preferred stock subject to mandatory redemption is included in Securities due within one year and is excluded from this amount.

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DOMINION RESOURCES, INC.
SUBSIDIARIES OF THE REGISTRANT

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NAME	JURISDICTION OF INCORPORATION	NAME UNDER WHICH BUSINESS IS CONDUCTED
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Virginia Electric and Power Company	Virginia	Virginia Power in Virginia and North Carolina Power in North Carolina
Consolidated Natural Gas Company	Virginia	Consolidated Natural Gas Com
Dominion Energy, Inc.	Virginia	Dominion Energy, Inc.
Dominion Capital, Inc.	Virginia	Dominion Capital, Inc.

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Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Registration Statements File No. 333-35501, 333-46043 and 333-93187 of Dominion Resources, Inc. on Forms S-3 and Registration Statements File No. 33-62705, File No. 333-02733, File No. 333-25587, File No. 333-18391, File No. 333-49725, File No. 333-69305, File No. 333-78173, File No. 333-87529, File No. 333-95567 and File No. 333-95795 of Dominion Resources, Inc. on Forms S-8 of our report dated January 28, 2000, appearing in and incorporated by reference in the Annual Report on Form 10-K of Dominion Resources, Inc. for the year ended December 31, 1999.

/s/ Deloitte & Touche LLP
- -------------------------

DELOITTE & TOUCHE LLP
Richmond, Virginia
March 7, 2000

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PUBLIC DOCUMENT COUNT: 4
CONFORMED PERIOD OF REPORT: 19991231
FILED AS OF DATE: 20000519

FILER:

COMPANY DATA:
COMPANY CONFORMED NAME: DOMINION RESOURCES INC /VA/
CENTRAL INDEX KEY: 0000715957
STANDARD INDUSTRIAL CLASSIFICATION: ELECTRIC SERVICES [4911]
IRS NUMBER: 541229715
STATE OF INCORPORATION: VA
FISCAL YEAR END: 1231

FILING VALUES:
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FILM NUMBER: 640160

BUSINESS ADDRESS:
STREET 1: 120 TREDEGAR STREET
STREET 2: P O BOX 26532
CITY: RICHMOND
STATE: VA
ZIP: 23219
BUSINESS PHONE: 8048192000

MAIL ADDRESS:
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SECURITIES AND EXCHANGE COMMISION

Washington, D.C. 20549

FORM 10-K/A

AMENDMENT TO APPLICATION OR REPORT

Filed pursuant to Section 12, 13, and 15 (d) of

THE SECURITIES EXCHANGE ACT OF 1934

Dominion Resources, Inc.
(Exact name of registrant as specified in charter)

AMENDMENT NO. 1 TO FORM 10-K

The undersigned registrant hereby amends the exhibits to its 1999 Annual Report on Form 10-K to include the following 1999 Annual Reports for the Dominion Resources, Inc. Employee Savings Plan, Dominion Subsidiary Savings Plan, and the Virginia Power Hourly Employee Savings Plan.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

DOMINION RESOURCES, INC.
Registrant

BY /s/ THOMAS N. CHEWNING

Thomas N. Chewning
Executive Vice President,
Chief Financial Officer

Date: May 19, 2000
<PAGE>

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 1999.

or

_______ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to ________________.

Commission File number 333-87529

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Dominion Resources, Inc.
Employee Savings Plan

B. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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DOMINION RESOURCES, INC.

EMPLOYEE SAVINGS PLAN

FINANCIAL STATEMENTS

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Supplemental Schedules as of and for the year ended December 31, 1999:	
Schedule H, Item 4(i): Schedule of Assets Held for Investment Purposes	F-12
Schedule H, Item 4(j): Schedule of Reportable Transactions	F-13

</TABLE>

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INDEPENDENT AUDITORS' REPORT

To the Organization, Compensation, and Nominating Committee of the

Board of Directors of Dominion Resources, Inc.

We have audited the accompanying financial statements of the Dominion Resources, Inc. Employee Savings Plan (the Plan) as of December 31, 1999 and 1998 and for the year ended December 31, 1999 listed in the Table of Contents on page F-1. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 1999 and 1998, and the changes in net assets available for benefits for the year ended December 31, 1999 in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1999 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Richmond, Virginia
May 9, 2000

<PAGE>

DOMINION RESOURCES, INC.
EMPLOYEE SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>
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<S>	1999 <C>
Assets:	
Investments (Notes 3 and 4)	$572,470
Receivables:	
Interest	356
Securities Sold	331
Total Receivables	687
Cash	123

Total Assets	573,281
Liabilities - Payables for Investments Purchased	4,129
Net Assets Available for Benefits	$569,151

</TABLE>

The accompanying notes are an integral part of the financial statements.

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DOMINION RESOURCES, INC.
EMPLOYEE SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

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	Y Decem
Additions:	
Investment income:	
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Net appreciation in fair value of investments	
Dividend income	
Interest and other income	
Total investment income	
Contributions:	
Participants (Note 1)	
Participating companies (Note 1)	
Total additions	
Deductions:	
Benefits paid to participants	
Administrative expenses	
Total deductions	
Net increase before transfers	
Transfer of participants' assets to the Plan from other plans	
Net increase	

Net assets available for benefits:
Beginning of year

End of year

</TABLE>

The accompanying notes are an integral part of the financial statements.

<PAGE>

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Dominion Resources, Inc. Employee Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL - The Plan is a defined contribution plan covering all full-time salaried employees of the Participating Companies (see Note 1.d) who have six months of service and are age 18 or older. Virginia Electric and Power Company (the Company), a wholly owned subsidiary of Dominion Resources, Inc. (DRI), is the designated Plan sponsor, fiduciary and administrator. Mellon Bank serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

b. CONTRIBUTIONS

January 1, 1997 - April 30, 1998

A maximum of 17% of the participant's eligible earnings and 9% of highly compensated employee's eligible earnings could be invested in the Plan. Of the 17%, up to 12% could be invested on a tax-deferred basis. The Company contributed a matching amount equivalent to 50% of each participant's contributions, not to exceed 3% of the participant's eligible earnings, which is used to purchase DRI common stock.

May 1, 1998 - December 31, 1999

A maximum of 20% of the participant's eligible earnings and 10% of highly compensated employee's eligible earnings can be invested in the Plan. Of the 20%, up to 15% can be invested on a tax-deferred basis. The Company contributes a matching amount equivalent to 50% of each participant's contributions, not to exceed 3% of the participant's eligible earnings, which is used to purchase DRI common stock.

c. PARTICIPANT ACCOUNTS - Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan earnings, and administrative expenses. Allocations are based on participant earnings

or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future Participating Companies' contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

d. PARTICIPANTS - Any subsidiary of DRI may adopt the Plan for the benefit of its qualified salaried employees subject to approval of the Board of Directors of the Company.

There were 5,846 and 5,306 participants in the Plan as of December 31, 1999 and 1998, respectively.

<PAGE>

e. VESTING - Participants become vested in their own contributions and the earnings on these amounts immediately, and in the participating companies' matching contributions and earnings after three years of service. Matching contributions vest immediately for participants aged 55 or older.

f. INVESTMENT OPTIONS

Employee Contributions: Upon enrollment in the Plan, a participant may direct employee contributions in any option (except the loan fund) in 1% increments totaling to 100%. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. The Plan provides for employee contributions to be invested in the following:

(1) Common Stock:

Dominion Resources, Inc. (DRI) Common Stock Fund - All investments are in DRI Common Stock or cash equivalent investments for partial shares.

(2) Interest in Certus Stable Value Fund Master Trust:

Certus Stable Value Fund - The fund invests in investment contracts of insurance companies and commercial banks and U.S. Government or agency backed bonds.

(3) Mutual Funds:

Premier Managed Income Fund - The fund invests primarily in investment -grade corporate and U.S. Government obligations having maturities of 10 years or less.

Dreyfus Balanced Fund (fund not available after 3/31/99) - The fund invests in equity and debt securities of domestic and foreign issues.

Dreyfus Premier Balanced Fund (fund available effective 4/1/99) - The fund invests in common stocks and bonds in proportions consistent with expected returns and risks as determined by the fund's managers. The fund's neutral allocation is 60% to common stocks and 40% to bonds.

The Crabbe Huson Equity Fund, Inc. (fund not available after 3/31/99) - The fund invests in common stocks that have large market capitalization.

MAS Mid Cap Value Portfolio (fund available effective 4/1/99) - The fund invests in equity securities of medium sized companies that demonstrate valuation characteristics that are attractive to the fund's managers.

Warburg Pincus Emerging Growth Fund - The fund invests in equity securities of primarily domestic emerging growth companies.

Templeton Foreign Fund - The fund invests primarily in equity and debt securities of companies and governments outside the U.S.

<PAGE>

(4) Common/Collective Trust:

Mellon EB Daily Liquidity Index Fund - The fund invests primarily in the 500 stocks of the S&P 500 Index.

Company contributions: Company matching contributions are automatically contributed into the DRI Common Stock fund. However, participants who are under age 50 may transfer 50% of the value of their Company Match Account into another investment option, while participants who are age 50 and over may transfer 100% of the value of the Company Match Account.

g. PARTICIPANT LOANS - Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The minimum loan amount is $1,000 and the maximum loan amount is the lesser of:

- 50% of the vested account balance or
- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months).

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans are interest bearing at one percentage point above the prime rate of interest. The rate is determined every quarter; however, the rate is fixed at the inception of the loan for the life of the loan.

Participants make repayments to the Plan on a monthly basis. Any defaults in loans result in a reclassification of the remaining loan balances as taxable distributions to the participants.

h. PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2. There were no amounts payable to participants at December 31, 1999 and 1998.

i. FLEXIBLE DIVIDEND OPTION - Participants are given the choice of (1) receiving cash dividends paid on vested shares held in their DRI Common Stock Fund or (2) reinvesting the dividends in the fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) DRI Common Stock Fund - The investments of the Stock Fund are stated at fair value based on the closing sales prices reported on the New York Stock Exchange on the last business day of the year.

(2) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

<PAGE>

(3) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

(4) Investment in Certus Stable Value Fund Master Trust - The fund invests primarily in guaranteed investment contracts, which are valued at contract value. Contract value represents contributions made under the contract, plus earnings, less Plan withdrawals and administrative expenses.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required. Additionally, certain reclassifications have been made in the prior year financial statements to conform to the 1999 presentation.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at December 31, 1999 and 1998, are investments in DRI Common Stock amounting to $228 million and $237 million, respectively, whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

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DRI Common Stock	$127,023,631	*
DRI Common Stock	100,656,136	
Interest in Certus Stable Value Master Trust	67,344,410	
Dreyfus Premier Balanced Fund**	49,202,009	
Mellon S&P 500 Index Daily Fund	132,690,090	
Warburg Pincus Emerging Growth Fund	38,169,120	

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* Nonparticipant-directed
** Effective April 1, 1999 fund replaced the Dreyfus Balanced Fund, Inc.

<PAGE>

During 1999, the Plan's investments (including gains and losses on investment bought and sold, as well as held during the year) appreciated in value by $3,757,550 as follows:

Investments at Fair Value:	
Mutual Funds	$ 20,605,495
Common Stock	(39,119,328)
Investments at Estimated Fair Value:	
Common/Collective Trust Funds	22,271,383
	$ 3,757,550

4. NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

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Net Assets:	
Investments:	
DRI Common Stock	$127
Common/Collective Trusts	2
Total Investments	129
Receivables:	
Interest	
Securities Sold	
Total Receivables	
Cash	

Total Assets	129
Liabilities - Payables for Investments Purchased	2
Net Assets Available for Benefits	$127

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Changes in Net Assets:
Net appreciation in fair value of investments
Dividend income
Interest and other income
Contributions
Benefits paid to participants
Administrative expenses
Transfers to participant-directed investments
Transfers of participants' assets from other plans

Net decrease

</TABLE>

<PAGE>

5. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

6. PLAN INTEREST IN THE CERTUS STABLE VALUE FUND MASTER TRUST

The Plan's investments are in a Master Trust which was established for the investment of assets for the Plan and other Company sponsored plans (the Virginia Power Hourly Employee Savings Plan and the Dominion Subsidiary Savings Plan). The assets of the Master Trust are held by Mellon Bank. As of December 31, 1999 and 1998, the assets of the Master Trust were separately maintained by each Company sponsored plan, with the exception of the Certus Stable Value Fund (Certus Fund). As of December 31, 1999 and 1998, the Plan's interest in the net assets of the Certus Fund was approximately 75% and 73%, respectively. Investment income and administrative expenses relating to the Certus Fund are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the value of the undivided investments (and related investment income) in the Certus Stable Value Fund:

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1999

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Guaranteed Investment Contracts (contract value)	$87,826,074
Short-term Investment Fund (estimated fair value)	2,975,590
Total	$90,801,664

Investment income for the Certus Stable Value

Fund is as follows:	1999
Interest	$ 5,190,027
Less investment expenses	(194,858)
Total	$ 4,995,169

</TABLE>

The aggregate fair value of the investment contracts and short-term investments of the Fund at December 31, 1999 and 1998 was $89,271,133 and $84,456,595 respectively. The average yield of assets on December 31, 1999 and 1998 are estimated at 6.45% and 6.26%, respectively. Average duration of investment contracts within the Fund was 2.92 years at December 31, 1999 and 2.46 years at December 31, 1998. The crediting interest rates used to determine fair value for the contracts as of December 31, 1999 ranged from 7% to 7.28%.

<PAGE>

7. TAX STATUS

The Plan is a qualified employees' profit sharing trust and employee stock ownership plan under Sections 401(a), 401(k) and 404(k) of the Internal Revenue Code and, as such, is exempt from Federal income taxes under Section 501(a). Pursuant to Section 402(a) of the Internal Revenue Code, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on November 9, 1993, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Company believes that the Plan is currently designed and operating in compliance with the applicable requirements of the Internal Revenue Code.

8. PLAN AMENDMENT AND SUBSEQUENT EVENT

During 1999, the Plan was amended to allow the Trustee, Mellon Bank, to solicit elections from participants with respect to the Company stock allocated to their Plan accounts. This amendment was made in anticipation of the merger of Dominion Resources, Inc. with Consolidated Natural Gas. The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their sold shares for cash (at $43 per share), new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed Trustee, Mellon Bank solicited elections from participants with

respect to shares of stock allocated to their accounts. The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

<PAGE>

DOMINION RESOURCES, INC.
EMPLOYEE SAVINGS PLAN
SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 1999
SCHEDULE H, Item 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

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Description	Cost
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Dominion Resources, Inc., Common Stock	$265,873,641
Interest in Certus Stable Value Fund Master Trust	
Certus Stable Value Fund	67,344,410
Common/Collective Trusts	
DRI Common Stock Fund- EB Daily Liquidity	3,872,003
Loan Fund- EB Daily Liquidity	944
Mellon S&P 500 Index Daily Fund	80,610,733
	84,483,680
Mutual Funds	
MAS Mid Cap Value Fund	22,258,454
Dreyfus Premier Balanced Fund Inc.	48,688,530
Dreyfus Premier Managed Income Fund	3,761,776
Templeton Foreign Fund Inc.	15,060,789
Warburg Pincus Emerging Growth Fund	29,987,854
	119,757,403
Loans to Participants	10,000,011
Total Assets Held for Investment	$547,459,145

</TABLE>

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DOMINION RESOURCES, INC.
EMPLOYEE SAVINGS PLAN
SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 1999
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

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Single Transactions in Excess of Five Percent of Plan Assets

Shares/ Par Value	Security Description	Transaction Expense	Cost of Purchases
<S>	<C>	<C>	<C>
3,060,118.67	Dreyfus Balanced Fund*	$ -	$ -
3,219,915.99	Dreyfus/Laurel Prem. Balanced Fund*	$ -	$49,329,113.11

</TABLE>

* A party-in-interest as defined by ERISA

Series of Transactions in Excess of Five Percent of Plan Assets

<TABLE>
<CAPTION>

Shares/ Par Value	Security Description	Transaction Expense	Cost of Purchases
<S>	<C>	<C>	<C>
1,228,990.00	Dominion Res. Inc. Common Stock*	$ -	$51,590,786.19
451,675.00	Dominion Res. Inc. Common Stock*	$ -	$ -
79,948.02	Dreyfus Balanced Fund Inc.*	$ -	$ 1,289,153.47
3,234,718.50	Dreyfus Balanced Fund Inc.*	$ -	$ -
3,418,984.10	Dreyfus/Laurel Prem. Bal. Fund*	$ -	$51,362,022.65
301,531.82	Dreyfus/Laurel Prem. Bal. Fund*	$ -	$ -
1,333,175.78	MAS Funds Mid Cap Port, Adv. Class	$ -	$25,049,889.04
261,693.96	MAS Funds Mid Cap Port, Adv. Class	$ -	$ -
3,164,965.43	Templeton Fds. Inc. Foreign Fd Class I	$ -	$32,179,784.53
3,202,062.18	Templeton Fds. Inc. Foreign Fd Class I	$ -	$ -
389,553.36	Warbug Pincus Emerging Growth Fd	$ -	$12,691,355.54
389,051.34	Warbug Pincus Emerging Growth Fd	$ -	$ -
35,038,868.17	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$ -	$35,038,868.17
31,177,118.17	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$ -	$ -
87,013.81	Mellon S&P 500 Index Daily Fd*	$ -	$24,252,423.42
101,213.47	Mellon S&P 500 Index Daily Fd*	$ -	$ -

* A party-in-interest as defined by ERISA
</TABLE>

<PAGE>

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 1999.

or

_____ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the transition period from _________ to ________________.

Commission File number 33-62705

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Dominion Subsidiary Savings Plan

B. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

<PAGE>

DOMINION SUBSIDIARY SAVINGS PLAN

FINANCIAL STATEMENTS

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Independent Auditors' Report

Financial Statements:

Statements of Net Assets Available for
Benefits as of December 31, 1999 and 1998

Statement of Changes in Net Assets Available
for Benefits for the Year Ended
December 31, 1999.

Notes to Financial Statements

Supplemental Schedules as of December 31, 1999:

Schedule H, Item 4(i) - Schedule of Assets Held for Investment
Purposes

Schedule H, Item 4(j) - Schedule of Reportable Transactions
</TABLE>

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<PAGE>

INDEPENDENT AUDITORS' REPORT

To the Organization and Compensation Committee of the
Board of Directors of Dominion Resources, Inc.

We have audited the accompanying financial statements of the Dominion Subsidiary Savings Plan (the Plan) as of December 31, 1999 and 1998 and for the year ended December 31, 1999, listed in the Table of Contents on page F-1. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 1999 and 1998, and the changes in net assets available for benefits for the year ended December 31, 1999 in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1999 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Richmond, Virginia
May 9, 2000

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DOMINION RESOURCES, INC.
DOMINION SUBSIDIARY SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
ASSETS	1999	1998
Investments:	$ 12,304,910	$ 8,559,983
Receivables:		

Interest	9,712	8,248
Contributions:		
Participants	109,929	99,694
Participating companies	37,251	34,210
Total receivables	156,892	142,152
Other	0	386
Total assets	12,461,802	8,702,521
LIABILITIES		
Payables for Investments Purchased	27,352	4,246
Net Assets Available for Benefits	$ 12,434,450	$ 8,698,275

The accompanying notes are an integral part of the financial statements.

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DOMINION RESOURCES, INC.
DOMINION SUBSIDIARY SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	For the Year Ended December 31, 1999
Investment income:	
Dividends	$ 260,884
Interest and other	94,950
Net appreciation in fair value of investments	716,746
Total investment income	1,072,580
Contributions (Note 1):	
Participants	3,031,021
Participating companies	871,240
Total additions	4,974,841
Benefits paid to participants	1,221,260
Administrative expense	17,293
Total Deductions	1,238,553
Net increase before transfers	3,736,288
Transfer of participants' assets	

from the Plan to other plans	(113)
Net assets available for benefits:	
Beginning of year	8,698,275
End of year	$ 12,434,450

The accompanying notes are an integral part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Dominion Subsidiary Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL

The Plan is a defined contribution plan covering all employees of Dominion Land Management Company; Carthage Energy Services, Inc.; Waterford Management Company; Stonehouse Management Company; Saxon Mortgage, Inc.; Meritech Mortgage Services, Inc.; America's MoneyLine, Inc.; Mortgage Finance, Inc.; Governor's Land Management Company, Inc.; Old North State Management Company; Dominion Appalachian Development, Inc,; Two Rivers Country Club; Dominion Energy Services, Inc., Dominion Midwest Energy; Great Lakes Compression, Inc.; and First Dominion Capital, LLC(the Participating Companies). Employees are eligible who have six months of service and are age 18 or older and are scheduled to work or actually work at least 1,000 hours a year as a regular full-time employee or part-time employee. Dominion Capital, Inc. (the "Company"), a wholly-owned subsidiary of Dominion Resources (DRI), is the designated Plan sponsor and fiduciary. DRI is the plan administrator. Mellon Bank serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

b. CONTRIBUTIONS

January 1, 1997 - April 30, 1998

A maximum of 17% of the participant's eligible earnings and 9% of highly compensated employee's eligible earnings could be invested in the Plan. Of the 17%, up to 12% could be invested on a tax-deferred basis. The Company contributed a matching amount equivalent to 50% of each participant's contributions, not to exceed 3% of the participant's eligible earnings, which is used to purchase DRI common stock.

May 1, 1998 - December 31, 1999

A maximum of 20% of the participant's eligible earnings and 10% of highly compensated employee's eligible earnings can be invested in the

Plan. Of the 20%, up to 15% can be invested on a tax-deferred basis. The Company contributes a matching amount equivalent to 50% of each participant's contributions, not to exceed 3% of the participant's eligible earnings, which is used to purchase DRI common stock.

c. PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contributions, as applicable, and allocations of (a) the Company's contributions and (b) Plan earnings, and debited with withdrawals and an allocation of administrative expenses. Allocations are based on participant

<PAGE>

earnings or account balances, as defined. Forfeited balances of terminated participants' non- vested accounts are used to reduce future Company contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

d. PLAN PARTICIPANTS

There were 624 and 525 participants in the Plan as of December 31, 1999 and 1998, respectively.

e. VESTING

Participants become vested in their own contributions and the earnings on these amounts immediately and in the Participating Companies' matching contributions and earnings after three years of service.

f. INVESTMENT OPTIONS

Employee Contributions: Upon enrollment in the Plan, a participant may direct employee contributions in any option (except the loan fund) in 1% increments totaling to 100%. Changes in investment options may be made at any time and become effective as soon as administratively practicable. Participants can make unlimited transfers among existing fund balances. The Plan provides for employee contributions to be invested in the following:

(1) Common Stock:

Dominion Resources, Inc. (DRI) Common Stock Fund - All investments are in DRI Common Stock or cash equivalent investments for partial shares.

(2) Interest in Certus Stable Value Fund Master Trust:

Certus Stable Value Fund - The fund invests in investment contracts of insurance companies and commercial banks and U.S. Government or agency backed bonds.

(3) Mutual Funds:

Premier Managed Income Fund - The fund invests primarily in investment-grade corporate and U. S. Government obligations having maturities of 10 years or less.

Dreyfus Balanced Fund, Inc. (fund not available after 3/31/99) - The fund invests in equity and debt securities of domestic and foreign issues.

Dreyfus Premier Balanced Fund (fund available effective 4/1/99) - The fund invests in common stocks and bonds in proportions consistent with expected returns and risks as determined by the fund's managers. The fund's neutral allocation is 60% to common stocks and 40% to bonds.

The Crabbe Huson Equity Fund, Inc. (fund not available after 3/31/99) - The fund invests in common stocks that have large market capitalization.

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MAS Mid Cap Value Portfolio (fund available effective 4/1/99) - The fund invests in equity securities of medium sized companies that demonstrate valuation characteristics that are attractive to the fund's managers.

Warburg Pincus Emerging Growth Fund - The fund invests in equity securities of primarily domestic emerging growth companies.

Templeton Foreign Fund - The fund invests primarily in equity and debt securities of companies and governments outside the U.S.

(4) Common/Collective Trust:

Mellon EB Daily Liquidity Index Fund - The fund invests primarily in the 500 stocks of the S&P 500 Index.

Company Contributions: Participating Companies' matching contributions are automatically contributed into the DRI Common Stock. However, participants who are under age 50 may transfer 50% of the value of the stock in the Company Match Account into another investment option, while participants who are age 50 and over may transfer 100% of the value of the Company Match Account.

g. PARTICIPANT LOANS

Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The minimum loan amount is $1,000 and the maximum loan amount is the lesser of:

- 50% of the vested account balance or
- $50,000 (reduced by the maximum outstanding loan balance during the prior twelve months).

Loan transactions are treated as a transfer between the respective investment funds to the loan fund. The loans are interest-bearing at one percentage point above the prime rate of interest. The rate is determined every quarter, however, the rate is fixed at the inception of the loan for the life of the loan.

Participants make repayments to the Plan on a monthly basis. Any defaults in loans result in a reclassification of the remaining loan balances as taxable distributions to the participants.

h. PAYMENT OF BENEFITS

Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2. There were no amounts payable to such participants at December 31, 1999 and 1998.

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i. FLEXIBLE DIVIDEND - Participants are given the choice of (1) receiving cash dividends paid on vested shares held in their DRI Common Stock Fund or (2) reinvesting the dividends in the fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) DRI Common Stock Fund - the investments of the Stock Fund are stated at fair value based on closing sales prices reported on the New York Stock Exchange on the last business day of the year.

(2) Common/Collective Trusts - Investments in common/collective trust fund (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

(3) Investments in Certus Stable Value Fund Master Trust - The fund invests primarily in guaranteed investment contracts, which are valued at contract value. Contract value represents contributions made under the contract, plus earnings, less Plan withdrawals and administrative expenses.

(4) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATION - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Plan Investment and Other Disclosure Matters". As a result, reclassifications have been made to

eliminate the by-fund disclosure as previously required. Additionally, certain reclassifications have been made in the prior year financial statements to conform to the 1999 presentation.

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3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

	1999	1998
DRI Common Stock*	$1,818,632	$1,345,534
DRI Common Stock	1,268,677	1,077,169
Dreyfus Premier Balanced Fund	1,089,732	--
Dreyfus Balanced Fund	--	895,560
Crabbe Huson Equity	--	790,631
MAS Mid Cap Value	1,263,598	--
Warburg Pincus Emerging Growth	1,633,710	872,189
Templeton Foreign	646,073	--
Mellon EB Daily Liquidity Index	2,485,519	1,649,670

* Nonparticipant directed

During 1999, the Plan's investments (including gains and losses on investment bought and sold, as well as held during the year) appreciated in value by $716,746.

Investments at Fair Value:	
Common Stock	$(487,651)
Mutual Funds	846,857
Investments as Estimated Fair Value:	
Common/Collective Trust Funds	357,540
	$ 716,746

4. NONPARTICIPANT-DIRECTED INVESTMENTS

The net assets relating to the nonparticipant-directed investments are comprised of Dominion Resources Common Stock and amounts to $1,816,360 as of December 31, 1999. Information about the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

	December 31,	
NET ASSETS	1999	1998
Investments	$1,830,258	$1,346,887
Receivables:		
Interest	54	92
Contributions:		
Participating companies	12,942	34,210

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Other	139	0
Total receivables	13,135	34,302
Other	(134)	0
Total assets	1,843,259	1,381,189

LIABILITIES

Payables for Investments Purchased	10,541	553
Net Assets Available for Benefits	$1,832,718	$1,380,636

CHANGES IN NET ASSETS	For the Year Ended December 31, 1999
Investment income:	
Dividends	$ 115,328
Interest and other	521
Net appreciation in fair value of investments	(333,720)
Total investment income	(217,871)
Contributions (Note 1):	
Participating companies	854,079
Total additions	636,208
Benefits paid to participants	112,149
Administrative expense	4,109
Total Deductions	116,258
Net increase before transfers	519,950
Interfund transfers, net	(60,189)
Transfer of participants' assets from the Plan to other plans	(7,679)
Net assets available for benefits:	
Beginning of year	1,380,636
End of year	$1,832,718

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5. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

6. PLAN INTEREST IN THE CERTUS STABLE VALUE FUND MASTER TRUST

The Plan's investments are in a Master Trust which was established for the investment of assets for the Plan and other company sponsored plans (the Virginia Power Hourly Employee Savings Plan and the Dominion Resources, Inc. Employee Savings Plan). The assets of the Master Trust are held by Mellon Bank. As of December 31, 1999 and 1998, the assets of the Master Trust were separately maintained by each company sponsored plan, with the exception of the Certus Stable Value Fund (Certus Fund). As of December 31, 1999 and 1998, the Plan's interest in the net assets of the Certus Fund was approximately 1% for each year. Investment income and administrative expenses relating to the Certus Fund are allocated to the individual plans based upon average monthly balances invested by each Plan.

The following table presents the fair value of the undivided investments (and related investment income) in the Certus Stable Value Fund:

<TABLE>
<CAPTION>

	December 1999
<S>	<C>
Guaranteed Investment Contracts (contract value)	$87,826,074
Short-term Investment Fund (estimated fair value)	2,975,590
Total	$90,801,664

Investment income for the Certus Stable Value Fund is as follows:	1999
Interest	$ 5,190,027
Less investment expenses	(194,858)
Total	$ 4,995,169

</TABLE>

The aggregate fair value of the investment contracts and short-term investments of the Fund at December 31, 1999 and 1998 was $89,271,133 and $84,456,595 respectively. The average yield of assets on December 31, 1999 and 1998 are estimated at 6.45% and 6.26%, respectively. Average duration of investment contracts within the Fund was 2.92 years at December 31, 1999 and 2.46 years at December 31, 1998. The crediting interest rates used to determine the fair value for the contracts as of December 31, 1999 ranged from 7% to 7.28%.

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7. TAX STATUS

The Plan is a qualified employees' profit sharing trust and employee stock ownership plan under Sections 401(a), 401(k) and 404(k) of the Internal Revenue Code and, as such, is exempt from Federal income taxes under Section 501(a). Pursuant to Section 402(a) of the Internal Revenue Code, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on May 21, 1996, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Company believes that the Plan is currently designed and operating in compliance with the applicable requirements of the Internal Revenue Code.

8. PLAN AMENDMENT AND SUBSEQUENT EVENT

During 1999, the Plan was amended to allow the Trustee, Mellon Bank, to solicit elections from participants with respect to the Company stock allocated to their Plan accounts. This amendment was made in anticipation of the merger of Dominion Resources, Inc. with Consolidated Natural Gas. The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their sold shares for cash (at $43 per share), new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed Trustee, Mellon Bank solicited elections from participants with respect to shares of stock allocated to their accounts. The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

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DOMINION SUBSIDIARY SAVINGS PLAN
SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 1999
SCHEDULE H, ITEM 4(i) - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

<TABLE>
<CAPTION>

Description	Cost
<S>	<C>
Dominion Resources, Inc., Common Stock	$ 3,203,9
Interest in Certus Stable Value Fund Master Trust	
Certus Stable Value Fund	1,373,9
Common/Collective Trusts	
DRI Common Stock Fund - EB Daily Liquidity	23,6
Mellon S&P 500 Index Daily Fund	1,845,9
	3,243,5

Mutual Funds

MAS Mid Cap Value Portfolio Inc.	1,185,1
Dreyfus Premier Balanced Fund Inc.	1,080,6
Premier Managed Income Fund	317,4
Templeton Foreign Fund Inc.	572,2
Warburg Pincus Emerging Growth Fund	1,267,9
	4,423,4
Loans to Participants	403,8
Total Assets Held for Investment	$11,274,8

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DOMINION SUBSIDIARY SAVINGS PLAN
SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 1999
SCHEDULE H, ITEM 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

<TABLE>
<CAPTION>
Single Transactions in Excess of Five Percent of Plan Assets

Shares/ Par Value	Security Description	Transaction Expense	Cost of Purchases
<S>	<C>	<C>	<C>
51,200.00	Crabbe Huson Equity Fund, Inc.	$ -	$
52,733.88	Dreyfus Balanced Fund*	$ -	$
55,487.61	Dreyfus/Laurel Prem. Balanced Fund*	$ -	$ 850,070.
42,418.46	MAS Fds Mid Cap Port Adv Class	$ -	$ 845,824.

* A party-in-interest as defined by ERISA

<CAPTION>

Shares/ Par Value	Security Description	Costs of Assets Disposed	Gain Loss
<S>	<C>	<C>	<C>
51,200.00	Crabbe Huson Equity Fund, Inc.	$ 949,523.10	$(10
52,733.88	Dreyfus Balanced Fund*	$ 864,961.27	$ (1
55,487.61	Dreyfus/Laurel Prem. Balanced Fund*	$ -	$
42,418.46	MAS Fds Mid Cap Port Adv Class	$ -	$

* A party-in-interest as defined by ERISA
</TABLE>

<TABLE>
<CAPTION>
Series of Transactions in Excess of Five Percent of Plan Assets

Shares/ Par Value	Security Description	Transaction Expense	Co Pu
<S>	<C>	<C>	<C

7,399.28	Crabbe Huson Equity Fund, Inc.	$	-	$
55,549.71	Crabbe Huson Equity Fund, Inc.	$	-	$
34,750.00	Dominion Res. Inc. Common Stock*	$	-	$1
7,600.00	Dominion Res. Inc. Common Stock*	$	-	$
7,020.25	Dreyfus Balanced Fund Inc.*	$	-	$
62,193.86	Dreyfus Balanced Fund Inc.*	$	-	$
76,410.77	Dreyfus/Laurel Prem. Bal. Fund*	$	-	$1
7,212.66	Dreyfus/Laurel Prem. Bal. Fund*	$	-	$
64,973.84	MAS Funds Mid Cap Port, Adv. Class	$	-	$1
7,530.62	MAS Funds Mid Cap Port, Adv. Class	$	-	$
34,454.52	Templeton Fds. Inc. Foreign Fd Class I	$	-	$
14,526.60	Templeton Fds. Inc. Foreign Fd Class I	$	-	$
16,204.09	Warbug Pincus Emerging Growth Fd	$	-	$
5,258.34	Warbug Pincus Emerging Growth Fd	$	-	$
1,404,135.40	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$	-	$1
1,385,561.86	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$	-	$
3,784.72	Mellon S&P 500 Index Daily Fd*	$	-	$1
2,124.93	Mellon S&P 500 Index Daily Fd*	$	-	$

* A party-in-interest as defined by ERISA

<CAPTION>

Shares/ Par Value	Security Description	Costs of Asse Disposed
<S>	<C>	<C>
7,399.28	Crabbe Huson Equity Fund, Inc.	$ -
55,549.71	Crabbe Huson Equity Fund, Inc.	$1,031,136.11
34,750.00	Dominion Res. Inc. Common Stock*	$ -
7,600.00	Dominion Res. Inc. Common Stock*	$ 303,311.10
7,020.25	Dreyfus Balanced Fund Inc.*	$ -
62,193.86	Dreyfus Balanced Fund Inc.*	$1,020,270.11
76,410.77	Dreyfus/Laurel Prem. Bal. Fund*	$ -
7,212.66	Dreyfus/Laurel Prem. Bal. Fund*	$ 110,677.67
64,973.84	MAS Funds Mid Cap Port, Adv. Class	$ -
7,530.62	MAS Funds Mid Cap Port, Adv. Class	$ 152,475.26
34,454.52	Templeton Fds. Inc. Foreign Fd Class I	$ -
14,526.60	Templeton Fds. Inc. Foreign Fd Class I	$ 142,597.19
16,204.09	Warbug Pincus Emerging Growth Fd	$ -
5,258.34	Warbug Pincus Emerging Growth Fd	$ 193,017.28
1,404,135.40	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$ -
1,385,561.86	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$1,385,561.86
3,784.72	Mellon S&P 500 Index Daily Fd*	$ -
2,124.93	Mellon S&P 500 Index Daily Fd*	$ 448,664.59

* A party-in-interest as defined by ERISA
</TABLE>

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 1999.

or

___ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to _________________.

Commission File number 333-87529

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

Virginia Power
Hourly Employee Savings Plan

B. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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VIRGINIA POWER

HOURLY EMPLOYEE SAVINGS PLAN

FINANCIAL STATEMENTS

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Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 1999	F-4
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Supplemental Schedules as of and for the year ended December 31, 1999:

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Schedule H, Item 4(j): Schedule of Reportable Transactions	F-13

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INDEPENDENT AUDITORS' REPORT
- ----------------------------

To the Organization, Compensation, and Nominating Committee of the Board of Directors of Dominion Resources, Inc.

We have audited the accompanying financial statements of the Virginia Power Hourly Employee Savings Plan (the Plan) as of December 31, 1999 and 1998 and for the year ended December 31, 1999 listed in the Table of Contents on page F-1. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 1999 and 1998, and the changes in net assets available for benefits for the year ended December 31, 1999 in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 1999 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Richmond, Virginia

May 9, 2000

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VIRGINIA POWER
HOURLY EMPLOYEE SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>
<CAPTION>

<S>	December 31, 1999 <C>	1998 <C>
Assets:		
Investments (Notes 3 and 4)	$129,774,736	$126,501,099
Receivables:		
Interest	112,362	105,437
Securities sold	123,411	142,449
Total Receivables	235,773	247,886
Cash	251	119,399
Total Assets	130,010,760	126,868,384
Liabilities - Payables for Investments Purchased	518,091	273,851
Net Assets Available for Benefits	$129,492,669	$126,594,533

</TABLE>

The accompanying notes are an integral part of the financial statements.

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VIRGINIA POWER
HOURLY EMPLOYEE SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1999 <C>
Additions:	
Investment income:	
Net depreciation in fair value of investments	$ (7,065,106)
Dividend income	4,825,540
Interest and other income	1,605,856
Total investment loss	(633,710)
Contributions:	
Participant (Note 1)	8,652,554

Participating company (Note 1)	3,270,636
Total additions	11,289,480
Deductions:	
Benefits paid to participants	7,331,338
Administrative expenses	104,940
Total deductions	7,436,278
Net increase before transfers	3,853,202
Transfer of participants' assets from the Plan to other plans	(955,066)
Net increase	2,898,136
Net assets available for benefits:	
Beginning of year	126,594,533
End of year	$129,492,669

</TABLE>

The accompanying notes are an integral part of the financial statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Virginia Power Hourly Employee Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL - The Plan is a defined contribution plan covering all full-time hourly employees of the Virginia Electric and Power Company (the Company) who have six months of service and are age 18 or older. The Company, a wholly owned subsidiary of Dominion Resources, Inc. (DRI), is the designated Plan sponsor, fiduciary and administrator. Mellon Bank serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

b. CONTRIBUTIONS

January 1, 1997 - April 30, 1998

A maximum of 17% of the participant's eligible earnings and 9% of highly compensated employee's eligible earnings could be invested in the Plan. Of the 17%, up to 12% could be invested on a tax-deferred basis. The Company contributed a matching amount equivalent to 50% of each participant's contributions, not to exceed 3% of the

participant's eligible earnings, which is used to purchase DRI common stock.

May 1, 1998 - December 31, 1999

A maximum of 20% of the participant's eligible earnings and 10% of highly compensated employee's eligible earnings can be invested in the Plan. Of the 20%, up to 15% can be invested on a tax-deferred basis. The Company contributes a matching amount equivalent to 50% of each participant's contributions, not to exceed 3% of the participant's eligible earnings, which is used to purchase DRI common stock.

c. PARTICIPANT ACCOUNTS - Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan earnings, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future Participating Companies' contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

d. PARTICIPANTS - Any subsidiary of DRI may adopt the Plan for the benefit of its qualified hourly employees subject to approval of the Board of Directors of the Company. Currently only Company employees are participating in the Plan.

There were 3,025 and 3,012 participants in the Plan as of December 31, 1999 and 1998, respectively.

<PAGE>

e. VESTING - Participants become vested in their own contributions and the earnings on these amounts immediately, and in the participating companies' matching contributions and earnings after three years of service. Matching contributions vest immediately for participants aged 55 or older.

f. INVESTMENT OPTIONS

Employee Contributions: Upon enrollment in the Plan, a participant may direct employee contributions in any option (except the loan fund) in 1% increments totaling to 100%. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. The Plan provides for employee contributions to be invested in the following:

(1) Common Stock:

Dominion Resources, Inc. (DRI) Common Stock Fund - All investments are in DRI Common Stock or cash equivalent investments for partial shares.

(2) Interest in Certus Stable Value Fund Master Trust:

Certus Stable Value Fund - The fund invests in investment contracts of insurance companies and commercial banks and U.S. Government or agency

backed bonds.

(3) Mutual Funds:

Premier Managed Income Fund - The fund invests primarily in investment-grade corporate and U.S. Government obligations having maturities of 10 years or less.

Dreyfus Balanced Fund (fund not available after 3/31/99) - The fund invests in equity and debt securities of domestic and foreign issues.

Dreyfus Premier Balanced Fund (fund available effective 4/1/99) - The fund invests in common stocks and bonds in proportions consistent with expected returns and risks as determined by the fund's managers. The fund's neutral allocation is 60% to common stocks and 40% to bonds.

The Crabbe Huson Equity Fund, Inc. (fund not available after 3/31/99) - The fund invests in common stocks that have large market capitalization.

MAS Mid Cap Value Portfolio (fund available effective 4/1/99) - The fund invests in equity securities of medium sized companies that demonstrate valuation characteristics that are attractive to the fund's managers.

Warburg Pincus Emerging Growth Fund - The fund invests in equity securities of primarily domestic emerging growth companies.

Templeton Foreign Fund - The fund invests primarily in equity and debt securities of companies and governments outside the U.S.

<PAGE>

(4) Common/Collective Trust:

Mellon EB Daily Liquidity Index Fund - The fund invests primarily in the 500 stocks of the S&P 500 Index.

Company contributions: Company matching contributions are automatically contributed into the DRI Common Stock fund. However, participants who are under age 50 may transfer 50% of the value of their Company Match Account into another investment option, while participants who are age 50 and over may transfer 100% of the value of the Company Match Account.

g. PARTICIPANT LOANS - Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The minimum loan amount is $1,000 and the maximum loan amount is the lesser of:

- 50% of the vested account balance or
- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months).

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans are interest bearing at one percentage point above the prime rate of interest. The rate is determined every quarter; however, the rate is fixed at the inception of the loan for the life of the loan.

Participants make repayments to the Plan on a monthly basis. Any

defaults in loans result in a reclassification of the remaining loan balances as taxable distributions to the participants.

h. PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2. There were no amounts payable to participants at December 31, 1999 and 1998.

i. FLEXIBLE DIVIDEND OPTION - Participants are given the choice of (1) receiving cash dividends paid on vested shares held in their DRI Common Stock Fund or (2) reinvesting the dividends in the fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) DRI Common Stock Fund - The investments of the Stock Fund are stated at fair value based on the closing sales prices reported on the New York Stock Exchange on the last business day of the year.

(2) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

<PAGE>

(3) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

(4) Investment in Certus Stable Value Fund Master Trust - The fund invests primarily in guaranteed investment contracts, which are valued at contract value. Contract value represents contributions made under the contract, plus earnings, less Plan withdrawals and administrative expenses.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required. Additionally, certain reclassifications have been made in the prior year financial statements to conform to the 1999 presentation.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at December 31, 1999 and 1998, are investments in DRI Common Stock amounting to $72 million and $78 million, respectively, whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

<TABLE>
<CAPTION>

<S>	1999 <C>	<C>
DRI Common Stock	$39,571,258*	$44
DRI Common Stock	32,872,077	33
Interest in Certus Stable Value Master Trust	21,540,629	21
Warburg Pincus Emerging Growth Fund	9,328,337	6
Mellon S&P 500 Index Daily Fund	9,723,619	7

</TABLE>

* Nonparticipant-directed

<PAGE>

During 1999, the Plan's investments (including gains and losses on investment bought and sold, as well as held during the year) depreciated in value by $7,065,106 as follows:

Investment at Fair Value:	
Mutual Funds	$ 4,383,127
Common Stock	(12,971,034)
Investments at Estimated Fair Value:	
Common/Collective Trust Funds	1,522,801
	($ 7,065,106)

4. NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments is as follows:

<TABLE>
<CAPTION>

Dec
1999

<S> <C>

Net Assets:	
Investments:	
DRI Common Stock	$39,571,258
Common/Collective Trusts	242,762
Total Investments	39,814,020
Receivables:	
Interest	1,007
Securities Sold	34,873
Total Receivables	35,880
Total Assets	39,849,900
Liabilities - Payables for Investments Purchased	268,005
Net Assets Available for Benefits	$39,581,895

<CAPTION>

<S>

Changes in Net Assets:
Net depreciation in fair value of investments
Dividend income
Interest and other income
Contributions
Benefits paid to participants
Administrative expenses
Transfers to participant-directed investments
Transfers of participants' assets to other plans

Net decrease

</TABLE>

<PAGE>

5. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

6. PLAN INTEREST IN THE CERTUS STABLE VALUE FUND MASTER TRUST

The Plan's investments are in a Master Trust which was established for the investment of assets for the Plan and other Company sponsored plans (the Dominion Resources, Inc. Employee Savings Plan and the Dominion Subsidiary Savings Plan). The assets of the Master Trust are held by Mellon Bank. As of December 31, 1999 and 1998, the assets of the Master Trust were

separately maintained by each Company sponsored plan, with the exception of the Certus Stable Value Fund (Certus Fund). As of December 31, 1999 and 1998, the Plan's interest in the net assets of the Certus Fund was approximately 24% and 26%, respectively. Investment income and administrative expenses relating to the Certus Fund are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the value of the undivided investments (and related investment income) in the Certus Stable Value Fund:

<TABLE>
<CAPTION>

<S>	Decembe 1999 <C>
Guaranteed Investment Contracts (contract value)	$87,826,074
Short-term Investment Fund (estimated fair value)	2,975,590
Total	$90,801,664

<CAPTION>

Investment income for the Certus Stable Value Fund is as follows: <S>	1999 <C>
Interest	$ 5,190,027
Less investment expenses	(194,858)
Total	$ 4,995,169

</TABLE>

The aggregate fair value of the investment contracts and short-term investments of the Fund at December 31, 1999 and 1998 was $89,271,133 and $84,456,595 respectively. The average yield of assets on December 31, 1999 and 1998 are estimated at 6.45% and 6.26%, respectively. Average duration of investment contracts within the Fund was 2.92 years at December 31, 1999 and 2.46 years at December 31, 1998. The crediting interest rates used to determine fair value for the contracts as of December 31, 1999 ranged from 7% to 7.28%.

<PAGE>

7. TAX STATUS

The Plan is a qualified employees' profit sharing trust and employee stock ownership plan under Sections 401(a), 401(k) and 404(k) of the Internal Revenue Code and, as such, is exempt from Federal income taxes under Section 501(a). Pursuant to Section 402(a) of the Internal Revenue Code, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on November 9, 1993, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Company believes that the Plan is currently designed and operating in compliance with the applicable requirements of the Internal Revenue Code.

8. PLAN AMENDMENT AND SUBSEQUENT EVENT

During 1999, the Plan was amended to allow the Trustee, Mellon Bank, to solicit elections from participants with respect to the Company stock allocated to their Plan accounts. This amendment was made in anticipation of the merger of Dominion Resources, Inc. with Consolidated Natural Gas. The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their sold shares for cash (at $43 per share), new Dominion shares or a commination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed Trustee, Mellon Bank solicited elections from participants with respect to shares of stock allocated to their accounts. The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

<PAGE>

VIRGINIA POWER
HOURLY EMPLOYEE SAVINGS PLAN
SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 1999
SCHEDULE H, Item 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

<TABLE>
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Description	Cost
Dominion Resources, Inc., Common Stock	$ 68,939,546
Interest in Certus Stable Value Fund Master Trust	
Certus Stable Value Fund	21,540,629
Common/Collective Trusts	
DRI Common Stock Fund- EB Daily Liquidity	444,426
Mellon S&P 500 Index Daily Fund	6,808,389
	7,252,815
Mutual Funds	
MAS Mid Cap Value Fund	4,698,880
Dreyfus Premier Balanced Fund Inc.	3,712,192
Dreyfus Premier Managed Income Fund	523,048
Templeton Foreign Fund Inc.	2,379,237
Warburg Pincus Emerging Growth Fund	7,098,548
	18,411,905
Loans to Participants	4,340,672

Total Assets Held for Investment	$120,485,567
	============

</TABLE>

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<PAGE>

VIRGINIA POWER
HOURLY EMPLOYEE SAVINGS PLAN
SUPPLEMENTAL SCHEDULE AS OF DECEMBER 31, 1999
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

Series of Transactions in Excess of Five Percent of Plan Assets

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Shares/ Par Value	Security Description	Transaction Expense	Cost of Purchase
<S>	<C>	<C>	<C>
315,060.00	Dominion Res. Inc. Common Stock*	$ -	$13,454,
109,176.00	Dominion Res. Inc. Common Stock*	$ -	$
11,630,355.96	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$ -	$11,630,
11,385,988.33	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$ -	$

<CAPTION>

Shares/ Par Value	Security Description	Gain/ Loss
<S>	<C>	<C>
315,060.00	Dominion Res. Inc. Common Stock*	$ -
109,176.00	Dominion Res. Inc. Common Stock*	$ 735,881.73
11,630,355.96	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$ -
11,385,988.33	TBC Inc. Pooled Employee Ffds, Daily Liq.*	$ -

</TABLE>

* A party-in-interest as defined by ERISA

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<PAGE>

FORM 11-K
DECEMBER 31, 1999

EXHIBIT INDEX

Exhibit		Page
Exhibit 99(i)	Independent auditor's consent for Dominion Resources Inc. Employee Savings Plan (filed herewith)	
Exhibit 99 (ii)	Independent auditor's consent for Dominion Resources, Inc. Dominion Subsidiary Savings Plan (filed herewith)	

Exhibit 99 (iii) Independent auditor's consent for Virginia Power Hourly Employee Savings Plan (filed herewith)
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Exhibit 99(i)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement no. 333-87529 of Dominion Resources, Inc. on Form S-8 of our report dated May 9, 2000, appearing in this Annual Report on Form 11-K of Dominion Resources, Inc. Employee Savings Plan for the year ended December 31, 1999.

DELOITTE & TOUCHE LLP
Richmond, Virginia
May 19, 2000
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<SEQUENCE>3
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Exhibit 99(ii)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement no. 33-62705 of Dominion Resources, Inc. on Form S-8 of our report dated May 9, 2000, appearing in this Annual Report on Form 11-K of Dominion Resources, Inc. Subsidiary Savings Plan for the year ended December 31, 1999.

DELOITTE & TOUCHE LLP
Richmond, Virginia
May 19, 2000
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Exhibit 99(iii)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement no. 333-87529 of Dominion Resources, Inc. on Form S-8 of our report dated May 9, 2000, appearing in this Annual Report on Form 11-K of Virginia Power Hourly Employee Savings Plan for the year ended December 31, 1999.

DELOITTE & TOUCHE LLP
Richmond, Virginia
May 19, 2000
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PUBLIC DOCUMENT COUNT: 7
CONFORMED PERIOD OF REPORT: 19991231
FILED AS OF DATE: 20010105

FILER:

COMPANY DATA:
COMPANY CONFORMED NAME: DOMINION RESOURCES INC /VA/
CENTRAL INDEX KEY: 0000715957
STANDARD INDUSTRIAL CLASSIFICATION: ELECTRIC SERVICES [4911]
IRS NUMBER: 541229715
STATE OF INCORPORATION: VA
FISCAL YEAR END: 1231

FILING VALUES:
FORM TYPE: 10-K405/A
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SEC FILE NUMBER: 001-08489
FILM NUMBER: 1502401

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STREET 1: 120 TREDEGAR STREET
STREET 2: P O BOX 26532
CITY: RICHMOND
STATE: VA
ZIP: 23219
BUSINESS PHONE: 8048192000

MAIL ADDRESS:
STREET 1: P O BOX 26532
STREET 2: 901 EAST BYRD STREET
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STATE: VA
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SECURITIES AND EXCHANGE COMMISION

Washington, D.C. 20549

FORM 10-K/A

AMENDMENT TO APPLICATION OR REPORT

Filed pursuant to Section 12, 13, and 15 (d) of

THE SECURITIES EXCHANGE ACT OF 1934

DOMINION RESOURCES, INC.
(Exact name of registrant as specified in charter)

AMENDMENT NO. 2 TO FORM 10-K

The undersigned registrant hereby amends the exhibits to its 1999 Annual Report on Form 10-K to include the fiscal year ended June 30, 2000 Annual Reports of Employee Stock Purchase Plans for (1) System Thrift Plan of Consolidated Natural Gas Company and its participating subsidiaries for Employees who are not Represented by a Recognized Union, (2) Thrift Plan of Consolidated Natural Gas Company, Inc. for Employees of the Computer Operations Department, Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO, (3) Thrift Plan of CNG Transmission Corporation and Hope Gas, Inc. for Employees Represented by the United Gas Workers Union, Local NO. 69 - Division II, SEIU, AFL-CIO, (4) Thrift Plan of the East Ohio Gas Company for Employees Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO, (5) Thrift Plan of Peoples Natural Gas Company for Employees Represented by the United Gas Workers Union, Local 69 - Division I, SEIU, AFL-CIO, (6) Thrift Plan of the River Gas Division of the East Ohio Gas Company for Employees Represented by the United Gas Workers Union, Local 69, Division II, SEIU, AFL-CIO, (7) Thrift Plan of the West Ohio Gas Division of the East Ohio Gas Company for Employees Represented by Local Union No. 308, the Utility Workers Union of America, AFL-CIO, (8) Thrift Plan of the West Ohio Gas Division of the East Ohio Gas Company for Employees Represented by Local Union No. 308-C, the Utility Workers Union of America, AFL-CIO, (9) Virginia Natural Gas, Inc. Employee Savings Plan, and (10) the Virginia Natural Gas, Inc. Hourly Savings Plan.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

DOMINION RESOURCES, INC.
Registrant

BY /s/ Steven A. Rogers

Steven A. Rogers
Vice President and
Principal Accounting Officer

Date: December 27, 2000
<PAGE>

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the fiscal year ended June 30, 2000.

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to ________________.

Commission File number 333-95795

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

SYSTEM THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY AND ITS PARTICIPATING SUBSIDIARIES FOR EMPLOYEES WHO ARE NOT REPRESENTED BY A RECOGNIZED UNION

B. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

<PAGE>

SYSTEM THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY AND ITS
PARTICIPATING SUBSIDIARIES FOR EMPLOYEES WHO ARE NOT
REPRESENTED BY A RECOGNIZED UNION

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<TABLE>
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Independent Auditors' Report

Financial Statements:

Statements of Net Assets Available for Benefits as of June 30, 2000 and 1999

Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2000

Notes to Financial Statements

Supplemental Schedules as of and for the Year Ended June 30, 2000:

Schedule H, Item 4(i): Schedule of Assets Held for Investment Purposes

Schedule H, Item 4(j): Schedule of Reportable Transactions
</TABLE>

<PAGE>

INDEPENDENT AUDITORS' REPORT

To the Trustee and Participants of the System Thrift Plan of Consolidated Natural Gas Company and its Participating Subsidiaries for Employees who are not Represented by a Recognized Union

We have audited the accompanying statement of net assets available for benefits of the System Thrift Plan of Consolidated Natural Gas Company and its Participating Subsidiaries for Employees who are not Represented by a Recognized Union (the Plan) as of June 30, 2000 and the related statement of changes in net assets available for benefits for the year ended June 30, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of June 30, 1999 were audited by other auditors whose report, dated April 7, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2000, and the changes in net assets available for benefits for the year ended June 30, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP
Richmond,Virginia
December 20, 2000

<PAGE>

SYSTEM THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY
AND ITS PARTICIPATING SUBSIDIARIES FOR EMPLOYEES WHO ARE
NOT REPRESENTED BY A RECOGNIZED UNION

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>
<CAPTION>

	June 30, 2000	
<S>	<C>	<C>
Assets:		
Investments (Notes 2 and 3):		
Temporary investments	$ -	$
Corporate stock, common	100,776,273	
Interest in Master Trust	301,485,099	442
Loans to participants	3,533,176	3
Common/Collective Trusts	45,214,588	31
Mutual Funds	100,484,972	83
Total investments	551,494,108	562
Receivables:		
Securities sold	320,968	
Other	23,284	
Contributions receivable	402,641	
Total receivables	746,893	
Total Assets	552,241,001	562
Liabilities:		
Accrued administrative expenses	1,025,374	
Net Assets Available for Benefits	$551,215,627	$562

</TABLE>

The accompanying notes are an integral part of these financial statements.

<PAGE>

SYSTEM THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY
AND ITS PARTICIPATING SUBSIDIARIES FOR EMPLOYEES WHO ARE
NOT REPRESENTED BY A RECOGNIZED UNION

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2000

Additions:	
Investment income:	
Dividend	$ 11,349,705
Interest	621,567
Net appreciation in fair value of investments	34,564,720
Master Trust income	18,127,336
Miscellaneous Income	89,001
Total investment income	64,752,329

Contributions:	
Participant (Note 1)	14,498,242
Participating company (Note 1)	8,840,614
Employee rollovers	482,062
Total contributions	23,820,918
Total additions	88,573,247
Deductions:	
Benefits paid to participants	101,146,235
Total deductions	101,146,235
Net decrease before transfers	(12,572,988)
Transfer of participants' assets to the Plan from other plans	1,512,749
Net decrease	(11,060,239)
Net assets available for benefits:	
Beginning of year	562,275,866
End of year	$ 551,215,627

The accompanying notes are an integral part of these financial statements.

<PAGE>

SYSTEM THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY
AND ITS PARTICIPATING SUBSIDIARIES FOR EMPLOYEES WHO ARE
NOT REPRESENTED BY A RECOGNIZED UNION
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the System Thrift Plan of Consolidated Natural Gas Company and its Participating Subsidiaries for Employees who are not Represented by a Recognized Union (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL - The Plan is a defined contribution plan. The participants in the plan are eligible employees of Consolidated Natural Gas Company (the Company or CNG) and its Participating Subsidiaries (the Employers). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Employee and employer contributions are made pursuant to the terms of the plan and are held in funds administered by the Trustees

under two declarations of trust, i.e., the Long-Term Thrift Trust and the Short-Term Thrift Trust (the Trusts).

The Trusts are maintained in accordance with the Plan's provision to provide for the custody and investment of employee and employer contributions. They are administered by individual trustees (the Trustee) who are appointed by and serve at the pleasure of the Company for a term of three years. The Trustees are employed by and are officers of various subsidiaries of the Company and serve without compensation from the Plan or Trusts. Custody of Plan assets resides with Mellon Bank, N.A. who also serves as the Plan's Trustee.

b. CONTRIBUTIONS - Under the Plan, participants may contribute not less than 2% and not more than 16% (15% for participants with thirty or more years of service) of their earnings each pay period, in increments of 1%. If the participant elects that his employer make pretax contributions on his behalf, such contributions cannot exceed 10%, in increments of 1%, of his earnings each pay period subject to applicable Internal Revenue Code (IRC) limitations.

c. PARTICIPANT ACCOUNTS - Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan earnings, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Retired participants may elect to receive an amount equal to their vested Long-Term Thrift Trust account balance either in a lump sum or in installments. For terminations other than retirements, participants can only receive their vested Long-Term Thrift Trust

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account balance as a lump sum distribution. Upon termination and retirement, participants can only receive their Short-Term Thrift Trust account balance as a lump sum distribution.

d. PARTICIPANTS - Each employee is eligible to participate in the Plan on an entirely voluntary basis. Participation by an employee becomes effective immediately upon completion and delivery to the Employer (or the Company) of an authorization form furnished by the Employer.

e. VESTING - Participants immediately vest in their contributions and earnings thereon. Participants vest in the Employer's matching contribution and related earnings based upon years of continuous service and are fully vested after five years of credited service. The Employer's matching contribution is based upon the participant's contribution rate and length of service.

f. INVESTMENT OPTIONS - Upon enrollment in the Plan, a participant may direct contributions in any option (except the loan fund) in

1% increments totaling to 100%. Investment options are valued daily. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. The Plan provides for employee and employer contributions to be invested in the following:

Short-Term Thrift Trust

(1) Interest in CNG Master Trust:

CNG Short Term Money Market Fund - The Money Market Fund invests primarily in U.S. Treasury Bills, U.S. Treasury Notes, corporate notes, commercial paper, floating rate notes and repurchase agreements.

Long-Term Thrift Trust

(1) Common Stock:

Dominion Resources, Inc. (Dominion) Stock Fund - All investments are in Dominion common stock or cash equivalent investments for partial shares. The fund became effective as of February 1, 2000.

(2) Interest in CNG Master Trust:

CNG Stock Fund - The fund invested primarily in shares of CNG common stock. Participants purchased units of participation in the CNG Stock Fund continuously or from funds transferred from other investment options. Dividends on Company common stock held in the CNG Stock Fund were invested in additional units of the CNG Stock Fund and credited to participants' accounts. The fund ceased operations as of February 1, 2000.

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Fixed Investment Stable Value Fund - The fund invests in group annuity contracts with one or more insurance companies and other short term fixed income securities. Investments under the contracts mature at various intervals. The interest rates, credited daily to participants' accounts, represent a composite of the income earned under the contracts with the insurance companies and the revenue earned from short-term fixed income securities.

Diversified Equity Fund - The fund invests primarily in the common stocks of large U.S. companies.

(3) Mutual Funds:

The Masterworks S&P 500 Index Fund - The fund invests proportionately in all or nearly all of the stocks that are included in the Standard & Poor's 500 Stock Index.

The Small Stock Fund - The fund invests in stocks of small to mid-sized U.S. companies.

The International Equity Fund - The fund invests in stocks of companies outside the U.S.

The Intermediate Bond Fund - The fund invests primarily in fixed income securities of various maturities such as obligations of the U.S. Government, corporate debt securities, mortgage and other asset-backed securities and money market investments.

(4) Common/Collective Trusts:

The Conservative Balanced Fund, The Moderate Balanced Fund and the Growth Balanced Fund - These funds are common/collective trusts and each is designed to accomplish a specific investment objective. As such, each fund has a different diversified mix of stock, bond and short-term fixed income investments.

g. PARTICIPANT LOANS - Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The maximum loan amount is the lesser of:

- 3 months base pay or
- 50% of the vested account balance or
- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months).

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans bear fixed interest at a rate commensurate with local prevailing rates at the time the loan is issued as determined by the Trustees.

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Participants make repayments to the Plan on a monthly basis. Loan repayments, including interest, are deposited in the participant's account and invested in accordance with the participants' then current investment elections. Defaults result in a reclassification of the remaining loan balances as taxable distributions to the participants.

h. PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) Dominion Stock Fund - Investments in Dominion common stock are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the plan year.

(2) Investment in Consolidated Natural Gas Master Trust - The fair value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the Master

Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the Master Trust, with the exception of the trust's investment in the Fixed Investment Stable Value Fund.

Investments in the Fixed Investment Stable Value Fund are stated at contract value, which approximates market value. Contract value represents contributions and income earned in the fund, less withdrawals. The fair market value of the contracts approximates the contract value.

The CNG Stock Fund was stated at market value. Company common stock was purchased for participants on the open market, directly from the Company, and in certain circumstances, as shares or fractional shares from terminating employees' Plan and Employee Stock Ownership Plan accounts and other stockholders. Such shares or fractional shares were allocated among the accounts of participants directing the Trustees to purchase Company common stock.

(3) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

(4) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank (or trust company) sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

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b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date. Dividends received on all shares of company stock are reinvested in additional shares of Dominion common stock (previously in shares of CNG common stock).

Diversified Equity Fund units of the Long-Term Thrift Trust are prorated to participants based on the unit value calculated at the end of each day.

Realized gains and losses on the sale of investments are determined using the average cost method.

Net investment income from mutual fund holdings includes dividend income and realized and unrealized appreciation/depreciation.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and

Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at June 30, 2000, are investments in Dominion common stock amounting to approximately $101 million whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

	June 30, 2000	June 30, 1999
Plan interest in CNG Master Trust:		
CNG Stock Fund	$ -	$ 216,229,169
Diversified Equity Fund	56,148,050	58,468,205
Fixed Investment Stable Fund	241,866,028	164,793,417
Dominion Common Stock	100,776,273	-
S & P 500 Index Fund	57,279,314	47,592,677

During July 1, 1999 through June 30, 2000, the Plan's investments (including gains and losses

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investments bought and sold, as well as held during the year) appreciated in value by $34,564,720 as follows:

Investments at Fair Value:

Mutual Funds	$ 984,775
Common/Collective Trust	5,532,819
Common Stock	28,047,126
	$34,564,720

4. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

5. PLAN INTEREST IN CONSOLIDATED NATURAL GAS MASTER TRUST

A portion of the Plan's investments are in a Master Trust which was established for the investment of assets of the Plan and the thrift plans of other subsidiaries of the Company. The assets of the Master Trust are held by Mellon Bank, N.A., as Trustee of the fund. Each participating thrift plan has an undivided interest in the Master

Trust. The assets and income, including net appreciation (depreciation) in fair value of plan assets, are allocated to the participating plans based on each plan's proportionate share of the units of participation held in the fund each month. As of June 30, 2000 and 1999, the Plan's interest in the net assets of the Master Trust was approximately 55% and 72%, respectively, with varying interests in each of the funds.

The following table presents the value of the undivided investments (and related investment income) in the Master Trust.

	June 30, 2000	June 30, 1999
Diversified Equity Fund	$ 81,833,579	$ 67,461,670
Fixed Investment Stable Value Fund (Note 5a)	457,378,420	210,040,653
Short-Term Money Market Fund	5,748,098	4,418,433
CNG Stock Fund (Note 5b)		333,954,519
Total	$544,960,097	$615,875,275

	2000	1999
Interest	$ 23,074,768	$ 13,954,451
Dividends	12,629,671	11,490,054
Net appreciation in fair value of investments	50,562,484	21,608,256
Total	$ 86,266,923	$ 47,052,761

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a) The Fixed Investment Stable Value Fund holds investments in an interest bearing cash fund and in fully benefit-responsive insurance investment contracts and separate investment accounts. Insurance contracts and accounts are included in the financial statements at contract value as reported by the various insurance companies. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment in this fund at contract value.

There are no reserves against contract values for credit risks of the contract issuers or otherwise. The average yield and crediting interest rates for the years ended June 30, 2000 and 1999 were approximately 6.55% and 6.5%, respectively.

b) The CNG Stock Fund was replaced by the Dominion Stock Fund on February 1, 2000. The Dominion Stock Fund is not a part of the CNG Master Trust.

6. TAX STATUS

The Plan is a qualified employees' profit sharing trust under Sections 401(a) and 401(k) of the IRC and, as such, is exempt from federal income taxes under Section 501(a). Pursuant to Section 402(a) of the IRC, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on May 9, 1996, in which the Internal Revenue Service stated that the Plan, as amended through July 2, 1995, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and is currently operating in compliance with the applicable requirements of the Internal Revenue Code.

7. MERGER OF CNG AND DOMINION

On February 12, 1999, CNG and Dominion announced that a definitive merger agreement was approved by the Boards of Directors of both companies. On May 11, 1999, CNG announced that its Board had unanimously approved an amended and restated Agreement and Plan of Merger. The shareholders of both the CNG and Dominion and all applicable state regulatory commissions and federal regulatory agencies approved the merger.

The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their shares for cash, new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed by the Trustee, Mellon Bank solicited elections from participants with respect to shares of stock allocated to their accounts. Effective with the completion of the merger, units of participation in the CNG Stock Fund were converted to cash and shares of Dominion common stock based upon participants' elections (subject to the terms of the merger agreement). The fund was renamed the Dominion Stock Fund.

The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

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8. SUBSEQUENT EVENT

On October 20, 2000, the Board of Directors put forth a resolution stating that the Plan will be merged with the Dominion Resources, Inc. Employee Savings Plan. The anticipated Plan merger date is December 31, 2000.

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SYSTEM THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY AND ITS PARTICIPATING SUBSIDIARIES FOR EMPLOYEES WHO ARE NOT REPRESENTED BY A RECOGNIZED UNION

SUPPLEMENTAL SCHEDULE AS OF JUNE 30, 2000
SCHEDULE H, ITEM 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

Description	Cost	Current Value

Dominion Resources, Inc., Common Stock	$ 94,723,797	$100,776,273
Interest in CNG Master Trust		
CNG Diversified Equity Fund	35,260,357	56,148,050
Money Market Fund	3,471,021	3,471,021
Fixed Investment Stable Value Fund	215,157,355	241,866,028
	253,888,733	301,485,099
Common/Collective Trusts		
EB Daily Liquidity Fund	1,515,794	1,515,794
Conservative Balanced Fund	3,194,355	3,605,865
Moderate Balanced Fund	12,712,199	17,393,070
Growth Balanced Fund	17,409,147	22,699,859
	34,831,495	45,214,588
Mutual Funds		
Masterworks S&P 500 Index Fund	50,042,435	57,279,315
Pimco Total Return Fund	4,518,372	4,349,243
T. Rowe Price International Income Stock Fund	16,257,641	17,490,066
One Group Small Stock Fund	19,433,137	21,366,348
	90,251,585	100,484,972
Loans to Participants	3,533,176	3,533,176
Total Assets Held for Investment	$477,228,786	$551,494,108

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SYSTEM THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY AND ITS PARTICIPATING SUBSIDIARIES FOR EMPLOYEES WHO ARE NOT REPRESENTED BY A RECOGNIZED UNION

SUPPLEMENTAL SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

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Shares/ Par Value	Security Description	Transaction Expense
<S>	<C>	<C>
Single Transactions in Excess of Five Percent of Plan Assets		
2,166,047.00	Dominion Res. Inc. Common Stock*	$ -

Shares/ Par Value	Security Description	Transaction Expense
Series of Transactions in Excess of Five Percent of Plan Assets		
2,798,959.00	Dominion Res. Inc. Common Stock*	$ -
379,715.00	Dominion Res. Inc. Common Stock*	$ -

965,055.82	Masterworks S&P 500 Index Fund	$	-
737,564.68	Masterworks S&P 500 Index Fund	$	-
989,210.24	T. Rowe Price International Equity Fund	$	-
792,714.04	T. Rowe Price International Equity Fund	$	-
38,251,919.28	EB Temporary Investment Fund	$	-
37,410,330.98	EB Temporary Investment Fund	$	-
23,108,039.20	BSDT - Late Money Deposit Account	$	-
26,108,039.20	BSDT - Late Money Deposit Account	$	-

</TABLE>

* A party-in-interest as defined by ERISA

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
- -----

EXCHANGE ACT OF 1934.
For the fiscal year ended June 30, 2000.

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
_____

EXCHANGE ACT OF 1934.
For the transition period from ________ to ________________.

Commission File number 333-95795

C. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY, INC.
FOR EMPLOYEES OF THE COMPUTER OPERATIONS DEPARTMENT,
REPRESENTED BY THE NATURAL GAS WORKERS UNION,
LOCAL 555, SEIU, AFL-CIO

D. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532

120 Tredegar Street
Richmond, VA 23261

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THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY, INC.
FOR EMPLOYEES OF THE COMPUTER OPERATIONS DEPARTMENT,
REPRESENTED BY THE NATURAL GAS WORKERS UNION,
LOCAL 555, SEIU, AFL-CIO

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THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY, INC.
FOR EMPLOYEES OF THE COMPUTER OPERATIONS DEPARTMENT,
REPRESENTED BY THE NATURAL GAS WORKERS UNION,
LOCAL 555, SEIU, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

	June 30 1999	 2000
Plan assets and Liabilities:		
Total Plan Assets	$1,388,226	$1,663,328
Total Plan Liabilities	13,864	87,874
Net Plan Assets	$1,374,362	$1,575,454

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY, INC.
FOR EMPLOYEES OF THE COMPUTER OPERATIONS DEPARTMENT,
REPRESENTED BY THE NATURAL GAS WORKERS UNION,
LOCAL 555, SEIU, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

	Year Ended June 30, 2000
Income, Expenses and Transfers:	
Contributions:	
Employer	$ 50,366
Participants	33,706
Other Income	157,732
Total income	241,804
Benefits paid	67,895
Other expenses	34
Total deductions	67,929
Net income	$ 173,875
Net transfers	$ 27,217

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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THRIFT PLAN OF CONSOLIDATED NATURAL GAS COMPANY, INC.
FOR EMPLOYEES OF THE COMPUTER OPERATIONS DEPARTMENT,
REPRESENTED BY THE NATURAL GAS WORKERS UNION,
LOCAL 555, SEIU, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

	Year Ended June 30, 2000
Specific Assets:	
Employer Securities	$ 77,647
Participant Loans	38,415

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended June 30, 2000.

or

_____ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to _________________.

Commission File number 333-95795

E. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THRIFT PLAN OF CNG TRANSMISSION CORPORATION
AND HOPE GAS, INC. FOR EMPLOYEES REPRESENTED
BY THE UNITED GAS WORKERS UNION,
LOCAL NO. 69 - DIVISION II, SEIU, AFL-CIO

F. Name of issuer of the securities held pursuant of the plan and the address of

its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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THRIFT PLAN OF CNG TRANSMISSION CORPORATION AND
HOPE GAS, INC. FOR EMPLOYEES REPRESENTED BY THE UNITED
GAS WORKERS UNION, LOCAL NO. 69 - DIVISION II, SEIU, AFL-CIO

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INDEPENDENT AUDITORS' REPORT

To the Trustee and Participants of the Thrift Plan of CNG Transmission Corporation and Hope Gas Inc. for Employees Represented by the United Gas Workers Union, Local 69 - Division II, SEIU, AFL-CIO.

We have audited the accompanying statement of net assets available for benefits of the Thrift Plan of CNG Transmission Corporation and Hope Gas Inc. for Employees Represented by the United Gas Workers Union, Local 69 - Division II, SEIU, AFL-CIO (the Plan) as of June 30, 2000 and the related statement of changes in net assets available for benefits for the year ended June 30, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of June 30, 1999 were audited by other auditors whose report, dated April 7, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted

in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2000, and the changes in net assets available for benefits for the year ended June 30, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP
Richmond,Virginia
December 20, 2000

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THRIFT PLAN OF CNG TRANSMISSION CORPORATION AND
HOPE GAS, INC. FOR EMPLOYEES REPRESENTED BY THE UNITED
GAS WORKERS UNION, LOCAL 69 - DIVISION II, SEIU, AFL-CIO

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	June 30, 2000	June 30, 1999
Assets:		
Investments (Notes 2 and 3):		
Temporary investments	$ 1,794,328	$ 820,751
Corporate stock, common	74,189,271	101,452,721
Insurance Companies Pooled Separate Accounts	-	17,086,478
Unallocated Insurance Company Contracts	-	29,556,126
Interest in Master Trust	80,285,532	5,184,740
Loans to participants	1,693,135	1,912,791
Common/Collective Trusts	3,248,829	-
Mutual Funds	8,859,290	-
Total investments	170,070,385	156,013,607
Receivables:		
Interest and dividends	2,125	14,319
Securities sold	19,833	547,947
Contributions and loan repayments	-	320,898

Total receivables	21,958	883,164
Cash	-	1,009,362
Total Assets	170,092,343	157,906,133
Liabilities:		
Accrued administrative expenses	-	1,541,191
Prepaid contributions	1,929,140	-
Net Assets Available for Benefits	$168,163,203	$156,364,942

The accompanying notes are an integral part of these financial statements.

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HOPE GAS, INC. FOR EMPLOYEES REPRESENTED BY THE UNITED GAS WORKERS UNION, LOCAL 69 - DIVISION II, SEIU, AFL-CIO

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2000

Additions:	
Investment income:	
Dividend	$ 2,177,369
Interest	1,095,504
Net appreciation in fair value of investments	15,587,490
Master Trust income	4,836,002
Total investment income	23,696,365
Contributions:	
Participant (Note 1)	4,818,895
Participating company (Note 1)	2,455,537
Employee rollovers	17,496
Total contributions	7,291,928
Total additions	30,988,293
Deductions:	
Benefits paid to participants	18,462,218
Administrative expenses	3,292
Total deductions	18,465,510
Net increase before transfers	12,522,783
Transfer of participants' assets to other plans from the Plan	724,522

Net increase	11,798,261
Net assets available for benefits:	
Beginning of year	156,364,942
End of year	$ 168,163,203

The accompanying notes are an integral part of these financial statements.

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THRIFT PLAN OF CNG TRANSMISSION CORPORATION AND
HOPE GAS, INC. FOR EMPLOYEES REPRESENTED BY THE UNITED
GAS WORKERS UNION, LOCAL NO. 69 - DIVISION II, SEIU, AFL-CIO

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Thrift Plan of CNG Transmission Corporation and Hope Gas, Inc. for Employees Represented by the United Gas Workers Union, Local Number 69- Division II, SEIU, AFL-CIO. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) GENERAL - The Plan is a defined contribution plan. The participants in the plan are union eligible employees of CNG Transmission Corporation and Hope Gas, Inc. (the Employers) which are wholly owned subsidiaries of Consolidated Natural Gas Company (the Company or CNG). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Employee and employer contributions are made pursuant to the terms of the plan and are held in funds administered by the Trustees under two declarations of trust, i.e., the Long-Term Thrift Trust and the Short-Term Thrift Trust (the Trusts).

The Trusts are maintained in accordance with the Plan's provision to provide for the custody and investment of employee and employer contributions. They are administered by individual trustees (the "Trustee") who are appointed by and serve at the pleasure of the Company for a term of three years. The Trustees are employed by and are officers of various subsidiaries of the Company and serve without compensation from the Plan or Trusts. Custody of Plan assets resides with Mellon Bank, N.A. who also serves as the Plan's Trustee.

(b) CONTRIBUTIONS - Under the Plan, participants may contribute not less than 2% and not more than 16% (15% for participants with thirty or more years of service) of their earnings each pay period, in increments of 1%. If the participant elects that his employer make pretax contributions on his behalf, such contributions cannot exceed 10%, in increments of 1%, of his earnings each pay period subject to applicable Internal Revenue Code (IRC) limitations.

(c) PARTICIPANT ACCOUNTS - Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan

earnings, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Retired participants may elect to receive an amount equal to their vested Long-Term Thrift Trust account balance either in a lump sum or in installments. For terminations other than retirements, participants can only receive their vested Long-Term Thrift Trust account balance as a lump sum distribution. Upon termination and retirement, participants can only receive their Short-Term Thrift Trust account balance as a lump sum distribution.

(d) PARTICIPANTS - Each employee is eligible to participate in the Plan on an entirely voluntary

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basis. Participation by an employee becomes effective immediately upon completion and delivery to the Employer (or the Company) of an authorization form furnished by the Employer.

(e) VESTING - Participants immediately vest in their contributions and earnings thereon. Participants vest in the Employer's matching contribution and related earnings based upon years of continuous service and are fully vested after five years of credited service. The Employer's matching contribution is based upon the participant's contribution rate and length of service.

(f) INVESTMENT OPTIONS - Upon enrollment in the Plan, a participant may direct contributions in any option (except the loan fund) in 1% increments totaling to 100%. Investment options are valued daily. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. The Plan provides for employee and employer contributions to be invested in the following:

Short-Term Thrift Trust

(1) Interest in CNG Master Trust:

CNG Short Term Money Market Fund - The Money Market Fund invests primarily in U.S. Treasury Bills, U.S. Treasury Notes, corporate notes, commercial paper, floating rate notes and repurchase agreements.

Long-Term Thrift Trust

(1) Common Stock:

Dominion Resources, Inc. (Dominion) Stock Fund - All investments are in Dominion common stock or cash equivalent investments for partial shares. The fund became effective as of February 1, 2000.

(2) Interest in CNG Master Trust:

CNG Stock Fund - The fund invested primarily in shares of CNG common stock. Participants purchased units of participation in the CNG Stock Fund continuously or from funds transferred from other investment options. Dividends on Company common stock held in the CNG Stock Fund were invested in additional units of the CNG Stock Fund and credited to participants' accounts. The fund ceased operations as of February 1, 2000.

Fixed Investment Stable Value Fund - The fund invests in group annuity contracts with one or more insurance companies and other short term fixed income securities. Investments under the contracts mature at various intervals. The interest rates, credited daily to participants' accounts, represent a composite of the income earned under the contracts with the insurance companies and the revenue earned from short-term fixed income securities.

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Diversified Equity Fund - The fund invests primarily in the common stocks of large U.S. companies.

(3) Mutual Funds:

The Masterworks S&P 500 Index Fund - The fund invests proportionately in all or nearly all of the stocks that are included in the Standard & Poor's 500 Stock Index.

The Small Stock Fund - The fund invests in stocks of small to mid-sized U.S. companies.

The International Equity Fund - The fund invests in stocks of companies outside the U.S.

The Intermediate Bond Fund - The fund invests primarily in fixed income securities of various maturities such as obligations of the U.S. Government, corporate debt securities, mortgage and other asset-backed securities and money market investments.

(4) Common/Collective Trusts:

The Conservative Balanced Fund, The Moderate Balanced Fund and the Growth Balanced Fund - These funds are common/collective trusts and each is designed to accomplish a specific investment objective. As such, each fund has a different diversified mix of stock, bond and short-term fixed income investments.

(g) PARTICIPANT LOANS - Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The maximum loan amount is the lesser of:

- 3 months base pay or
- 50% of the vested account balance or
- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months).

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans bear fixed interest at a rate commensurate with local prevailing rates at the time the loan is issued as determined by the Trustees.

Participants make repayments to the Plan on a monthly basis. Loan repayments, including interest, are deposited in the participant's account and invested in accordance with the participants then current investment elections. Defaults result in a reclassification of the remaining loan balances as taxable distributions to the participants.

(h) PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) Dominion Stock Fund - Investments in Dominion common stock are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the plan year.

(2) Investment in Consolidated Natural Gas Master Trust - The fair value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the Master Trust, with the exception of the trust's investment in the Fixed Investment Stable Value Fund.

Investments in the Fixed Investment Stable Value Fund are stated at contract value, which approximates market value. Contract value represents contributions and income earned in the fund, less withdrawals. The fair market value of the contracts approximates the contract value.

The CNG Stock Fund was stated at market value. Company common stock was purchased for participants on the open market, directly from the Company, and in certain circumstances, as shares or fractional shares from terminating employees' Plan and Employee Stock Ownership Plan accounts and other stockholders. Such shares or fractional shares were allocated among the accounts of participants directing the Trustees to purchase Company common stock.

(3) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

(4) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank (or trust company) sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date. Dividends received on all shares of company stock are reinvested in additional shares of Dominion common stock (previously in shares of CNG common stock).

Diversified Equity Fund units of the Long-Term Thrift Trust are prorated to participants based on the unit value calculated at the end of each day.

Realized gains and losses on the sale of investments are determined using the average cost method.

Net investment income from mutual fund holdings includes dividend income and realized and unrealized appreciation/depreciation.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and

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changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at June 30, 2000, are investments in Dominion common stock amounting to approximately $74 million whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

	June 30, 2000	June 30, 1999
Insurance Company Contracts	$ -	$ 31,578,802
Fixed Investment Stable Fund	71,760,281	-
Dominion Common Stock	74,189,271	-
CNG Common Stock	-	101,452,721

During July 1, 1999 through June 30, 2000, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $15,587,490 as follows:

Investments at Fair Value:

Mutual Funds	$ 200,286

Common/Collective Trust	42,676
Common Stock	15,344,528
	$ 15,587,490

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4. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

5. PLAN INTEREST IN CONSOLIDATED NATURAL GAS MASTER TRUST

A portion of the Plan's investments are in a Master Trust which was established for the investment of assets of the Plan and the thrift plans of other subsidiaries of the Company. The assets of the Master Trust are held by Mellon Bank, N.A., as Trustee of the fund. Each participating thrift plan has an undivided interest in the Master Trust. The assets and income, including net appreciation (depreciation) in fair value of plan assets, are allocated to the participating plans based on each plan's proportionate share of the units of participation held in the fund each month. As of June 30, 2000 and 1999, the Plan's interest in the net assets of the Master Trust was approximately 15% and 1%, respectively, with varying interests in each of the funds.

The following table presents the value of the undivided investments (and related investment income) in the Master Trust.

	June 30, 2000	June 30, 1999
Diversified Equity Fund	$ 81,833,579	$ 67,461,670
Fixed Investment Stable Value Fund (Note 5a)	457,378,420	210,040,653
Short-Term Money Market Fund	5,748,098	4,418,433
CNG Stock Fund (Note 5b)	-	333,954,519
Total	$ 544,960,097	$ 615,875,275

	2000	1999
Interest	$ 23,074,768	$ 13,954,451
Dividends	12,629,671	11,490,054
Net appreciation in fair value of investments	50,562,484	21,608,256
Total	$ 86,266,923	$ 47,052,761

a) The Fixed Investment Stable Value Fund holds investments in an interest bearing cash fund and in fully benefit-responsive insurance investment contracts and separate investment accounts. Insurance

contracts and accounts are included in the financial statement at contract value as reported by the various insurance companies. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment in this fund at contract value.

There are no reserves against contract values for credit risks of the contract issuers or otherwise. The average yield and crediting interest rates for the years ended June 30, 2000 and 1999 were approximately 6.55% and 6.5%, respectively.

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b) The CNG Stock Fund was replaced by the Dominion Stock Fund on February 1, 2000. The Dominion Stock Fund is not a part of the CNG Master Trust.

6. TAX STATUS

The Plan is a qualified employees' profit sharing trust under Sections 401(a) and 401(k) of the IRC and, as such, is exempt from federal income taxes under Section 501(a). Pursuant to Section 402(a) of the IRC, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on November 7, 1995, in which the Internal Revenue Service stated that the Plan, as amended through December 20, 1994 was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and is currently operating in compliance with the applicable requirements of the Internal Revenue Code.

7. MERGER OF CNG AND DOMINION

On February 12, 1999, CNG and Dominion announced that a definitive merger agreement was approved by the Boards of Directors of both companies. On May 11, 1999, CNG announced that its Board had unanimously approved an amended and restated Agreement and Plan of Merger. The shareholders of both the CNG and Dominion and all applicable state regulatory commissions and federal regulatory agencies approved the merger.

The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their shares for cash, new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed by the Trustee, Mellon Bank solicited elections from participants with respect to shares of stock allocated to their accounts. Effective with the completion of the merger, units of participation in the CNG Stock Fund were converted to cash and shares of Dominion common stock based upon participants' elections (subject to the terms of the merger agreement). The fund was renamed the Dominion Stock Fund.

The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

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THRIFT PLAN OF CNG TRANSMISSION CORPORATION AND HOPE GAS, INC. FOR EMPLOYEES REPRESENTED BY THE UNITED GAS WORKERS UNION, LOCAL NO. 69 - DIVISION II, SEIU, AFL-CIO

SUPPLEMENTAL SCHEDULE AS OF JUNE 30, 2000
SCHEDULE H, ITEM 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

Description	Cost	Current Value
BSDT - Late Money Deposit Account	$ 1,794,328	$ 1,794,328
Dominion Resources, Inc., Common Stock	69,619,634	74,189,271
Interest in CNG Master Trust		
CNG Diversified Equity Fund	7,654,842	7,864,794
Money Market Fund	660,456	660,456
Fixed Investment Stable Value Fund	69,413,791	71,760,282
	77,729,089	80,285,532
Common/Collective Trusts		
EB Daily Liquidity Fund	139,455	139,455
Conservative Balanced Fund	130,949	135,309
Moderate Balanced Fund	1,179,671	1,199,313
Growth Balanced Fund	1,752,639	1,774,752
	3,202,714	3,248,829
Mutual Funds		
Masterworks S&P 500 Index Fund	6,250,818	6,352,148
Pimco Total Return Fund	206,514	207,188
T. Rowe Price International Income Stock Fund	1,249,188	1,235,034
One Group Small Stock Fund	1,024,502	1,064,920
	8,731,022	8,859,290
Loans to Participants	1,693,135	1,693,135
Total Assets Held for Investment	$162,769,922	$170,070,385

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THRIFT PLAN OF CNG TRANSMISSION CORPORATION AND HOPE GAS, INC. FOR EMPLOYEES REPRESENTED BY THE UNITED GAS WORKERS UNION, LOCAL NO. 69 - DIVISION II, SEIU, AFL-CIO

SUPPLEMENTAL SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

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Shares/ Par Value	Security Description	Transaction Expense	
<S>	<C>	<C>	<C
Single Transactions in Excess of Five Percent of Plan Assets			
1,510,244.00	Dominion Res. Inc. Common Stock*	$ -	$

Shares/ Par Value	Security Description	Transaction Expense	
Series of Transactions in Excess of Five Percent of Plan Assets			
1,833,901.00	Dominion Res. Inc. Common Stock*	$ -	$
85,670.00	Dominion Res. Inc. Common Stock*	$ -	$
407,592,43	Masterworks S&P 500 Index Fund	$ -	$
170,665.51	Masterworks S&P 500 Index Fund	$ -	$
13,423,455.66	EB Temporary Investment Fund	$ -	$
13,284,000.45	EB Temporary Investment Fund	$ -	$
26,108,039.20	BSDT - Late Money Deposit Account	$ -	$
26,108,039.20	BSDT - Late Money Deposit Account	$ -	$

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* A party-in-interest as defined by ERISA

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934.
For the fiscal year ended June 30, 2000.

or

_____ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the transition period from _________ to _______________.

Commission File number 333-95795

G. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THRIFT PLAN OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE NATURAL GAS WORKERS UNION,
LOCAL 555, SEIU, AFL-CIO

H. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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THRIFT PLAN OF EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE NATURAL GAS
WORKERS UNION, LOCAL 555, SEIU, AFL-CIO

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Independent Auditors' Report

Financial Statements:

Statements of Net Assets Available for Benefits as of June 30, 2000 and 1999

Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2000

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Supplemental Schedules as of and for the Year Ended June 30, 2000:

Schedule H, Item 4(i): Schedule of Assets Held for Investment Purposes

Schedule H, Item 4(j): Schedule of Reportable Transactions
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INDEPENDENT AUDITORS' REPORT

To the Trustee and Participants of the
Thrift Plan of East Ohio Gas Company for Employees
Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO

We have audited the accompanying statement of net assets available for benefits of the Thrift Plan of East Ohio Gas Company for Employees Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO (the Plan) as of June 30, 2000 and the related statement of changes in net assets available for benefits for the year ended June 30, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of June 30, 1999 were audited by other auditors whose report, dated April 7, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2000, and the changes in net assets available for benefits for the year ended June 30, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP
Richmond,Virginia
December 20, 2000

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THRIFT PLAN OF EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE NATURAL GAS
WORKERS UNION, LOCAL 555, SEIU, AFL-CIO

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	June 30, 2000	June 30, 1999
Assets:		
Investments (Notes 3 and 4):		
Temporary investments	$ 2,791	$ -
Common stock	54,688,478	95,835
Common/Collective Trusts	6,354,430	2,620,145
Mutual Funds	18,563,662	9,472,731
Interest in Master Trust	106,098,416	167,279,856
Loans to Participants	2,287,100	2,494,982
Total investments	187,994,877	181,963,549
Receivables:		
Interest	2,104	-
Contributions	171,460	-
Other	20,437	-
Total receivables	194,001	-

Cash and Cash Equivalents	4,977	-
Total Assets	188,193,855	181,963,549
LIABILITIES:		
Accrued administrative expenses	2,609	-
Other	32,748	-
Total Liabilities	35,357	-
NET ASSETS AVAILABLE FOR BENEFITS	$188,158,498	$181,963,549

The accompanying notes are an integral part of these financial statements.

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THRIFT PLAN OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE NATURAL GAS
WORKERS UNION, LOCAL 555, SEIU, AFL-CIO

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2000

Additions:	
Investment income:	
Dividend	$ 2,660,424
Interest	337,697
Net appreciation in fair value of investments	16,115,208
Master Trust income	6,122,144
Total investment income	25,235,473
Contributions:	
Participant (Note 1)	5,806,476
Participating company (Note 1)	3,610,522
Employee rollovers	20,980
Total contributions	9,437,978
Total additions	34,673,451
Deductions:	
Benefits paid to participants	28,041,161
Forfeitures	65,615
Administrative expenses	628
Total deductions	28,107,404
Net increase before transfers	6,566,047

Transfer of participants' assets from the Plan to other plans	371,098
Net increase	6,194,949
Net assets available for benefits:	
Beginning of year	181,963,549
End of year	$188,158,498

The accompanying notes are an integral part of these financial statements.

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THRIFT PLAN OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE NATURAL GAS
WORKERS UNION, LOCAL 555, SEIU, AFL-CIO

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Thrift Plan of the East Ohio Gas Company for Employees Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL - The Plan is a defined contribution plan. The participants in the Plan are union- eligible employees of East Ohio Gas Company (the Employer). The East Ohio Gas Company is a wholly-owned subsidiary of Consolidated Natural Gas Company (the Company or CNG). Each employee is eligible to participate in the plan on an entirely voluntary basis. Participation by an employee becomes effective immediately upon completion and delivery to the employer of an authorized form furnished by the employer. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Employee and employer contributions are made pursuant to the terms of the plan and are held in funds administered by the Trustees under two declarations of trust, i.e., the Long-Term Thrift Trust and the Short-Term Thrift Trust (the Trusts).

The Trusts are maintained in accordance with the Plan's provision to provide for the custody and investment of employee and employer contributions. They are administered by individual trustees (the Trustee) who are appointed by and serve at the pleasure of the Company for a term of three years. The Trustees are employed by and are officers of various subsidiaries of the Company and serve without compensation from the Plan or Trusts. Custody of Plan assets resides with Mellon Bank, N.A. who also serves as the Plan's Trustee.

b. CONTRIBUTIONS - Under the Plan, participants may contribute not less than 2% and not more than 16% (15% for participants with thirty or more years of service) of their earnings each pay period, in increments of 1%. If the participant elects that his employer make pretax contributions on his behalf, such contributions cannot exceed

10%, in increments of 1%, of his earnings each pay period subject to applicable Internal Revenue Code (IRC) limitations.

c. PARTICIPANT ACCOUNTS - Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan earnings, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Retired participants may elect to receive an amount equal to their vested Long-Term Thrift Trust account balance either in a lump sum or in installments. For terminations other than retirements, participants can only receive their vested Long-Term Thrift Trust account balance as a lump sum distribution. Upon termination and retirement, participants can only receive their Short-Term Thrift

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Trust account balance as a lump sum distribution.

d. PARTICIPANTS - Each employee is eligible to participate in the Plan on an entirely voluntary basis. Participation by an employee becomes effective immediately upon completion and delivery to the Employer (or the Company) of an authorization form furnished by the Employer.

e. VESTING - Participants immediately vest in their contributions and earnings thereon. Participants vest in the Employer's matching contribution and related earnings based upon years of continuous service and are fully vested after five years of credited service. The Employer's matching contribution is based upon the participant's contribution rate and length of service.

f. INVESTMENT OPTIONS - Upon enrollment in the Plan, a participant may direct contributions in any option (except the loan fund) in 1% increments totaling to 100%. Investment options are valued daily. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. The Plan provides for employee and employer contributions to be invested in the following:

Short-Term Thrift Trust

(1) Interest in CNG Master Trust:

CNG Short Term Money Market Fund - The Money Market Fund invests primarily in U.S. Treasury Bills, U.S. Treasury Notes, corporate notes, commercial paper, floating rate notes and repurchase agreements.

Long-Term Thrift Trust

(1) Common Stock:

Dominion Resources, Inc. (Dominion) Stock Fund - All investments are in Dominion common stock or cash equivalent investments for partial shares. The fund became effective as of February 1, 2000.

(2) Interest in CNG Master Trust:

CNG Stock Fund - The fund invested primarily in shares of CNG common stock. Participants purchased units of participation in the CNG Stock Fund continuously or from funds transferred from other investment options. Dividends on Company common stock held in the CNG Stock Fund were invested in additional units of the CNG Stock Fund and credited to participants' accounts. The fund ceased operations as of February 1, 2000.

Fixed Investment Stable Value Fund - The fund invests in group annuity contracts with one or more insurance companies and other short term fixed income securities. Investments under the contracts mature at various intervals. The interest rates, credited daily to participants' accounts, represent a composite of the income earned under the contracts with the insurance companies and the revenue earned from short-term fixed income securities.

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Diversified Equity Fund - The fund invests primarily in the common stocks of large U.S. companies.

(3) Mutual Funds:

The Masterworks S&P 500 Index Fund - The fund invests proportionately in all or nearly all of the stocks that are included in the Standard & Poor's 500 Stock Index.

The Small Stock Fund - The fund invests in stocks of small to mid-sized U.S. companies.

The International Equity Fund - The fund invests in stocks of companies outside the U.S.

The Intermediate Bond Fund - The fund invests primarily in fixed income securities of various maturities such as obligations of the U.S. Government, corporate debt securities, mortgage and other asset-backed securities and money market investments.

(4) Common/Collective Trusts:

The Conservative Balanced Fund, The Moderate Balanced Fund and the Growth Balanced Fund - These funds are common/collective trusts and each is designed to accomplish a specific investment objective. As such, each fund has a different diversified mix of stock, bond and short-term fixed income investments.

g. PARTICIPANT LOANS - Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The maximum loan amount is the lesser of:

- 3 months base pay or 50% of the vested account balance or
- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months).

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans bear fixed interest at a rate commensurate with local prevailing rates at the time the loan is issued as determined by the Trustees.

Participants make repayments to the Plan on a monthly basis. Loan repayments, including interest, are deposited in the participant's account and invested in accordance with the participants' then current investment elections. Defaults result in a reclassification of the remaining loan balances as taxable distributions to the participants.

h. PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) Dominion Stock Fund - Investments in Dominion common stock are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the plan year.

(2) Investment in Consolidated Natural Gas Master Trust - The fair value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the Master Trust, with the exception of the trust's investment in the Fixed Investment Stable Value Fund.

Investments in the Fixed Investment Stable Value Fund are stated at contract value, which approximates market value. Contract value represents contributions and income earned in the fund, less withdrawals. The fair market value of the contracts approximates the contract value.

The CNG Stock Fund was stated at market value. Company common stock was purchased for participants on the open market, directly from the Company, and in certain circumstances, as shares or fractional shares from terminating employees' Plan and Employee Stock Ownership Plan accounts and other stockholders. Such shares or fractional shares were allocated among the accounts of participants directing the Trustees to purchase Company common stock.

(3) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

(4) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit

values are determined by the bank (or trust company) sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date. Dividends received on all shares of company stock are reinvested in additional shares of Dominion common stock (previously in shares of CNG common stock).

Diversified Equity Fund units of the Long-Term Thrift Trust are prorated to participants based on the unit value calculated at the end of each day.

Realized gains and losses on the sale of investments are determined using the average cost method.

Net investment income from mutual fund holdings includes dividend income and realized and unrealized appreciation/depreciation.

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c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at June 30, 2000, are investments in Dominion common stock amounting to approximately $55 million whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

	June 30, 2000	June 30, 1999
Plan interest in CNG Master Trust:		
CNG Stock Fund	$ -	$115,057,833
Diversified Equity Fund	10,048,622	-
Fixed Investment Stable Fund	94,996,320	44,202,340
Dominion Common Stock	54,688,478	
S&P 500 Index Fund	12,535,966	-

During July 1, 1999 through June 30, 2000, the Plan's investments (including gains and losses on investments bought and sold, as well as

held during the year) appreciated in value by $16,115,208 as follows:

Investments at Fair Value:

Mutual Funds	$ 241,424
Common/Collective Trust	545,407
Common Stock	15,328,377
	$16,115,208

4. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

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5. PLAN INTEREST IN CONSOLIDATED NATURAL GAS MASTER TRUST

A portion of the Plan's investments are in a Master Trust which was established for the investment of assets of the Plan and the thrift plans of other subsidiaries of the Company. The assets of the Master Trust are held by Mellon Bank, N.A., as Trustee of the fund. Each participating thrift plan has an undivided interest in the Master Trust. The assets and income, including net appreciation (depreciation) in fair value of plan assets, are allocated to the participating plans based on each plan's proportionate share of the units of participation held in the fund each month. As of June 30, 2000 and 1999, the Plan's interest in the net assets of the Master Trust was approximately 19% and 27%, respectively, with varying interests in each of the funds.

The following table presents the value of the undivided investments (and related investment income) in the Master Trust.

	June 30, 2000	June 30, 1999
Diversified Equity Fund	$ 81,833,579	$ 67,461,670
Fixed Investment Stable Value Fund (Note 5a)	457,378,420	210,040,653
Short-Term Money Market Fund	5,748,098	4,418,433
CNG Stock Fund (Note 5b)	-	333,954,519
Total	$544,960,097	$615,875,275

	2000	1999
Interest	$ 23,074,768	$ 13,954,451
Dividends	12,629,671	11,490,054
Net appreciation in fair value of investments	50,562,484	21,608,256
Total	$ 86,266,923	$ 47,052,761

============ ============

(a) The Fixed Investment Stable Value Fund holds investments in an interest bearing cash fund and in fully benefit-responsive insurance investment contracts and separate investment accounts. Insurance contracts and accounts are included in the financial statement at contract value as reported by the various insurance companies. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment in this fund at contract value.

There are no reserves against contract values for credit risks of the contract issuers or otherwise. The average yield and crediting interest rates for the years ended June 30, 2000 and 1999 were approximately 6.55% and 6.5%, respectively.

(b) The CNG Stock Fund was replaced by the Dominion Stock Fund on February 1, 2000. The Dominion Stock Fund is not a part of the CNG Master Trust.

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6. TAX STATUS

The Plan is a qualified employees' profit sharing trust under Sections 401(a) and 401(k) of the IRC and, as such, is exempt from federal income taxes under Section 501(a). Pursuant to Section 402(a) of the IRC, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on November 1, 1995, in which the Internal Revenue Service stated that the Plan, as amended through December 22, 1994 was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and is currently operating in compliance with the applicable requirements of the Internal Revenue Code.

7. MERGER OF CNG AND DOMINION

On February 12, 1999, CNG and Dominion announced that a definitive merger agreement was approved by the Boards of Directors of both companies. On May 11, 1999, CNG announced that its Board had unanimously approved an amended and restated Agreement and Plan of Merger. The shareholders of both the CNG and Dominion and all applicable state regulatory commissions and federal regulatory agencies approved the merger.

The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their shares for cash, new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed by the Trustee, Mellon Bank solicited elections from participants with respect to shares of stock allocated to their accounts. Effective with the completion of the merger, units of participation in the CNG Stock Fund were converted to cash and shares of Dominion common stock

based upon participants' elections (subject to the terms of the merger agreement). The fund was renamed the Dominion Stock Fund.

The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

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THRIFT PLAN OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE NATURAL GAS
WORKERS UNION, LOCAL 555, SEIU, AFL-CIO

SUPPLEMENTAL SCHEDULE AS OF JUNE 30, 2000
SCHEDULE H, ITEM 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

Description	Cost	Current Value
BSDT - Late Money Deposit Account	$ 2,791	$ 2,791
Dominion Resources, Inc., Common Stock	51,250,835	54,688,478
Interest in CNG Master Trust		
CNG Diversified Equity Fund	8,803,001	10,048,623
Money Market Fund	1,053,472	1,053,473
Fixed Investment Stable Value Fund	89,695,607	94,996,320
	99,552,080	106,098,416
Common/Collective Trusts		
EB Daily Liquidity Fund	255,003	255,003
Conservative Balanced Fund	328,300	358,920
Moderate Balanced Fund	1,544,923	1,766,804
Growth Balanced Fund	3,512,897	3,973,703
	5,641,123	6,354,430
Mutual Funds		
Masterworks S&P 500 Index Fund	11,922,375	12,535,966
Pimco Total Return Fund	572,655	554,080
T. Rowe Price International Income Stock Fund	2,235,017	2,289,481
One Group Small Stock Fund	3,032,433	3,184,135
	17,762,480	18,563,662
Loans to Participants	2,287,100	2,287,100
Total Assets Held for Investment	$176,496,409	$187,994,877

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THRIFT PLAN OF THE EAST OHIO GAS COMPANY

FOR EMPLOYEES REPRESENTED BY THE NATURAL GAS
WORKERS UNION, LOCAL 555, SEIU, AFL-CIO

SUPPLEMENTAL SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

<TABLE>
<CAPTION>

Shares/ Par Value	Security Description	Transaction Expense	Cost of Purchases
<S>	<C>	<C>	<C>
Single Transactions in Excess of Five Percent of Plan Assets			
1,212,634.00	Dominion Res. Inc. Common Stock*	$ -	$49,035,887.3

<CAPTION>

Shares/ Par Value	Security Description	Transaction Expense	Cost of Purchases
<S>	<C>	<C>	<C>
Series of Transactions in Excess of Five Percent of Plan Assets			
1,476,828.00	Dominion Res. Inc. Common Stock*	$ -	$59,327,137.4
146,877.00	Dominion Res. Inc. Common Stock*	$ -	$ -
331,094.14	Masterworks S&P 500 Index Fund	$ -	$ 8,555,854.5
127,156.14	Masterworks S&P 500 Index Fund	$ -	$
8,342,982.68	EB Temporary Investment Fund	$ -	$ 8,342,982.6
8,089,974.59	EB Temporary Investment Fund	$ -	$

</TABLE>

* A party-in-interest as defined by ERISA

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the fiscal year ended June 30, 2000.

or

_____ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to ________________.

Commission File number 333-95795

I. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THRIFT PLAN OF THE PEOPLES NATURAL GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE UNITED GAS WORKERS UNION,
LOCAL 69- DIVISION I, SEIU, AFL-CIO

J. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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THRIFT PLAN OF THE PEOPLES NATURAL GAS COMPANY
FOR EMPLOYEES REPRESENTED BY UNITED GAS WORKERS UNION, LOCAL 69-
DIVISION I, SEIU, AFL-CIO
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Statements of Net Assets Available for Benefits as of June 30, 2000 and 1999	4
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INDEPENDENT AUDITORS' REPORT

To the Trustee and Participants of the
Thrift Plan of East Ohio Gas Company for Employees
Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO

We have audited the accompanying statement of net assets available for benefits of the Thrift Plan of East Ohio Gas Company for Employees Represented by the

Natural Gas Workers Union, Local 555, SEIU, AFL-CIO (the Plan) as of June 30, 2000 and the related statement of changes in net assets available for benefits for the year ended June 30, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of June 30, 1999 were audited by other auditors whose report, dated April 7, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2000, and the changes in net assets available for benefits for the year ended June 30, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP
Richmond, Virginia
December 20, 2000

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THRIFT PLAN OF THE PEOPLES NATURAL GAS COMPANY
FOR EMPLOYEES REPRESENTED BY UNITED GAS WORKERS UNION,
LOCAL 69 - DIVISION I, SEIU, AFL-CIO

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>
<CAPTION>

<S>	June 30, 2000 <C>
Assets:	
Investments (Notes 3 and 4):	
Temporary investments	$ 261,087
Corporate stock, common	38,989,453
Insurance Companies Pooled Separate Accounts	-
Unallocated Insurance Company Contracts	-
Common/Collective Trusts	2,995,330
Mutual Funds	7,001,723
Interest in Master Trust	46,819,253

Loans to participants	693,538
Total investments	96,760,384
Receivables:	
Interest	1,377
Contributions and loan repayments	-
Securities sold	18,029
Total receivables	19,406
Cash	-
Total Assets	96,779,790
Liabilities:	
Accrued administrative expenses	-
Securities purchased	254,347
Prepaid contributions	362,779
Net Assets Available For Benefits	$96,162,664

</TABLE>

The accompanying notes are an integral part of these financial statements.

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THRIFT PLAN OF THE PEOPLES NATURAL GAS COMPANY
FOR EMPLOYEES REPRESENTED BY UNITED GAS WORKERS UNION,
LOCAL 69 - DIVISION I, SEIU, AFL-CIO

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2000

<TABLE>

<S>	<C>
Additions:	
Investment income:	
Dividend	$ 1,139,516
Interest	518,450
Net appreciation in fair value of investments	9,066,445
Master Trust income	2,703,166
Total investment income	13,427,577
Contributions:	
Participant (Note 1)	2,440,963
Participating company (Note 1)	1,331,191
Employee rollovers	30,280
Total contributions	3,802,434
Total additions	17,230,011
Deductions:	

Benefits paid to participants	8,339,168
Administrative expenses	1,075
Total deductions	8,340,243
Net increase before transfers	8,889,768
Transfer of participants' assets from the Plan to other plans	231,879
Net increase	8,657,889
Net assets available for benefits:	
Beginning of year	87,504,775
End of year	$96,162,664

</TABLE>

The accompanying notes are an integral part of these financial statements.

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THRIFT PLAN OF THE PEOPLES NATURAL GAS COMPANY
FOR EMPLOYEES REPRESENTED BY UNITED GAS WORKERS UNION,
LOCAL 69 - DIVISION I, SEIU, AFL-CIO

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Thrift Plan of the Peoples Natural Gas Company (CNG) for Employees Represented by the United Gas Workers Union, Local No. 69 - Division 1, SEIU, AFL-CIO (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL - The Plan is a defined contribution plan. The participants in the plan are union-eligible employees of Peoples Natural Gas Company (the Employer). The Employer is a wholly-owned subsidiary of Consolidated Natural Gas Company (the Company or CNG). Each employee is eligible to participate in the Plan on a voluntary basis. Participation by an employee becomes effective immediately upon completion and delivery to the employer of an authorized form furnished by the employer. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Employee and employer contributions are made pursuant to the terms of the plan and are held in funds administered by the Trustees under two declarations of trust, i.e., the Long-Term Thrift Trust and the Short-Term Thrift Trust (the "Trusts").

The Trusts are maintained in accordance with the Plan's provision to provide for the custody and investment of employee and employer contributions. They are administered by individual trustees (the "Trustee") who are appointed by and serve at the pleasure of the Company for a term of three years. The Trustees are employed by and are officers of various subsidiaries of the Company and serve without compensation from the Plan or Trusts. Custody of Plan assets resides with Mellon Bank, N.A. who also serves as the Plan's Trustee.

b. CONTRIBUTIONS - Under the Plan, participants may contribute not less

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than 2% and not more than 16% (15% for participants with thirty or more years of service) of their earnings each pay period, in increments of 1%. If the participant elects that his employer make pretax contributions on his behalf, such contributions cannot exceed 10%, in increments of 1%, of his earnings each pay period subject to applicable Internal Revenue Code (IRC) limitations.

c. PARTICIPANT ACCOUNTS - Each participant's account includes the effect
----
of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan earnings, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Retired participants may elect to receive an amount equal to their vested Long-Term Thrift Trust account balance either in a lump sum or in installments. For terminations other than retirements, participants can only receive their vested Long-Term Thrift Trust account balance as a lump sum distribution. Upon termination and retirement, participants can only receive their Short-Term Thrift

<PAGE>

Trust account balance as a lump sum distribution.

d. PARTICIPANTS - Each employee is eligible to participate in the Plan on
----
an entirely voluntary basis. Participation by an employee becomes effective immediately upon completion and delivery to the Employer (or the Company) of an authorization form furnished by the Employer.

e. VESTING - Participants immediately vest in their contributions and
----
earnings thereon. Participants vest in the Employer's matching contribution and related earnings based upon years of continuous service and are fully vested after five years of credited service. The Employer's matching contribution is based upon the participant's contribution rate and length of service.

f. INVESTMENT OPTIONS - Upon enrollment in the Plan, a participant may
----
direct contributions in any option (except the loan fund) in 1% increments totaling to 100%. Investment options are valued daily. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. The Plan provides for employee and employer contributions to be invested in the following:

Short-Term Thrift Trust
----

(1) Interest in CNG Master Trust:

CNG Short Term Money Market Fund - The Money Market Fund invests primarily in U.S. Treasury Bills, U.S. Treasury Notes, corporate notes, commercial paper, floating rate notes and repurchase agreements.

Long-Term Thrift Trust

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(1) Common Stock:

Dominion Resources, Inc. (Dominion) Stock Fund - All investments are in Dominion common stock or cash equivalent investments for partial shares. The fund became effective as of February 1, 2000.

(2) Interest in CNG Master Trust:

CNG Stock Fund - The fund invested primarily in shares of CNG common stock. Participants purchased units of participation in the CNG Stock Fund continuously or from funds transferred from other investment options. Dividends on Company common stock held in the CNG Stock Fund were invested in additional units of the CNG Stock Fund and credited to participants' accounts. The fund ceased operations as of February 1, 2000.

Fixed Investment Stable Value Fund - The fund invests in group annuity contracts with one or more insurance companies and other short term fixed income securities. Investments under the contracts mature at various intervals. The interest rates, credited daily to participants' accounts, represent a composite of the income earned under the contracts with the insurance companies and the revenue earned from short-term fixed income securities.

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Diversified Equity Fund - The fund invests primarily in the common stocks of large U.S. companies.

(3) Mutual Funds:

The Masterworks S&P 500 Index Fund - The fund invests proportionately in all or nearly all of the stocks that are included in the Standard & Poor's 500 Stock Index.

The Small Stock Fund - The fund invests in stocks of small to mid-sized U.S. companies.

The International Equity Fund - The fund invests in stocks of companies outside the U.S.

The Intermediate Bond Fund - The fund invests primarily in fixed income securities of various maturities such as obligations of the U.S. Government, corporate debt securities, mortgage and other asset-backed securities and money market investments.

(4) Common/Collective Trusts:

The Conservative Balanced Fund, The Moderate Balanced Fund and The Growth Balanced Fund - These funds are common/collective trusts and each is designed to accomplish a specific investment objective. As such, each fund has a different diversified mix of stock, bond and short-term fixed income investments.

g. PARTICIPANT LOANS - Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The maximum loan amount is the lesser of;

- 3 months base pay or
- 50% of the vested account balance or

- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months).

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans bear fixed interest at a rate commensurate with local prevailing rates at the time the loan is issued as determined by the Trustees.

Participants make repayments to the Plan on a monthly basis. Loan repayments, including interest, are deposited in the participant's account and invested in accordance with the participants then current investment elections. Defaults result in a reclassification of the remaining loan balances as taxable distributions to the participants.

h. PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) Dominion Stock Fund - Investments in Dominion common stock are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the plan year.

(2) Investment in Consolidated Natural Gas Master Trust - The fair value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the Master Trust, with the exception of the trust's investment in the Fixed Investment Stable Value Fund.

Investments in the Fixed Investment Stable Value Fund are stated at contract value, which approximates market value. Contract value represents contributions and income earned in the fund, less withdrawals. The fair market value of the contracts approximates the contract value.

The CNG Stock Fund was stated at market value. Company common stock was purchased for participants on the open market, directly from the Company, and in certain circumstances, as shares or fractional shares from terminating employees' Plan and Employee Stock Ownership Plan accounts and other stockholders. Such shares or fractional shares were allocated among the accounts of participants directing the Trustees to purchase Company common stock.

(3) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

(4) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are

determined by the bank (or trust company) sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date. Dividends received on all shares of company stock are reinvested in additional shares of Dominion common stock (previously in shares of CNG common stock).

Diversified Equity Fund units of the Long-Term Thrift Trust are prorated to participants based on the unit value calculated at the end of each day.

Realized gains and losses on the sale of investments are determined using the average cost method.

Net investment income from mutual fund holdings includes dividend income and realized and unrealized appreciation/depreciation.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by

<PAGE>

the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at June 30, 2000, are investments in Dominion common stock amounting to approximately $39 million whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

	June 30, 2000	June 30, 1999
Diversified Equity Fund	$ 4,946,279	$ -
Fixed Investment Stable Fund	41,646,597	11,454,579
Dominion Common Stock	38,989,453	-
CNG Stock Fund	-	60,807,890

During July 1, 1999 through June 30, 2000, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $9,066,445 as follows:

Investments at Fair Value:

Mutual Funds	$8,922,620
Common/Collective Trust	32,312
Common Stock	111,513
	$9,066,445

4. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

5. PLAN INTEREST IN CONSOLIDATED NATURAL GAS MASTER TRUST

A portion of the Plan's investments are in a Master Trust which was established for the investment of assets of the Plan and the thrift plans of other subsidiaries of the Company. The assets of the Master Trust are held by Mellon Bank, N.A., as Trustee of the fund. Each participating thrift plan has an undivided

<PAGE>

interest in the Master Trust. The assets and income, including net appreciation (depreciation) in fair value of plan assets, are allocated to the participating plans based on each plan's proportionate share of the units of participation held in the fund each month. As of June 30, 2000 and 1999, the Plan's interest in the net assets of the Master Trust was approximately 8.6% and .50%, respectively, with varying interests in each of the Funds.

The following table presents the value of the undivided investments (and related investment income) in the Master Trust.

<TABLE>
<CAPTION>

<S>	2000 <C>
Diversified Equity Fund	$ 81,833
Fixed Investment Stable Value Fund (Note 5a)	457,378
Short-Term Money Market Fund	5,748
CNG Stock Fund (Note 5b)	
Total	$544,960

	2000
Interest	$ 23,074
Dividends	12,629
Net appreciation in fair value of investments	50,562

Total	$ 86,266
	========

</TABLE>

a) The Fixed Investment Stable Value Fund holds investments in an interest bearing cash fund and in fully benefit-responsive insurance investment contracts and separate investment accounts. Insurance contracts and accounts are included in the financial statement at contract value as reported by the various insurance companies. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment in this fund at contract value.

There are no reserves against contract values for credit risks of the contract issuers or otherwise. The average yield and crediting interest rates for the years ended June 30, 2000 and 1999 were approximately 6.55% and 6.5%, respectively.

b) The CNG Stock Fund was replaced by the Dominion Stock Fund on February 1, 2000. The Dominion Stock Fund is not a part of the CNG Master Trust.

6. TAX STATUS

The Plan is a qualified employees' profit sharing trust under Sections 401(a) and 401(k) of the IRC and, as such, is exempt from federal income taxes under Section 501(a). Pursuant to Section 402(a) of the IRC, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on November 8, 1995, in which the Internal Revenue

<PAGE>

Service stated that the Plan, as amended through December 27, 1994, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and is currently operating in compliance with the applicable requirements of the Internal Revenue Code.

7. MERGER OF CNG AND DOMINION

On February 12, 1999, CNG and Dominion announced that a definitive merger agreement was approved by the Boards of Directors of both companies. On May 11, 1999, CNG announced that its Board had unanimously approved an amended and restated Agreement and Plan of Merger. The shareholders of both the CNG and Dominion and all applicable state regulatory commissions and federal regulatory agencies approved the merger.

The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their shares for cash, new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed by the Trustee, Mellon Bank solicited elections from

participants with respect to shares of stock allocated to their accounts. Effective with the completion of the merger, units of participation in the CNG Stock Fund were converted to cash and shares of Dominion common stock based upon participants' elections (subject to the terms of the merger agreement). The fund was renamed the Dominion Stock Fund.

The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

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THRIFT PLAN OF THE PEOPLES NATURAL GAS COMPANY
FOR EMPLOYEES REPRESENTED BY UNITED GAS WORKERS UNION,
LOCAL 69 - DIVISION I,SEIU, AFL-CIO

SUPPLEMENTAL SCHEDULE AS OF JUNE 30, 2000
SCHEDULE H, ITEM 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

<TABLE>
<CAPTION>

Description	
<S>	<C>
BSDT - Late Money Deposit Account	$
Dominion Resources, Inc., Common Stock	36,
Interest in CNG Master Trust	
CNG Diversified Equity Fund	4,
Money Market Fund	
Fixed Investment Stable Value Fund	40,
	45,
Common/Collective Trusts	
EB Daily Liquidity Fund	
Conservative Balanced Fund	
Moderate Balanced Fund	
Growth Balanced Fund	2,
	2,
Mutual Funds	
Masterworks S&P 500 Index Fund	4,
Pimco Total Return Fund	
T. Rowe Price International Income Stock Fund	1,
One Group Small Stock Fund	
	6,
Loans to Participants	
Total Assets Held for Investment	$92,

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THRIFT PLAN OF THE PEOPLES NATURAL GAS COMPANY
FOR EMPLOYEES REPRESENTED BY UNITED GAS WORKERS
UNION,
LOCAL 69 - DIVISION I, SEIU, AFL-CIO

SUPPLEMENTAL SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

<TABLE>
<CAPTION>

Shares/ Par Value	Security Description	Transaction Expense	Cos Purc
<S>	<C>	<C>	<C>
SINGLE TRANSACTIONS IN EXCESS OF FIVE PERCENT OF PLAN ASSETS			
778,948.00	Dominion Res. Inc. Common Stock*	$ -	$31,49

Shares/ Par Value	Security Description	Transaction Expense	Cos Purc
Series of Transactions in Excess of Five Percent of Plan Assets			
945,804.00	Dominion Res. Inc. Common Stock*	$ -	$ 38
32,254.00	Dominion Res. Inc. Common Stock*	$ -	$
166,785.12	Masterworks S&P 500 Index Fund	$ -	$ 4
4,698.15	Masterworks S&P 500 Index Fund	$ -	$
6,746,903.29	EB Temporary Investment Fund	$ -	$ 6
6,515,505.29	EB Temporary Investment Fund	$ -	$
3,988,616.62	BSDT - Late Money Deposit Account	$ -	$ 3
3,673,461.64	BSDT - Late Money Deposit Account	$ -	$

* A party-in-interest as defined by ERISA
</TABLE>

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the fiscal year ended June 30, 2000.

or

_______ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to ________________.

Commission File number 333-95795

K. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THRIFT PLAN OF THE RIVER GAS DIVISION OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE UNITED GAS WORKERS UNION,
LOCAL 69, DIVISION II, SEIU, AFL-CIO

L. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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THRIFT PLAN OF THE RIVER GAS DIVISION OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY THE UNITED GAS WORKERS UNION,
LOCAL 69, DIVISION II, SEIU, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

<TABLE>
<CAPTION>

<S>	<C> 1999
Plan assets and Liabilities:	
Total Plan Assets	$ 3,
Total Plan Liabilities	
Net Plan Assets	$ 3,

</TABLE>

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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THRIFT PLAN OF THE RIVER GAS DIVISION OF THE EAST OHIO GAS COMPANY

FOR EMPLOYEES REPRESENTED BY THE UNITED GAS WORKERS UNION,
LOCAL 69, DIVISION II, SEIU, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

<TABLE>
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Specific Assets:
<S> <

Employer Securities
Participant Loans
</TABLE>

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
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----- EXCHANGE ACT OF 1934.
For the fiscal year ended June 30, 2000.

or

_____ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the transition period from _________ to________________.

Commission File number 333-95795

M. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308, THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO

N. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532

120 Tredegar Street
Richmond, VA 23261

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THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308,
THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO
FINANCIAL STATEMENTS

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<S>	Pages ----- <C>
Financial Statements:	
Plan Assets and Liabilities As of June 30, 2000 and 1999	3
Income, Expenses and Transfers for the Plan Year ending June 30, 2000	4
Specific Assets Held As of June 30, 2000	5

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THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308, THE UTILITY WORKERS
UNION OF AMERICA, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

	June 30 1999	June 30 2000
Plan assets and Liabilities:		
Total Plan Assets	$ 5,537,809	$ 6,225,457
Total Plan Liabilities	--	--
Net Plan Assets	$ 5,537,809	$ 6,225,457

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

<PAGE>

THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308, THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

	Year Ended June 30, 2000
Income, Expenses and Transfers:	
Contributions:	
Employers	$ 186,546
Participants	321,302
Other Income	608,678
Total income	1,116,526
Benefits paid	428,878
Total deductions	428,878
Net income	$ 687,648

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308, THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

	Year Ended June 30, 2000
Specific Assets:	
Employer Securities	$1,620,837
Participant Loans	65,187

The above ERISA plan information is presented in accordance with DOL Form 5500,

Schedule I.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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For the fiscal year ended June 30, 2000.

or

_______ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to ________________.

Commission File number 333-95795

O. Full title of the plan and the address of the plan, if different from that of the issuer named below:

THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308-C, THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO

P. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY
FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308-C,
THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO
FINANCIAL STATEMENTS

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Financial Statements:

<S>	<C>
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Income, Expenses and Transfers for the Plan Year ending June 30, 2000	4
Specific Assets Held As of June 30, 2000	5

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THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308-C, THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

<TABLE>
<CAPTION>

<S>	1999 <C>
Plan assets and Liabilities:	
Total Plan Assets	$ 73
Total Plan Liabilities	
Net Plan Assets	$ 73

</TABLE>

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

<PAGE>

THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308-C, THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

<TABLE>
<CAPTION>

J

Income, Expenses and Transfers:

Contributions:
<S> <
Employers $
Participants

Other Income

Total income

Benefits paid

Total deductions

Net income $
- ---------- =

Net Transfers $
- ------------- =
</TABLE>

The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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THRIFT PLAN OF THE WEST OHIO GAS DIVISION OF THE EAST OHIO GAS COMPANY FOR EMPLOYEES REPRESENTED BY LOCAL UNION NO. 308-C, THE UTILITY WORKERS UNION OF AMERICA, AFL-CIO

SMALL PLAN FINANCIAL INFORMATION

<TABLE>
<CAPTION>

-
<S> <
Specific Assets:
Employer Securities
Participant Loans
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The above ERISA plan information is presented in accordance with DOL Form 5500, Schedule I.

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
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(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT
- -----

OF 1934.
For the fiscal year ended June 30, 2000.

or

_____ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to _____________.

Commission File number 333-95795

Q. Full title of the plan and the address of the plan, if different from that of the issuer named below:

VIRGINIA NATURAL GAS, INC. EMPLOYEE SAVINGS PLAN

R. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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VIRGINIA NATURAL GAS, INC.
EMPLOYEES SAVINGS PLAN
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Independent Auditors' Report

Financial Statements:

Statements of Net Assets Available for Benefits as of June 30, 2000 and 1999

Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2000

Notes to Financial Statements

Supplemental Schedules as of and for the Year Ended June 30, 2000:

Schedule H, Item 4(i): Schedule of Assets Held for Investment Purposes

Schedule H, Item 4(j): Schedule of Reportable Transactions
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INDEPENDENT AUDITORS' REPORT

To the Trustee and Participants of the
Virginia Natural Gas, Inc. Employee Savings Plan

We have audited the accompanying statement of net assets available for benefits of the Virginia Natural Gas, Inc. Employee Savings Plan (the Plan) as of June 30, 2000 and the related statement of changes in net assets available for benefits for the year ended June 30, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of June 30, 1999 were audited by other auditors whose report, dated April 7, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2000, and the changes in net assets available for benefits for the year ended June 30, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole.

The supplemental schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP
Richmond, Virginia
December 20, 2000

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VIRGINIA NATURAL GAS, INC.
EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>
<CAPTION>

<S>	June 30, 2000 <C>	1999 <C>
Assets:		
Investments (Notes 2 and 3):		
Temporary investments	$ -	$ 127,928
CNG Common stock	-	2,591,763
Dominion Common stock	1,770,437	1,560,854
Interest in Master Trust	2,233,651	-
Common/Collective Trusts	155,788	-
Mutual Funds	213,147	-
Total investments	4,373,023	4,280,545
Receivables:		
Dividends and interest	98	369
Contributions	454	86,912
Total receivables	552	87,281
Cash	-	6,018
Total Assets	4,373,575	4,373,844
Liabilities:		
Accrued administrative expenses	-	3,152
Net Assets Available for Benefits	$4,373,575	$4,370,692

</TABLE>

The accompanying notes are an integral part of these financial statements.

<PAGE>

VIRGINIA NATURAL GAS, INC.
EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2000

Additions:	
Investment income:	
Dividends	$ 53,863
Interest	9,521
Net appreciation in fair value of investments	67,889
Master Trust income	367,555
Miscellaneous income	866
Total investment income	499,694

Contributions:	
Participant (Note 1)	7,393
Participating company (Note 1)	3,163
Total contributions	10,556
Total additions	510,250
Deductions:	
Benefits paid to participants	489,285
Total deductions	489,285
Net increase before transfers	20,965
Transfers from the Plan to other plans	18,082
Net increase	2,883
Net assets available for benefits:	
Beginning of year	4,370,692
End of year	$4,373,575

The accompanying notes are an integral part of these financial statements.

<PAGE>

VIRGINIA NATURAL GAS, INC.
EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Virginia Natural Gas, Inc. Employee Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL - The Plan is a defined contribution plan and is the successor to the Virginia Power Employee Savings Plan, which was sponsored by Virginia Electric and Power Company (a subsidiary of Dominion Resources, Inc. (Dominion). The Employer (Virginia Natural Gas, Inc.) is a wholly owned subsidiary of Consolidated Natural Gas Company (the Company or CNG). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Employee and employer contributions are made pursuant to the terms of the plan and are held in funds administered by the Trustees under two declarations of trust, i.e., the Long-Term Thrift Trust and the Short-Term

Thrift Trust (the Trusts). Prior to July 1, 1999, funds were held under one declaration of trust - the Alternate Thrift Trust.

The Trusts are maintained in accordance with the Plan's provision to provide for the custody and investment of employee and employer contributions. They are administered by individual trustees (the "Trustees") who are appointed by and serve at the pleasure of the Company for a term of three years. The Trustees are employed by and are officers of various subsidiaries of the Company and serve without compensation from the Plan or Trusts. Custody of Plan assets resides with Mellon Bank, N.A. who also serves as the Plan's Trustee.

b. CONTRIBUTIONS - Under the Plan, participants may contribute not less than 2% and not more than 16% of their earnings each pay period, in increments of 1%. If the participant elects that his/her employer make pretax contributions on his/her behalf, such contributions cannot exceed 10%, in increments of 1%, of his/her earnings each pay period subject to applicable Internal Revenue Code (IRC) limitations.

c. PARTICIPANT ACCOUNTS - Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan earnings, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Retired participants may elect to receive an amount equal to their vested Long-Term Thrift Trust account balance either in a lump sum or in installments. For terminations other than retirements, participants can only receive their vested Long-Term Thrift Trust account balance as a lump sum distribution. Upon termination and retirement, participants can only receive their Short-Term Thrift Trust account balance as a lump sum distribution.

d. PARTICIPANTS - Participation in the Plan is entirely voluntary. The participants in the plan are

<PAGE>

salaried and non-union hourly employees of the Employer who elected to continue participation in this plan after June 30, 1991.

e. VESTING - Participants immediately vest in their contributions and earnings thereon. Participants vest in the Employer's matching contribution and related earnings based upon years of continuous service and are fully vested after five years of credited service. The Employer's matching contribution is based upon the participant's contribution rate.

f. INVESTMENT OPTIONS - Upon enrollment in the Plan, a participant may direct contributions in any option (except the loan fund) in 1% increments totaling to 100%. Investment options are valued daily. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. Prior to July 1, 1999, participant contributions could be invested in Company common stock or the General Investments Fund. Effective July 1, 1999, the Plan provides for employee contributions to be

invested in the following:

Short-Term Thrift Trust
----

(1) Interest in CNG Master Trust:

CNG Short Term Money Market Fund - The Money Market Fund invests primarily in U.S. Treasury Bills, U.S. Treasury Notes, corporate notes, commercial paper, floating rate notes and repurchase agreements.

Long-Term Thrift Trust
----

(1) Common Stock:

Dominion Resources, Inc. (Dominion) Stock Fund - All investments are in Dominion common stock or cash equivalent investments for partial shares. The fund became effective as of February 1, 2000.

(2) Interest in CNG Master Trust:

CNG Stock Fund - The fund invested primarily in shares of CNG common stock. Participants purchased units of participation in the CNG Stock Fund continuously or from funds transferred from other investment options. Dividends on Company common stock held in the CNG Stock Fund were invested in additional units of the CNG Stock Fund and credited to participants' accounts. The fund ceased operations as of February 1, 2000.

Fixed Investment Stable Value Fund - The fund invests in group annuity contracts with one or more insurance companies and other short term fixed income securities. Investments under the contracts mature at various intervals. The interest rates, credited daily to participants' accounts, represent a composite of the income earned under the contracts with the insurance companies and the revenue earned from short-term fixed income securities.

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Diversified Equity Fund - The fund invests primarily in the common stocks of large U.S. companies.

(3) Mutual Funds:

The Masterworks S&P 500 Index Fund - The fund invests proportionately in all or nearly all of the stocks that are included in the Standard & Poor's 500 Stock Index.

The Small Stock Fund - The fund invests in stocks of small to mid-sized U.S. companies.

The International Equity Fund - The fund invests in stocks of companies outside the U.S.

The Intermediate Bond Fund - The fund invests primarily in fixed income securities of various maturities such as obligations of the U.S. Government, corporate debt securities, mortgage and other asset-backed securities and money market investments.

(4) Common/Collective Trusts:

The Conservative Balanced Fund, The Moderate Balanced Fund and The Growth Balanced Fund - These funds are common/collective trusts and each is designed to accomplish a specific investment objective. As such, each fund has a different diversified mix of stock, bond and short-term fixed income investments.

g. PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) Dominion Stock Fund - Investments in Dominion common stock are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the plan year.

(2) Investment in Consolidated Natural Gas Master Trust - The fair value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the Master Trust, with the exception of the trust's investment in the Fixed Investment Stable Value Fund.

<PAGE>

Investments in the Fixed Investment Stable Value Fund are stated at contract value, which approximates market value. Contract value represents contributions and income earned in the fund, less withdrawals. The fair market value of the contracts approximates the contract value.

The CNG Stock Fund was stated at market value. Company common stock was purchased for participants on the open market, directly from the Company and, in certain circumstances, as shares or fractional shares from terminating employees' Plan and Employee Stock Ownership Plan accounts and other stockholders. Such shares or fractional shares were allocated among the accounts of participants directing the Trustees to purchase Company common stock.

(3) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

(4) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank (or trust company) sponsoring such funds by dividing the fund's net assets by its units outstanding at the valuation dates.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-

dividend date. Dividends received on all shares of company stock are reinvested in additional shares of Dominion common stock (previously in shares of CNG common stock).

Diversified Equity Fund units of the Long-Term Thrift Trust are prorated to participants based on the unit value calculated at the end of each day.

Realized gains and losses on the sale of investments are determined using the average cost method.

Net investment income from mutual fund holdings includes dividend income and realized and unrealized appreciation/depreciation.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at June 30, 2000, are investments in Dominion common stock amounting to approximately $1.8 million whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

<PAGE>

	June 30, 2000	June 30, 1999
Plan interest in CNG Master Trust:		
Fixed Investment Stable Fund	$2,092,424	$ -
Dominion Common Stock	1,770,437	1,560,854
CNG Common Stock	-	2,591,763

During July 1, 1999 through June 30, 2000, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $67,889 as follows:

Investments at Fair Value:	
Temporary Investments	$ (2,823)
Mutual Funds	8,989

Common/Collective Trust	6,990
Common Stock	54,733
	$ 67,889

4. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

5. PLAN INTEREST IN CONSOLIDATED NATURAL GAS MASTER TRUST

A portion of the Plan's investments are in a Master Trust which was established for the investment of assets of the Plan and the thrift plans of other subsidiaries of the Company. The assets of the Master Trust are held by Mellon Bank, N.A., as Trustee of the fund. Each participating thrift plan has an undivided interest in the Master Trust. The assets and income, including net appreciation (depreciation) in fair value of plan assets, are allocated to the participating plans based on each plan's proportionate share of the units of participation held in the fund each month. As of June 30, 2000 and 1999, the Plan's interest in the net assets of the Master Trust was approximately .4% and 0%, respectively, with varying interests in each of the funds.

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The following table presents the value of the undivided investments (and related investment income) in the Master Trust.

	June 30, 2000	June 30, 1999
Diversified Equity Fund	$ 81,833,579	$ 67,461,670
Fixed Investment Stable Value Fund (Note 5a)	457,378,420	210,040,653
Short-Term Money Market Fund	5,748,098	4,418,433
CNG Stock Fund (Note 5b)	-	333,954,519
Total	$544,960,097	$615,875,275

	2000	1999
Interest	$ 23,074,768	$ 13,954,451
Dividends	12,629,671	11,490,054
Net appreciation in fair value of investments	50,562,484	21,608,256
Total	$ 86,266,923	$ 47,052,761

a) The Fixed Investment Stable Value Fund holds investments in an interest bearing cash fund and in fully benefit-responsive insurance investment contracts and separate investment accounts. Insurance contracts and accounts are included in the financial statement at contract value as reported by the various insurance companies.

Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment in this fund at contract value.

There are no reserves against contract values for credit risks of the contract issuers or otherwise. The average yield and crediting interest rates for the years ended June 30, 2000 and 1999 were approximately 6.55% and 6.5%, respectively.

b) The CNG Stock Fund was replaced by the Dominion Stock Fund on February 1, 2000. The Dominion Stock Fund is not a part of the CNG Master Trust.

6. TAX STATUS

The Plan is a qualified employees' profit sharing trust under Sections 401(a) and 401(k) of the IRC and, as such, is exempt from federal income taxes under Section 501(a). Pursuant to Section 402(a) of the IRC, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

The Plan obtained its latest determination letter on October 18, 1995, in which the Internal Revenue Service stated that the Plan, as amended through December 22, 1994, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the

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Plan is currently designed and is currently operating in compliance with the applicable requirements of the Internal Revenue Code.

7. MERGER OF CNG AND DOMINION

On February 12, 1999, CNG and Dominion announced that a definitive merger agreement was approved by the Boards of Directors of both companies. On May 11, 1999, CNG announced that its Board had unanimously approved an amended and restated Agreement and Plan of Merger. The shareholders of both the CNG and Dominion and all applicable state regulatory commissions and federal regulatory agencies approved the merger.

The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their shares for cash, new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed by the Trustee, Mellon Bank solicited elections from participants with respect to shares of stock allocated to their accounts. Effective with the completion of the merger, units of participation in the CNG Stock Fund were converted to cash and shares of Dominion common stock based upon participants' elections (subject to the terms of the merger agreement). The fund was renamed the Dominion Stock Fund.

The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

8. SUBSEQUENT EVENT

On October 6, 2000, Virginia Natural Gas, Inc. was sold by Consolidated Natural Gas Company (and its successor Dominion Resources, Inc.) to AGL Resources, Inc. (AGL). Effective with the sale of VNG stock to AGL, all assets in the Plan were transferred to AGL's thrift 401(k) plan.

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VIRGINIA NATURAL GAS, INC.
EMPLOYEE SAVINGS PLAN

SUPPLEMENTAL SCHEDULE AS OF JUNE 30, 2000
SCHEDULE H, ITEM 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

Description	Cost	Current Value
Dominion Resources, Inc., Common Stock	$1,674,996	$1,770,437
Interest in CNG Master Trust		
CNG Diversified Equity Fund	138,192	141,228
Money Market Fund	-	-
Fixed Investment Stable Value Fund	2,039,645	2,092,423
	2,177,837	2,233,651
Common/Collective Trusts		
EB Daily Liquidity Fund	11,921	11,921
Conservative Balanced Fund	90	96
Moderate Balanced Fund	60,744	64,028
Growth Balanced Fund	79,347	79,743
	152,102	155,788
Mutual Funds		
Masterworks S&P 500 Index Fund	96,530	101,793
Pimco Total Return Fund	2,857	2,896
T. Rowe Price International Income Stock Fund	77,921	76,612
One Group Small Stock Fund	31,600	31,846
	208,908	213,147
Total Assets Held for Investment	$4,213,843	$4,373,023

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VIRGINIA NATURAL GAS, INC.
EMPLOYEE SAVINGS PLAN

SUPPLEMENTAL SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

<TABLE>

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Shares/ Par Value	Security Description	Transaction Expense
<S>	<C>	<C>
Single Transactions in Excess of Five Percent of Plan Assets		
23,793.00	Dominion Res. Inc. Common Stock*	$ -
501,744.44	EB Temporary Investment Fund, variable rate 12/31/2099 DD 04/25/97	$ -
537,249.83	EB Temporary Investment Fund, variable rate 12/31/2099 DD 04/25/97	
501,744.44	BSDT - Late Money Deposit Account DD 06/26/1997	$ -
501,744.44	BSDT - Late Money Deposit Account DD 06/26/1997	$ -

<CAPTION>

Shares/ Par Value	Security Description	Transaction Expense
<S>	<C>	<C>
Series of Transactions in Excess of Five Percent of Plan Assets		
48,097.00	Dominion Res. Inc. Common Stock*	$ -
6,462.00	Dominion Res. Inc. Common Stock*	$ -
877,079.15	EB Temporary Investment Fund	$ -
865,158.22	EB Temporary Investment Fund	$ -
606,843.53	BSDT - Late Money Deposit Account	$ -
606,843.53	BSDT - Late Money Deposit Account	$ -

</TABLE>

* A party-in-interest as defined by ERISA

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One):

X ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the fiscal year ended June 30, 2000.

or

_______ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the transition period from _________ to _________________.

Commission File number 333-95795

S. Full title of the plan and the address of the plan, if different from that of the issuer named below:

VIRGINIA NATURAL GAS, INC. HOURLY SAVINGS PLAN

T. Name of issuer of the securities held pursuant of the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.
P.O. Box 26532
120 Tredegar Street
Richmond, VA 23261

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VIRGINIA NATURAL GAS, INC.
HOURLY SAVINGS PLAN
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Statements of Net Assets Available for Benefits as of June 30, 2000 and 1999

Statement of Changes in Net Assets Available for Benefits for the Year Ended June 30, 2000

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Supplemental Schedules as of and for the Year Ended June 30, 2000:

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INDEPENDENT AUDITORS' REPORT

To the Trustee and Participants of the
Virginia Natural Gas, Inc. Hourly Savings Plan

We have audited the accompanying statement of net assets available for benefits of the Virginia Natural Gas, Inc. Hourly Savings Plan (the Plan) as of June 30, 2000 and the related statement of changes in net assets available for benefits for the year ended June 30, 2000. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of June 30, 1999 were audited by other auditors whose

report, dated April 7, 2000 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of June 30, 2000, and the changes in net assets available for benefits for the year ended June 30, 2000 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan's management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2000 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP
Richmond, Virginia
December 20, 2000

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VIRGINIA NATURAL GAS, INC.
HOURLY SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

<TABLE>
<CAPTION>

<S>	<C>
Assets:	
Investments (Notes 2 and 3):	
Temporary investments	$
CNG Common stock	
Dominion Common stock	2,
Common/Collective Trusts	
Mutual Funds	
Interest in Master Trust	1,
Loans to participants	

Total investments	5,

Receivables:	

Dividends and interest	
Other	

Total receivables	

Cash	

Total Assets	5,

Liabilities:	
Accounts payable	
Accrued administrative expenses	

Total Liabilities	

Net Assets Available for Benefits	$ 5,
	====

</TABLE>

The accompanying notes are an integral part of these financial statements.

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VIRGINIA NATURAL GAS, INC.
HOURLY SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED JUNE 30, 2000

Additions:	
Investment income:	
Dividend	$ 79,819
Interest	25,238
Net appreciation in fair value of investments	353,341
Master Trust dividends and interest	365,260
Total investment income	823,658
Contributions:	
Participant (Note 1)	543,458
Participating company (Note 1)	221,496
Total contributions	764,954
Total additions	1,588,612
Deductions:	
Benefits paid to participants	210,111
Total deductions	210,111

Net increase before transfers	1,378,501
Transfer of participants' assets from the Plan to other plans	255,104
Net increase	1,123,397
Net assets available for benefits:	
Beginning of year	4,321,019
End of year	$5,444,416

The accompanying notes are an integral part of these financial statements.

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VIRGINIA NATURAL GAS, INC.
HOURLY SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN

The following description of the Virginia Natural Gas, Inc. Hourly Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

a. GENERAL - The Plan is a defined contribution plan and is the successor to the Virginia Power Hourly Employee Savings Plan, which was sponsored by Virginia Electric and Power Company (a subsidiary of Dominion Resources, Inc. (DRI). The employer is a wholly owned subsidiary of Consolidated Natural Gas Company (the Company or CNG). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Employee and employer contributions are made pursuant to the terms of the plan and are held in funds administered by the Trustees under two declarations of trust, i.e., the Long-Term Thrift Trust and the Short-Term Thrift Trust (the Trusts).

The Trusts are maintained in accordance with the Plan's provision to provide for the custody and investment of employee and employer contributions. They are administered by individual trustees (the Trustee) who are appointed by and serve at the pleasure of the Company for a term of three years. The Trustees are employed by and are officers of various subsidiaries of the Company and serve without compensation from the Plan or Trusts. Custody of Plan assets resides with Mellon Bank, N.A. who also serves as the Plan's Trustee.

b. CONTRIBUTIONS - Under the Plan, participants may contribute not less than 2% and not more than 16% (15% for participants with thirty or more years of service) of their earnings each pay period, in increments of 1%. If the participant elects that his employer make pretax contributions on his behalf, such contributions cannot exceed 10%, in increments of 1%, of his earnings each pay period subject to applicable Internal Revenue Code

(IRC) limitations.

c. PARTICIPANT ACCOUNTS - Each participant's account includes the effect of the participant's contributions and withdrawals, as applicable, and allocations of the Company's contributions, Plan earnings, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. Forfeited balances of terminated participants' non-vested accounts are used to reduce future employer contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

Retired participants may elect to receive an amount equal to their vested Long-Term Thrift Trust account balance either in a lump sum or in installments. For terminations other than retirements, participants can only receive their vested Long-Term Thrift Trust account balance as a lump sum distribution. Upon termination and retirement, participants can only receive their Short-Term Thrift Trust account balance as a lump sum distribution.

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d. PARTICIPANTS - Each employee is eligible to participate in the Plan on an entirely voluntary basis. The participants in the Plan are union-eligible hourly employees of Virginia Natural Gas, Inc. (the Employer). Participation by an employee becomes effective immediately upon completion and delivery to the Employer (or the Company) of an authorization form furnished by the Employer.

e. VESTING - Participants immediately vest in their contributions and earnings thereon. Participants vest in the Employer's matching contribution and related earnings based upon years of continuous service and are fully vested after five years of credited service. The Employer's matching contribution is based upon the participant's contribution rate and length of service.

f. INVESTMENT OPTIONS - Upon enrollment in the Plan, a participant may direct contributions in any option (except the loan fund) in 1% increments totaling to 100%. Investment options are valued daily. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. Prior to July 1, 1999, participants could invest in 1) Company common stock, 2) General Investments Fund, 3) Conservative Balanced Fund, 4) Moderate Balanced Fund and/or 5) Growth Balanced Fund. Effective July 1, 1999, the Plan provides for employee and employer contributions to be invested in the following:

Short-Term Thrift Trust

(1) Interest in CNG Master Trust:

CNG Short Term Money Market Fund - The Money Market Fund invests primarily in U.S. Treasury Bills, U.S. Treasury Notes, corporate notes, commercial paper, floating rate notes and repurchase agreements.

Long-Term Thrift Trust

(1) Common Stock:

Dominion Resources, Inc. (Dominion) Stock Fund - All investments are in Dominion common stock or cash equivalent investments for partial shares. The fund became effective as of February 1, 2000.

(2) Interest in CNG Master Trust:

CNG Stock Fund - The fund invested primarily in shares of CNG common stock. Participants purchased units of participation in the CNG Stock Fund continuously or from funds transferred from other investment options. Dividends on Company common stock held in the CNG Stock Fund were invested in additional units of the CNG Stock Fund and credited to participants' accounts. The fund ceased operations as of February 1, 2000.

Fixed Investment Stable Value Fund - The fund invests in group annuity contracts with one or more insurance companies and other short term fixed income securities. Investments under the contracts mature at various intervals. The interest rates, credited daily to participants' accounts, represent a composite of the income earned

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under the contracts with the insurance companies and the revenue earned from short-term fixed income securities.

Diversified Equity Fund - The fund invests primarily in the common stocks of large U.S. companies.

(3) Mutual Funds:

The Masterworks S&P 500 Index Fund - The fund invests proportionately in all or nearly all of the stocks that are included in the Standard & Poor's 500 Stock Index.

The Small Stock Fund - The fund invests in stocks of small to mid-sized U.S. companies.

The International Equity Fund - The fund invests in stocks of companies outside the U.S.

The Intermediate Bond Fund - The fund invests primarily in fixed income securities of various maturities such as obligations of the U.S. Government, corporate debt securities, mortgage and other asset-backed securities and money market investments.

(4) Common/Collective Trusts:

The Conservative Balanced Fund, The Moderate Balanced Fund and the Growth Balanced Fund - These funds are common/collective trusts and each is designed to accomplish a specific investment objective. As such, each fund has a different diversified mix of stock, bond and short-term fixed income investments.

g. PARTICIPANT LOANS - Participants are eligible to secure loans against their plan account and repay the amount over a one to five-year period. The maximum loan amount is the lesser of:

- 3 months base pay or
- 50% of the vested account balance or
- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months).

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans bear fixed interest at a rate commensurate with local prevailing rates at the time the loan is issued as determined by the Trustees.

Participants make repayments to the Plan on a monthly basis. Loan repayments, including interest, are deposited in the participant's account and invested in accordance with the participant's then current investment elections. Defaults result in a reclassification of the remaining loan balances as taxable distributions to the participants.

h. PAYMENTS OF BENEFITS - Distributions from the Plan are recorded on the valuation date when a participant's valid withdrawal request is processed by the recordkeeper. On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the

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participant's vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. VALUATION OF INVESTMENTS:

(1) Dominion Stock Fund - Investments in Dominion common stock are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the plan year.

(2) Investment in Consolidated Natural Gas Master Trust - The fair value of the Plan's interest in the Master Trust is based on the beginning of the year value of the Plan's interest in the Master Trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the Master Trust, with the exception of the trust's investment in the Fixed Investment Stable Value Fund.

Investments in the Fixed Investment Stable Value Fund are stated at contract value, which approximates market value. Contract value represents contributions and income earned in the fund, less withdrawals. The fair market value of the contracts approximates the contract value.

The CNG Stock Fund was stated at market value. Company common stock was purchased for participants on the open market, directly from the Company, and in certain circumstances, as shares or fractional shares from terminating employees' Plan and Employee Stock Ownership Plan accounts and other stockholders. Such shares or fractional shares were allocated among the accounts of participants directing the Trustees to purchase Company common stock.

(3) Mutual Funds - Investments in mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

(4) Common/Collective Trusts - Investments in common/collective trust funds (funds) are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank (or trust company) sponsoring such funds by

dividing the fund's net assets by its units outstanding at the valuation dates.

b. INVESTMENT INCOME - Dividend income is recognized on the ex-dividend date. Dividends received on all shares of company stock are reinvested in additional shares of Dominion common stock (previously in shares of CNG common stock).

Diversified Equity Fund units of the Long-Term Thrift Trust are prorated to participants based on the unit value calculated at the end of each day.

Realized gains and losses on the sale of investments are determined using the average cost method.

Net investment income from mutual fund holdings includes dividend income and realized and unrealized appreciation/depreciation.

c. EXPENSES - The Plan's expenses are accrued as incurred and paid by the Plan, as provided by the Plan document.

d. USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make

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estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

e. RECLASSIFICATIONS - The Plan has adopted SOP 99-3 "Accounting and Reporting of Certain Defined Contribution Benefit Plan Investments and Other Disclosure Matters". As a result, reclassifications have been made to eliminate the by-fund disclosure as previously required.

f. CONCENTRATION OF INVESTMENTS - Included in the Plan's net assets available for benefits at June 30, 2000, are investments in Dominion common stock amounting to approximately $2.4 million whose value could be subject to change based upon market conditions.

3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets available for benefits:

	June 30, 2000	June 30, 1999
Capital Guardian Growth Fund	$ 546,007	$ -
Fixed Investment Stable Fund	1,141,485	1,057,924
Dominion Common Stock	2,400,357	-
S&P 500 Index Fund	437,098	-
CNG Stock Fund	-	2,332,355

During July 1, 1999 through June 30, 2000, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $353,341 as follows:

4. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

5. PLAN INTEREST IN CONSOLIDATED NATURAL GAS MASTER TRUST

A portion of the Plan's investments are in a Master Trust which was established for the investment of assets of the Plan and the thrift plans of other subsidiaries of the Company. The assets of the Master Trust are held by Mellon Bank, N.A., as Trustee of the fund. Each participating thrift plan has an undivided interest in the Master Trust. The assets and income, including net appreciation (depreciation) in fair value of plan assets, are allocated to the participating plans based on each plan's proportionate share of the units of participation held in the fund each month. As of June 30, 2000 and 1999, the Plan's interest in the net assets of the Master Trust was approximately .2% and 0%, respectively, with varying interests in each of the funds.

<PAGE>

The following table presents the value of the undivided investments (and related investment income) in the Master Trust.

	June 30, 2000	June 30, 1999
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Short-Term Money Market Fund	5,748,098	4,418,433
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Total	$544,960,097	$615,875,275

	2000	1999
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Dividends	12,629,671	11,490,054
Net appreciation in fair value of investments	50,562,484	21,608,256
Total	$ 86,266,923	$ 47,052,761

a) The Fixed Investment Stable Value Fund holds investments in an interest bearing cash fund and in fully benefit-responsive insurance investment contracts and separate investment accounts. Insurance contracts and accounts are included in the financial statement at contract value as reported by the various insurance companies. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment in this fund at contract value.

There are no reserves against contract values for credit risks of the

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The Plan is a qualified employees' profit sharing trust under Sections 401(a) and 401(k) of the IRC and, as such, is exempt from federal income taxes under Section 501(a). Pursuant to Section 402(a) of the IRC, a participant is not taxed on the income and pretax contributions allocated to the participant's account until such time as the participant or the participant's beneficiaries receive distributions from the Plan.

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The merger agreement called for a two-step merger process. The first step, the First Merger, allowed shareholders of Dominion common stock to elect to exchange their shares for cash, new Dominion shares or a combination of cash and shares. The second step, the Second Merger, allowed shareholders of CNG common stock to elect to exchange their old shares for cash or new Dominion shares (at a prescribed formula) or a combination of cash and shares.

As directed by the Trustee, Mellon Bank solicited elections from participants with respect to shares of stock allocated to their accounts. Effective with the completion of the merger, units of participation in the CNG Stock Fund were converted to cash and shares of Dominion common stock based upon participants' elections (subject to the terms of the merger agreement). The fund was renamed the Dominion Stock Fund.

The merger was finalized on January 28, 2000 and results were posted to participants' accounts on February 14, 2000.

8. SUBSEQUENT EVENT

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VIRGINIA NATURAL GAS, INC.
HOURLY SAVINGS PLAN

SUPPLEMENTAL SCHEDULE AS OF JUNE 30, 2000
SCHEDULE H, ITEM 4(i): SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

Description	Cost	Current Value
Dominion Resources, Inc., Common Stock	$2,269,639	$2,400,357
Interest in CNG Master Trust		
CNG Diversified Equity Fund	148,448	154,874
Money Market Fund	43,231	43,231
Fixed Investment Stable Value Fund	1,112,991	1,141,486
	1,304,670	1,339,591
Common/Collective Trusts		
EB Daily Liquidity Fund	15,430	15,430
Conservative Balanced Fund	92,558	99,493
Moderate Balanced Fund	237,809	269,424
Growth Balanced Fund	470,376	546,007
	816,173	930,354
Mutual Funds		
Masterworks S&P 500 Index Fund	427,980	437,098
Pimco Total Return Fund	9,249	9,273
T. Rowe Price International Income Stock Fund	39,569	42,109
One Group Small Stock Fund	39,266	42,195
	516,064	530,675
Loans to Participants	245,965	245,965
Total Assets Held for Investment	$5,152,511	$5,446,942

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VIRGINIA NATURAL GAS, INC.
HOURLY SAVINGS PLAN

SUPPLEMENTAL SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS

<TABLE>
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Shares/ Par Value	Security Description	Transaction Expense	C Pu

<S> <C> <C> <C>

Single Transactions in Excess of Five Percent of Plan Assets

46,208.00	Dominion Res. Inc. Common Stock*	$ -	$
518,255.56	EB Temporary Investment Fund Variable Rate 12/31/2099 DD 4/25/1997	$ -	$
560,268.77	EB Temporary Investment Fund Variable Rate 12/31/2099 DD 4/25/1997	$ -	$
518,255.56	BSDT - Late Money Deposit Account Variable Rate DD 6/26/1997	$ -	$
518,255.56	BSDT - Late Money Deposit Account Variable Rate DD 6/26/1997	$ -	$

</TABLE>

* A party-in-interest as defined by ERISA

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VIRGINIA NATURAL GAS, INC.
HOURLY SAVINGS PLAN

SUPPLEMENTAL SCHEDULE FOR THE YEAR ENDED JUNE 30, 2000
SCHEDULE H, ITEM 4(j): SCHEDULE OF REPORTABLE TRANSACTIONS - (continued)

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Shares/ Par Value	Security Description	Transaction Expense	C Pu
<S>	<C>	<C>	<C>
Series of Transactions in Excess of Five Percent of Plan Assets			
61,405.00	Dominion Res. Inc. Common Stock*	$ -	$ 2
4,700.00	Dominion Res. Inc. Common Stock*	$ -	$
17,957.12	Masterworks S&P 500 Index Fund	$ -	$
	Masterworks S&P 500 Index Fund	$ -	$
	EB Temporary Investment Fund	$ -	$
	Variable Rate 12/31/2075 DD 4/25/1997	$ -	$ 1
	EB Temporary Investment Fund Variable Rate 12/31/2075 DD 4/25/1997	$ -	
	BSDT - Late Money Deposit Account	$ -	$
	BSDT - Late Money Deposit Account	$ -	$
8,633.02	CG Balanced Strategy Growth Fund	$ -	$
2,644.10	CG Balanced Strategy Growth Fund	$ -	

</TABLE>

* A party-in-interest as defined by ERISA

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FORM 11-K
For the Fiscal Year Ended June 30, 2000

EXHIBIT INDEX

Exhibit		Page
Exhibit 99 (i)	Independent auditor's consent for the System Thrift Plan of Consolidated Natural Gas Company and its participating Subsidiaries for Employees who are not Represented by a Recognized Union (filed herewith)	
Exhibit 99(ii)	Independent auditor's consent for the Thrift Plan of CNG Transmission Corporation and Hope Gas, Inc. for Employees Represented by the United Gas Workers Union, Local NO. 69 - Division II, SEIU, AFL-CIO (filed herewith)	
Exhibit 99(iii)	Independent auditor's consent for the Thrift Plan of the East Ohio Gas Company for Employees Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO (filed herewith)	
Exhibit 99(iv)	Independent auditor's consent for the Thrift Plan of Peoples Natural Gas Company for Employees Represented by the United Gas Workers Union, Local 69 - Division I, SEIU, AFL-CIO (filed herewith)	
Exhibit 99(v)	Independent auditor's consent for the Virginia Natural Gas, Inc. Employee Savings Plan (filed herewith)	
Exhibit 99(vi)	Independent auditor's consent for the Virginia Natural Gas, Inc. Hourly Savings Plan (filed herewith)	

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Exhibit 99(i)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-95795 of Dominion Resources, Inc. on Form S-8 of our report dated December 20, 2000, appearing in this Annual Report on Form 11-K of System Thrift Plan of Consolidated Natural Gas Company and its Participating Subsidiaries for Employees who are not Represented by a Recognized Union for the year ended June 30, 2000.

Deloitte & Touche LLP
Richmond, Virginia

December 21, 2000

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Exhibit 99(ii)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-95795 of Dominion Resources, Inc. on Form S-8 of our report dated December 20, 2000, appearing in this Annual Report on Form 11-K of Thrift Plan of CNG Transmission Corporation and Hope Gas, Inc. for Employees Represented by the United Gas Workers Union, Local No. 69 - Division II, SEIU, AFL-CIO for the year ended June 30, 2000.

Deloitte & Touche LLP
Richmond, Virginia
December 21, 2000

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Exhibit 99(iii)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-95795 of Dominion Resources, Inc. on Form S-8 of our report dated December 20, 2000, appearing in this Annual Report on Form 11-K of Thrift Plan of East Ohio Gas Company for Employees Represented by the Natural Gas Workers Union, Local 555, SEIU, AFL-CIO for the year ended June 30, 2000.

Deloitte & Touche LLP
Richmond, Virginia
December 21, 2000

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Exhibit 99(iv)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-95795 of Dominion Resources, Inc. on Form S-8 of our report dated December 20, 2000, appearing in this Annual Report on Form 11-K of Thrift Plan of The Peoples Natural Gas Company for Employees Represented by the Gas Workers Union, Local 69 - - Division I, SEIU, AFL-CIO for the year ended June 30, 2000.

Deloitte & Touche LLP
Richmond, Virginia
December 21, 2000

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Exhibit 99(v)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement No. 333-95795 of Dominion Resources, Inc. on Form S-8 of our report dated December 20, 2000, appearing in this Annual Report on Form 11-K of Virginia Natural Gas, Inc. Employees Savings Plan for the year ended June 30, 2000.

Deloitte & Touche LLP
Richmond, Virginia
December 21, 2000

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Exhibit 99(vi)

INDEPENDENT AUDITORS' CONSENT

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95795 of Dominion Resources, Inc. on Form S-8 of our report dated December 20, 2000, appearing in this Annual Report on Form 11-K of Virginia Natural Gas, Inc. Hourly Savings Plan for the year ended June 30, 2000.

Deloitte & Touche LLP
Richmond, Virginia
December 21, 2000

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                STATE OF INCORPORATION:                 VA
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                STATE:                  VA
                ZIP:                    23219
                BUSINESS PHONE:         8048192000

        MAIL ADDRESS:
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<B><I><FONT SIZE=4>For the quarterly period ended September 30, 2000</P>
</B></I><P>or</P>
<P>/ /&#9;</FONT>Transition Report pursuant to Section 13 or 15(d) of the Securitie
<I><FONT SIZE=4>For the transition period from _____ to ______</P>
</I><P>Commission file number 1-8489</P>
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</FONT><I><FONT SIZE=2>(State of incorporation)</P>
</I></FONT><FONT SIZE=4><P ALIGN="RIGHT">120 Tredegar Street<BR>
Richmond, Virginia 23219<BR>
</FONT><I><FONT SIZE=2>(Address of principal executive offices) (Zip Code)</P>
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registrant was required to file such reports) and (2) has been subject to such fili
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<TD WIDTH="13%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">$ 1.935</FONT></TD>
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<P>The accompanying notes are an integral part of the Consolidated Financial Statem
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
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<B><U><FONT SIZE=2><P ALIGN="CENTER">1999*</P>
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<TR><TD WIDTH="68%" VALIGN="TOP" COLSPAN=2>
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<P> </TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">$17,780</U></FONT></TD>
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<FONT SIZE=2><P ALIGN="JUSTIFY">__________________</P>
<P ALIGN="JUSTIFY">The accompanying notes are an integral part of the Consolidated
<P ALIGN="JUSTIFY">* The Balance Sheet at December 31, 1999 has been derived from t
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">CONSOLIDATED BALANCE SHEETS</P>
<P ALIGN="CENTER">LIABILITIES AND SHAREHOLDERS' EQUITY</P>
</B></U><P ALIGN="CENTER"> </P></FONT>
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<U>2000<BR>
</U>Unaudited</B></FONT></TD>
<TD WIDTH="15%" VALIGN="TOP" HEIGHT=33>
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<U>1999*</P>
</U><P ALIGN="CENTER">As Restated</P>
<P ALIGN="CENTER">(Note E)</B></FONT></TD>
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<TR><TD WIDTH="71%" VALIGN="TOP">
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</TR>
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<TR><TD WIDTH="71%" VALIGN="TOP">
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<TD WIDTH="14%" VALIGN="TOP">
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<TR><TD WIDTH="71%" VALIGN="TOP">
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<P> </TD>
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<FONT SIZE=2><P ALIGN="JUSTIFY">Deferred income taxes</FONT></TD>
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<TD WIDTH="15%" VALIGN="TOP">
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<TD WIDTH="15%" VALIGN="TOP">
<P> </TD>
</TR>
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<TD WIDTH="14%" VALIGN="TOP">
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<TR><TD WIDTH="71%" VALIGN="TOP">
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<P> </TD>
<TD WIDTH="15%" VALIGN="TOP">
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<TR><TD WIDTH="71%" VALIGN="TOP">
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<TR><TD WIDTH="71%" VALIGN="TOP">
<FONT SIZE=2><P>Virginia Power preferred stock not subject to mandatory redemption<
<TD WIDTH="14%" VALIGN="TOP">
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<U><FONT SIZE=2><P ALIGN="RIGHT">509</U></FONT></TD>
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<TD WIDTH="15%" VALIGN="TOP">
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</TR>
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<FONT SIZE=2><P ALIGN="RIGHT">16 </FONT></TD>
<TD WIDTH="15%" VALIGN="TOP">
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<TR><TD WIDTH="71%" VALIGN="TOP">
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<TD WIDTH="15%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">__<U>(15)</U></FONT></TD>
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<TD WIDTH="15%" VALIGN="TOP">
<U><FONT SIZE=2><P ALIGN="RIGHT">$17,780</U></FONT></TD>
</TR>
</TABLE>

<FONT SIZE=2><P ALIGN="JUSTIFY">The accompanying notes are an integral part of the
<P>* The Balance Sheet at December 31, 1999 has been derived from the audited Conso
<P ALIGN="JUSTIFY">**As described in Note (H) to Notes To Consolidated Financial St
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">CONSOLIDATED STATEMENTS OF CASH FLOWS</P>
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September 30,</B></FONT></TD>
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<TD WIDTH="12%" VALIGN="TOP">
<B><U><FONT SIZE=2><P ALIGN="CENTER">1999</U><BR>
As Restated (Note E)</B></FONT></TD>
</TR>
<TR><TD WIDTH="24%" VALIGN="TOP" COLSPAN=3>
<B><FONT SIZE=2><P ALIGN="CENTER">(Millions)</B></FONT></TD>
</TR>
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<TD WIDTH="15%" VALIGN="TOP" COLSPAN=2>
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<TD WIDTH="15%" VALIGN="TOP" COLSPAN=2>
<P> </TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">465 </U></FONT></TD>
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<TR><TD WIDTH="76%" VALIGN="TOP">
<B><FONT SIZE=2><P>Cash flows from (used in) investing activities:</B></FONT></TD>
<TD WIDTH="9%" VALIGN="TOP">
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<FONT SIZE=2><P>Nonutility capital expenditures</FONT></TD>
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<FONT SIZE=2><P>Loan originations</FONT></TD>
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<TD WIDTH="15%" VALIGN="TOP" COLSPAN=2>
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<TR><TD WIDTH="76%" VALIGN="TOP">
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<TR><TD WIDTH="76%" VALIGN="TOP">
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<TD WIDTH="9%" VALIGN="TOP">
<P> </TD>
<TD WIDTH="15%" VALIGN="TOP" COLSPAN=2>
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<B><FONT SIZE=2><P>Net cash flows used in investing activities</B></FONT></TD>
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<B><FONT SIZE=2><P>Cash and cash equivalents at end of period</B></FONT></TD>
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<B><FONT SIZE=2><P>Noncash transactions from investing and financing activities: </
</B><P>Noncash (stock issuance) portion of CNG acquisition <U>$3,527</P>
</U><P>The accompanying notes are an integral part of the Consolidated Financial St
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">CONSOLIDATED STATEMENTS OF CHANGES IN OTHER COMPREHENSIVE INCOME<
</U><P ALIGN="CENTER">(UNAUDITED)</P></B></FONT>
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<B><FONT SIZE=2><P ALIGN="CENTER">September 30,</B></FONT></TD>
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<B><FONT SIZE=2><P ALIGN="CENTER">(Millions)</B></FONT></TD>
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<P> </TD>
<TD WIDTH="11%" VALIGN="TOP" COLSPAN=3>
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<TD WIDTH="10%" VALIGN="TOP">
<P> </TD>
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<TR><TD WIDTH="55%" VALIGN="TOP">
<P> </TD>
<TD WIDTH="14%" VALIGN="TOP" COLSPAN=3>
<P> </TD>
<TD WIDTH="10%" VALIGN="TOP">
<P> </TD>
<TD WIDTH="11%" VALIGN="TOP" COLSPAN=3>
<P> </TD>
<TD WIDTH="10%" VALIGN="TOP">
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<TD WIDTH="10%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">$(5)</FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">$ (2)</U></FONT></TD>
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<TD WIDTH="11%" VALIGN="TOP" COLSPAN=3>
<U><FONT SIZE=2><P ALIGN="RIGHT">6 </U></FONT></TD>
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<TD WIDTH="10%" VALIGN="TOP">
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<FONT SIZE=2><P ALIGN="RIGHT">(5)</FONT></TD>
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<TR><TD WIDTH="55%" VALIGN="TOP">
<FONT SIZE=2><P>Increase (decrease) in other comprehensive income</FONT></TD>
<TD WIDTH="14%" VALIGN="TOP" COLSPAN=3>
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<TD WIDTH="10%" VALIGN="TOP">
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<TD WIDTH="11%" VALIGN="TOP" COLSPAN=3>
<FONT SIZE=2><P ALIGN="RIGHT">11 </FONT></TD>
<TD WIDTH="10%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">(15)</FONT></TD>
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<TR><TD WIDTH="55%" VALIGN="TOP">
<FONT SIZE=2><P>Accumulated other comprehensive income at beginning of period</FONT
<TD WIDTH="14%" VALIGN="TOP" COLSPAN=3>
<U><FONT SIZE=2><P ALIGN="RIGHT">(13)</U></FONT></TD>
<TD WIDTH="10%" VALIGN="TOP">
<U><FONT SIZE=2><P ALIGN="RIGHT">(19)</U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">(15)</U></FONT></TD>
<TD WIDTH="10%" VALIGN="TOP">
<U><FONT SIZE=2><P ALIGN="RIGHT">(20)</U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">$(4)</U></FONT></TD>
<TD WIDTH="10%" VALIGN="TOP">
<U><FONT SIZE=2><P ALIGN="RIGHT">$(35)</U></FONT></TD>
</TR>
</TABLE>
</CENTER></P>

<FONT SIZE=2><P>The accompanying notes are an integral part of the Consolidated Fin
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
<OL TYPE="A">

<P ALIGN="CENTER"><LI>INTERIM REPORTING POLICIES</LI></P></OL>

</U><P ALIGN="JUSTIFY">NATURE OF OPERATIONS</P>
<P ALIGN="JUSTIFY">General Organization and Legal Description</P>
</B><P ALIGN="JUSTIFY">Dominion Resources, Inc. (Dominion or the Company) is a hold
acquisition on January 28, 2000, Consolidated Natural Gas Company (CNG). </P>
<P ALIGN="JUSTIFY">Virginia Power is a regulated public utility engaged in the gene
electricity to retail customers (including governmental agencies) and to wholesale
electricity and purchases and sales of natural gas, and is developing trading relat
<P ALIGN="JUSTIFY">CNG operates in all phases of the natural gas industry, includin
```

million residential, commercial, industrial and transportation customers in Ohio, P
use customers in the Midwest, the Mid-Atlantic and the Northeast states. CNG's expl
investments in energy activities in Latin America and Australia. However, these int
<P ALIGN="JUSTIFY">The Company's other major subsidiaries are Dominion Energy, Inc.
is engaged in natural gas exploration, production and storage. DCI is Dominion's fi
for a discussion of management's strategy to exit and windup DCI's businesses as or
<B><P ALIGN="JUSTIFY">GENERAL</P>
</B><P ALIGN="JUSTIFY">In the opinion of Dominion's management, the accompanying un
30, 2000, the results of operations for the three-month and nine-month periods ende
<P ALIGN="JUSTIFY">These Consolidated Financial Statements should be read in conjun
filed on January 27, 2000.</P>
<P ALIGN="JUSTIFY">The Consolidated Financial Statements include the accounts of Do
<P ALIGN="JUSTIFY">The preparation of financial statements in conformity with gener
contingent liabilities at the date of the financial statements and the reported amo
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">The results of operations for the interim periods are not ne
expense recovery and other factors.</P>
<P ALIGN="JUSTIFY">Certain amounts in the 1999 financial statements have been recla
<P ALIGN="JUSTIFY">Under Statement of Financial Accounting Standards (SFAS) No. 128
share when compared to the calculation of basic earnings per share. This reduction
million of stock options to purchase common shares because they are antidilutive. T
<B><P ALIGN="JUSTIFY">Segment Reporting</P>
</B><P ALIGN="JUSTIFY">Under SFAS No. 131, <I>Disclosure About Segments of an Enter
<P ALIGN="JUSTIFY">On March 3, 2000, Dominion announced a new business structure th
three principal business units:</P>

<UL>
<P ALIGN="JUSTIFY"><LI>Dominion Energy manages Dominion's 20,000-megawatt generatio
and arbitrage activities; and gas pipeline and storage operations.</LI></P>
<P ALIGN="JUSTIFY"><LI>Dominion Delivery manages and directs all local electric and

<P ALIGN="JUSTIFY"><LI>Dominion Exploration & Production manages Dominion's ons
selected regions in the lower 48 states and Canada. </LI></P></UL>

<P ALIGN="JUSTIFY">In addition to the business segments mentioned above, Dominion a

<UL>
<P ALIGN="JUSTIFY"><LI>the financial services businesses of DCI; and </LI></P>
<P ALIGN="JUSTIFY"><LI>Corporate Operations.</LI></P></UL>

<P ALIGN="JUSTIFY">The Corporate Operations category includes:</P>

<UL>
<P ALIGN="JUSTIFY"><LI>corporate costs of Dominion's holding company,</LI></P>
<P ALIGN="JUSTIFY"><LI>Corby Power (UK) operations, prior to its sale on September
<P ALIGN="JUSTIFY"><LI>intercompany eliminations, </LI></P>
<P ALIGN="JUSTIFY"><LI>restructuring and acquisition related costs (see Note (C)),<
<P ALIGN="JUSTIFY"><LI>extraordinary item recorded in the first quarter of 1999(see
<P ALIGN="JUSTIFY"><LI>cumulative effect of a change in the method of accounting fo
<P ALIGN="JUSTIFY"><LI>impairment and re-valuation of DCI's assets (see Note (O)).<

<P ALIGN="JUSTIFY">While Dominion manages its daily operations as described above,
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P> </P>
<B><P>(B) <U>ACQUISITIONS</P>
</U><P>CONSOLIDATED NATURAL GAS</P>
<P>General</P>
</B><P ALIGN="JUSTIFY">On January 28, 2000, Dominion acquired CNG's shares of outst
for the acquisition of CNG's operations that are not subject to cost-based rate reg
businesses that are subject to cost-based rate regulation, Dominion has accounted f

```
<P ALIGN="JUSTIFY">The allocation of the purchase price has been assigned to assets
evaluations. The excess of the purchase price over the fair value of CNG's operatio
adjustment of $3.5 billion. The acquisition adjustment is being amortized on a stra
amortization associated with the acquisition adjustment had been recognized. The re
<P ALIGN="JUSTIFY">The allocation of the purchase price provided for the estimated
See Note (I) to Consolidated Financial Statements. In addition, the allocation of t
($31 million) and seismic licensing agreements ($26 million).</P>
<P ALIGN="JUSTIFY">The Company may make adjustments during 2000 to the allocation o

<UL>

<UL>
<LI>actuarial valuations of CNG's pension and other postretirement benefit plan obl
<LI>proceeds realized from the disposition of Net Assets Held for Sale. See Note (I
</UL>

<P ALIGN="JUSTIFY">The following unaudited pro forma combined results of operations
results are provided for information only. The results are not necessarily indicati
operations of the combined companies.</P>
<P> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
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<P><FONT SIZE=2>(millions, except per share amounts)</FONT></TD>
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Ended<BR>
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Ended<BR>
<U>September 30, 1999</U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="CENTER">Pro Forma</U></FONT></TD>
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<TD WIDTH="16%" VALIGN="TOP" HEIGHT=14><P></P></TD>
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Income before extraordinary item and cumulative effect of a change in accounting pr
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Income before extraordinary item and cumulative effect of a change in accounting pr
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1.32</FONT></TD>
<TD WIDTH="15%" VALIGN="TOP">
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1.42</FONT></TD>
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2.56</FONT></TD>
<TD WIDTH="16%" VALIGN="TOP">
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1.61</FONT></TD>
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<TR><TD WIDTH="37%" VALIGN="TOP">
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<FONT SIZE=2><P>1.24</FONT></TD>
<TD WIDTH="16%" VALIGN="TOP">
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<TR><TD WIDTH="37%" VALIGN="TOP">
<FONT SIZE=2><P>Average Shares - Diluted</FONT></TD>
<TD WIDTH="18%" VALIGN="TOP">
<FONT SIZE=2><P>234.5</FONT></TD>
<TD WIDTH="15%" VALIGN="TOP">
<FONT SIZE=2><P>239.6</FONT></TD>
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<FONT SIZE=2><P>192.3</FONT></TD>
<TD WIDTH="16%" VALIGN="TOP">
<FONT SIZE=2><P>238.4</FONT></TD>
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</TABLE>

<B><FONT SIZE=2><P>(C)     <U>RESTRUCTURING</P>
</B></U></FONT><FONT FACE="Courier New" SIZE=2><P>&#9;</P>
</FONT><B><FONT SIZE=2><P ALIGN="JUSTIFY">General</P>
</B><P ALIGN="JUSTIFY">During the first quarter of 2000, Dominion acquired CNG. As
addition, Dominion and its subsidiaries developed and began the implementation of a

<UL>
<P ALIGN="JUSTIFY"><LI>an involuntary severance program;</LI></P>
<P ALIGN="JUSTIFY"><LI>a transition plan to implement operational changes to provid
<P ALIGN="JUSTIFY"><LI>a voluntary early retirement program (the ERP).</LI></P></UL

<P ALIGN="JUSTIFY">For the three and nine month periods ended September 30, 2000, D
<B><P ALIGN="CENTER">Restructuring Liability Recognized At September 30, 2000</P>
</B><P ALIGN="JUSTIFY">Dominion established a comprehensive involuntary severance p
termination. In addition, severance payments are being provided to employees at DCI
restructuring plans, approximately 770 employee positions at Dominion and its subsi
terminations. Through September 30, 2000, the estimated expense and related liabili
employees having less years of service and lower monthly base pay than originally <
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">estimated. This revision was offset in part by the recogniti
third quarter of 2000. At September 30, 2000, approximately 600 positions had been
<P ALIGN="JUSTIFY">A reconciliation of the severance liability for the third quarte
<TABLE CELLSPACING=0 BORDER=0 CELLPADDING=7 WIDTH=462>
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<P><FONT SIZE=2>(millions)</FONT></TD>
<TD WIDTH="23%" VALIGN="TOP" COLSPAN=3>
<B><FONT SIZE=2><P ALIGN="CENTER">Three Months Ended September 30, <U>2000</B></U><
<TD WIDTH="25%" VALIGN="TOP">
<B><FONT SIZE=2><P ALIGN="CENTER">Nine Months Ended September 30, <U>2000</B></U></
```

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<FONT SIZE=2><P>Beginning balance</DIR>
</FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">$38 </FONT></TD>
<TD WIDTH="29%" VALIGN="TOP" COLSPAN=2>
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<TR><TD WIDTH="58%" VALIGN="TOP" COLSPAN=2><DIR>

<FONT SIZE=2><P>Amounts accrued</DIR>
</FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="CENTER">          5</FONT></TD>
<TD WIDTH="29%" VALIGN="TOP" COLSPAN=2>
<FONT SIZE=2><P ALIGN="RIGHT">$79 </FONT></TD>
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<TR><TD WIDTH="58%" VALIGN="TOP" COLSPAN=2><DIR>

<FONT SIZE=2><P>Increase (decrease) in estimates</DIR>
</FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">1 </FONT></TD>
<TD WIDTH="29%" VALIGN="TOP" COLSPAN=2>
<FONT SIZE=2><P ALIGN="RIGHT">(20)</FONT></TD>
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<TR><TD WIDTH="58%" VALIGN="TOP" COLSPAN=2><DIR>

<FONT SIZE=2><P>Amounts paid</DIR>
</FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
<U><FONT SIZE=2><P ALIGN="RIGHT">(9)</U></FONT></TD>
<TD WIDTH="29%" VALIGN="TOP" COLSPAN=2>
<U><FONT SIZE=2><P ALIGN="RIGHT">(24)</U></FONT></TD>
</TR>
<TR><TD WIDTH="58%" VALIGN="TOP" COLSPAN=2><DIR>

<FONT SIZE=2><P>Ending Balance</DIR>
</FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
<U><FONT SIZE=2><P ALIGN="RIGHT">$35 </U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">$35 </U></FONT></TD>
</TR>
</TABLE>

<B><FONT SIZE=2><P ALIGN="JUSTIFY">Other Restructuring and Acquisition-related Cost
</B><P ALIGN="JUSTIFY">During the first quarter of 2000, Dominion implemented a new
aggregate energy portfolio, including the related commodity price risk, across its
Dominion management believes this new structure should result in a more effective r
<P ALIGN="JUSTIFY">As part of the implementation of the new strategy, management ev
portfolio of derivative contracts that existed at January 28, 2000 as held for purp
balance sheet with any future unrealized gains and losses included in the determina
quarter of 2000. Up<B><I> </B></I>to the date that the offsetting contracts were en
offsetting contracts,<I> </I>absent any not yet identified future losses from credi
<B><P ALIGN="JUSTIFY">Early Retirement Program </P>
</B><P ALIGN="JUSTIFY">On January 28, 2000, Dominion announced an early retirement
retirement option provides up to three additional years of age and three additional
salaried employees and employees covered by several collective bargaining agreement
Dominion's other participating subsidiaries, qualifying employees who had attained
<P ALIGN="CENTER"> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
```

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<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">During the second quarter of 2000, approximately 860 employe
million attributable to reductions in expected future years of service as a result
the involuntary severance package are subject to reduction as a result of coordinat
<B><P>DCI Restructuring</P>
</B><P ALIGN="JUSTIFY">As a result of the CNG acquisition, Dominion is a registered
registered holding company to engage in activities unrelated to its utility operati
divestiture has not been adopted, the SEC allowed three years to complete the dives
<P ALIGN="JUSTIFY">During the second quarter, management adopted a strategy to exit
wind up affairs. At this time, the Company does not have a formal plan of disposal
certain assets and businesses during the second quarter of 2000 and impairment loss
portions of its financial services and real estate businesses. As of September 30,
factors and included in Restructuring and Other Acquisition-Related Costs. These ch
 </P>
<P ALIGN="JUSTIFY">As the planned exit strategies at DCI are implemented, additiona
<B><P ALIGN="JUSTIFY">Divestitures</P>
</B><P ALIGN="JUSTIFY">As a result of the CNG acquisition and Dominion's desire to
Dominion completed the sale of its 80% interest in Corby Power Limited (Corby) to P
miles north of London, England. The sale of Corby resulted in an after-tax gain of
<B><P ALIGN="JUSTIFY">Other</P>
</B><P ALIGN="JUSTIFY">Restructuring and Other Acquisition-related Costs during the
employees to retain their services during the post-merger transition period, amount
<P ALIGN="JUSTIFY">technology systems and operations integration costs. The informa
<P ALIGN="JUSTIFY">Dominion may incur additional charges relating to restructuring
modifying or terminating leases due to closing of duplicate or excess facilities, t
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<U><P ALIGN="JUSTIFY"> </P>
</U><P>(D)     <U>EXTRAORDINARY ITEM </P>
</B></U><P ALIGN="JUSTIFY">In 1999, the Governor of Virginia signed into law legisl
retail customer choice beginning at that time. Under this legislation, Virginia Pow
legislation's deregulation of generation required discontinuation of SFAS No. 71, <
generation-related assets and reversal of previously deferred investment tax credit
for recognition of regulatory assets and liabilities as defined by SFAS No. 71 and
<P ALIGN="JUSTIFY">For further discussion of the impact of deregulation in Virginia
Statements included in Dominion's Annual Report on Form 10-K for the year ended Dec
<B><P>(E)   <U>ACCOUNTING CHANGES</P>
</U><P ALIGN="JUSTIFY">Accounting for Pension Cost</P>
</B><P ALIGN="JUSTIFY">During the quarter ended September 30, 2000, Dominion adopte
pension cost. Under the new method, the market related value of plan assets would r
used different methods to determine the "calculated value" of market related value
period. The former CNG method calculated the market related value of plan assets as
period. Dominion believes that the new method is preferable to continuing to use ei
and losses, and results in calculated market related plan asset values that are clo
<P ALIGN="JUSTIFY">The $21 million cumulative effect of the change on prior years (
increase net income $7 million ($0.03 per share-basic and diluted); the effect of t
share-basic and diluted) and net income $38 million ($0.16 per share-basic and dilu
<P ALIGN="JUSTIFY">Retroactive application of the new method, on a pro forma basis,
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P>The effect of this change on the quarters ended March 31, 2000 and June 30,
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<P></TD>
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<TD WIDTH="45%" VALIGN="TOP" COLSPAN=3 HEIGHT=12>
<FONT SIZE=2><P ALIGN="CENTER">Quarter Ended</FONT></TD>
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<TD WIDTH="3%" VALIGN="TOP" HEIGHT=12><P></P></TD>
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<FONT SIZE=2><P ALIGN="CENTER">March 31, 2000</FONT></TD>
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<TD WIDTH="20%" VALIGN="TOP" HEIGHT=12>
<FONT SIZE=2><P ALIGN="CENTER">June 30, 2000</FONT></TD>
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<TD WIDTH="45%" VALIGN="TOP" COLSPAN=3 HEIGHT=16>
<FONT SIZE=2><P ALIGN="CENTER">(millions)</FONT></TD>
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<TR><TD WIDTH="52%" VALIGN="TOP" HEIGHT=20>
<FONT SIZE=2><P>Net income(loss) - as reported</FONT></TD>
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<TD WIDTH="22%" VALIGN="TOP" HEIGHT=20>
<FONT SIZE=2><P>&#9;$ 141</FONT></TD>
<TD WIDTH="3%" VALIGN="TOP" HEIGHT=20><P></P></TD>
<TD WIDTH="20%" VALIGN="TOP" HEIGHT=20>
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<TD WIDTH="3%" VALIGN="TOP" HEIGHT=20><P></P></TD>
<TD WIDTH="22%" VALIGN="TOP" HEIGHT=20>
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<P>&#9; (99)</FONT></TD>
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<FONT SIZE=2><P ALIGN="JUSTIFY">                  <U>21</U></FONT></TD>
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<FONT SIZE=2><P>          <U>          - </U></FONT></TD>
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<TR><TD WIDTH="52%" VALIGN="TOP" HEIGHT=20>
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<FONT SIZE=2><P>Per share amounts (basic and fully diluted)</FONT></TD>
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<TD WIDTH="20%" VALIGN="TOP" HEIGHT=20><P></P></TD>
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<P>&#9; .65</FONT></TD>
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<TD WIDTH="20%" VALIGN="TOP" HEIGHT=20>
<FONT SIZE=2><P>              <U>$ (.42)</U></FONT></TD>
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<B><FONT SIZE=2><P>Accounting for Oil and Gas Activities</P>
</B><P ALIGN="JUSTIFY">Effective with the acquisition of CNG on January 28, 2000, D
activities, which were primarily directed toward development and exploitation rathe
<P ALIGN="JUSTIFY">While DEI's previous method of accounting was in accordance with
<P ALIGN="JUSTIFY">Company believes that the full cost method of accounting is pref

<P ALIGN="JUSTIFY">production business and consists of substantial investments in e
associated with the discovery and development of oil and gas reserves. It is antici
full cost method of accounting by DEI. In addition to being the preferable method o
```

```
<P ALIGN="JUSTIFY">the intended combined exploration and production operations of D
Dominion's peer group.</P>
<P ALIGN="JUSTIFY">In accordance with Accounting Principles Board Opinion No. 20, <
of 2000 and on income as previously reported for 1999 is immaterial in relation to
<P> </P>
<P> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">The balances of retained earnings for 1999 and 2000 have bee
<B><P>(F) <U>COMMON STOCK</P>
</B></U><P ALIGN="JUSTIFY">At September 30, 2000, there were 500,000,000 shares of
</FONT>
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<U><FONT SIZE=2><P ALIGN="CENTER">September 30</U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="CENTER">September 30</U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="CENTER">2000</U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="CENTER">1999</U></FONT></TD>
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<FONT SIZE=2><P>Dominion Direct </FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">437,284</FONT></TD>
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<FONT SIZE=2><P>Employee Savings and Incentive Plans</FONT></TD>
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<TR><TD WIDTH="37%" VALIGN="TOP">
<FONT SIZE=2><P>Stock Issued to CNG Shareholders</FONT></TD>
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<FONT SIZE=2><P>Stock Exchanged for Cash-Reorganization</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">(32,893,919) </FONT></TD>
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<FONT SIZE=2><P>Stock Repurchase</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">(4,904,845)</FONT></TD>
<TD WIDTH="17%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">(3,715,700)</FONT></TD>
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<TR><TD WIDTH="37%" VALIGN="TOP">
<FONT SIZE=2><P>Other</FONT></TD>
<TD WIDTH="14%" VALIGN="TOP" COLSPAN=2>
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<U><FONT SIZE=2><P ALIGN="RIGHT">1,841,131 </U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">140,139 </U></FONT></TD>
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<FONT SIZE=2><P>Total Shares Issued (Purchased)</FONT></TD>
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<TD WIDTH="16%" VALIGN="TOP">
<U><FONT SIZE=2><P ALIGN="RIGHT">52,565,866 </U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">(3,575,561)</U></FONT></TD>
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<FONT SIZE=2><P ALIGN="JUSTIFY">Immediately before the CNG acquisition, Dominion co
issued approximately 87 million shares of common stock to CNG shareholders. </P>
<B><P ALIGN="JUSTIFY">(G) <U>PREFERRED STOCK </P>
</B></U><P ALIGN="JUSTIFY">Dominion is authorized to issue up to 20 million shares
<P ALIGN="JUSTIFY">As of September 30, 2000, Virginia Power's total number of autho
preferred stock not subject to mandatory redemption. During the nine months ended S
<B><P ALIGN="JUSTIFY">(H) <U>COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SEC
</B></U><P ALIGN="JUSTIFY">In December 1997, Dominion established Dominion Resource
beneficial ownership in the assets held by DR Capital Trust.</P>
<P ALIGN="JUSTIFY">Dominion issued $258 million of 7.83% Junior Subordinated Debent
securities, which are held by Dominion, represent the remaining 3% beneficial owner
</FONT><FONT FACE="Courier New" SIZE=2><P ALIGN="CENTER"> </P>
</FONT><B><U><FONT SIZE=2><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">In 1995, Virginia Power established Virginia Power Capital T
beneficial ownership in the assets held by VP Capital Trust.</P>
<P ALIGN="JUSTIFY">Virginia Power issued $139 million of its 1995 Series A, 8.05% J
<P ALIGN="JUSTIFY">Capital Trust. The common securities, which are held by Virginia
<B><P ALIGN="JUSTIFY">(I) <U>NET ASSETS HELD FOR SALE</B></U> </P>
<P ALIGN="JUSTIFY">At September 30, 2000, the Company's net assets held for sale ac
<P ALIGN="JUSTIFY">CNG is required to spin-off or sell VNG pursuant to conditions s
Dominion. On May 8, 2000, Dominion and CNG reached an agreement with AGL Resources
Company completed the sale of VNG to AGL Resources Inc. Cash proceeds from the sale
<P ALIGN="JUSTIFY">As mentioned above, the Company's net assets held for sale also
investments in Australia and Argentina. After Dominion acquired CNG in the first qu
the United States oil and gas markets. </P>
<P ALIGN="JUSTIFY">During the second quarter of 2000, Dominion also completed its a
price allocable to CNG International. As a result, the carrying amount for Net Asse
<P ALIGN="JUSTIFY">On July 7, 2000, Sempra Energy International, a subsidiary of Se
Sempra Energy International for $145 million in cash. After considering taxes, no g
<P ALIGN="JUSTIFY">Approximately $1 million representing VNG and CNG International'
held for sale. In addition, net assets held for sale include approximately $32 mill
<B><P ALIGN="JUSTIFY">(J) <U>RECENTLY ISSUED ACCOUNTING STANDARDS</B></U> </P>
<P ALIGN="JUSTIFY">In June 2000, the Financial Accounting Standards Board (FASB) is
and Hedging Activities</I>. SFAS No. 138 addresses a limited number of SFAS No. 133
</FONT><FONT FACE="Courier New" SIZE=2><P ALIGN="CENTER"> </P>
</FONT><B><U><FONT SIZE=2><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">The Company holds some commodity contracts for trading purpo
Management Activities</I>. After reviewing other contracts being used by the Compan
production and delivery of energy to its customers and involves various hedging str
expects any ineffectiveness related to its hedging strategies to primarily result f
swaps to manage its cost of capital.</P>
<P ALIGN="JUSTIFY">In light of the additional contracts that will be subject to fai
adjust stockholders' equity through other comprehensive income for effective cash f
it could be material, depending primarily on (1) market prices at January 1, 2001;
of certain power purchase contracts, which may involve further interpretation by th
<P ALIGN="JUSTIFY">In September 2000, the FASB issued SFAS No. 140<I>, Accounting f
other transfers of financial assets and extinguishments of liabilities. With certai
The Company has not yet determined the impact resulting from the adoption of this n
<B><P ALIGN="JUSTIFY">(K) <U>CONTINGENCIES</P>
</U><P ALIGN="JUSTIFY">ENVIRONMENTAL MATTERS </P>
```

<P ALIGN="JUSTIFY">General</P>
</B><P ALIGN="JUSTIFY">Dominion is subject to various federal, state and local laws
formerly owned or operated by Dominion's subsidiaries, or their predecessors. Domin
facilities to identify and resolve potential environmental matters, and Dominion co
<P ALIGN="JUSTIFY">Estimates of liability in the environmental area are based on cu
environmental liabilities may result in the future as more stringent environmental
such additional liability, or range of liability amounts, can be made. However, the
<B><P ALIGN="JUSTIFY">Virginia Power</P>
</B><P ALIGN="JUSTIFY">In 1987, the Environmental Protection Agency (EPA) identifie
</P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">estimate total remediation costs for the sites to range from
formulas and the volume of waste shipped to the sites. Virginia Power has accrued a
it is probable that the PRPs will fully pay the costs apportioned to them.</P>
<P ALIGN="JUSTIFY">Virginia Power generally seeks to recover its costs associated w
obligations. </P>
<P ALIGN="JUSTIFY">In 1999, Virginia Power was notified by the Department of Justic
Power's power stations. If, in a legal proceeding, such instances of noncompliance
negotiation and is not expected to be material to Virginia Power's financial condit
<P ALIGN="JUSTIFY">In 1999, Virginia Power identified matters at certain other powe
thereof. Presently, the EPA has not assessed any penalties against Virginia Power,
condition or results of operations.</P>
<P ALIGN="JUSTIFY">Virginia Power received a Notice of Violation (NOV) dated April
Virginia Power failed to obtain New Source Review permits prior to undertaking spec
New Source Review permit specified under the Clean Air Act. Violations of the Clean
with its generating facilities. Currently, Virginia Power is in discussions with th
various Clean Air Act matters. </P>
<P ALIGN="JUSTIFY">In July 2000, the Attorney General of New York filed a suit agai
the Clean Air Act and allege that emissions have contributed to damage to public he
suit against Virginia Power for similar violations.</P>
<B><P>CNG</P>
</B><P ALIGN="JUSTIFY">CNG is associated with 16 former manufactured gas plant site
coal tar and other potentially harmful materials. None of the 16 former sites with
known if, or to what degree, these sites may contain environmental contamination. T
</FONT><FONT FACE="Courier New" SIZE=2><P ALIGN="CENTER"> </P>
</FONT><B><U><FONT SIZE=2><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">The Pennsylvania Department of Environmental Protection (PDE
County, Pennsylvania. Dominion Transmission will settle the matter by contributing
<P ALIGN="JUSTIFY">Program (SEP) and $100,000 directly to the DEP. Under the SEP, s
<B><P ALIGN="JUSTIFY">OTHER</P>
<P ALIGN="JUSTIFY">Dominion </P>
</B><P ALIGN="JUSTIFY">Dominion has issued guarantees to various third party credit
subject to such guarantees totaled $1.3 billion.</P>
<B><P ALIGN="JUSTIFY">DEI and CNG</P>
</B><P ALIGN="JUSTIFY">Under agreements associated with certain energy venture subs
<B><P ALIGN="JUSTIFY">DCI</P>
</B><P ALIGN="JUSTIFY">As of September 30, 2000, DCI had commitments to fund loans
<P ALIGN="JUSTIFY">For additional information regarding Contingencies, see Note (Q)
<B><P ALIGN="JUSTIFY">(L) <U>LONG-TERM DEBT AND LINES OF CREDIT</P>
</B></U><P ALIGN="JUSTIFY">Dominion and its subsidiaries have credit agreements wit
At September 30, 2000, $1.7 billion was borrowed under such agreements. The credit
30, 2000. A total of $300 million of commercial paper was classified as long-term a
financing of the CNG acquisition and operational needs at Dominion and its subsidia
<P ALIGN="JUSTIFY">In June 2000, Dominion established a $1.75 billion credit facili
paragraph above, replaced:</P>

<UL>
<P ALIGN="JUSTIFY"><LI>$300 million Dominion Second Amended and Restated Short Term
<P ALIGN="JUSTIFY"><LI>$200 million Virginia Electric and Power Company Amended and
<P ALIGN="JUSTIFY"><LI>$1 billion Consolidated Natural Gas Company Credit Agreement

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<P ALIGN="JUSTIFY"><LI>$400 million Dominion Energy, Inc. Multi-Currency Credit Agr

<P ALIGN="JUSTIFY">The credit facility will allow aggregate borrowings by Virginia
Dominion may borrow up to $750 million.</P>
<P ALIGN="JUSTIFY">Dominion issued $700 million of 10-year fixed rate debt in June
from the $700 million note. </P>
<P ALIGN="CENTER"> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">In July 2000, Dominion issued an additional $1.1 billion in
notes are fixed at 7.625% and 7.60%, respectively. The proceeds from the issuance w
<P>In August 2000, DCI obtained a $900 million variable rate term loan funded by a

<UL>
<LI>$400 million multi-year revolver and applicable letters of credit were terminat
<LI>$400 million DCI commercial paper program was terminated and the outstanding ba
<LI>$100 million Rincon commercial paper program was terminated and the outstanding
<LI>approximately $190 million of intercompany debt with Dominion was repaid.</LI><

<P>In September 2000, Dominion issued three tranches of remarketable notes. The thr

<UL>
<LI>$200 million, 7.40% fixed rate, Series D Notes, with a remarketing date of Sept
<LI>$250 million, 7.82% fixed rate, Series E Notes, with a remarketing date of Sept
<LI>$250 million, variable rate, Series F Notes, with a remarketing date of Septemb

<P ALIGN="JUSTIFY">In October, Dominion entered into a swap agreement to synthetica
refinance a portion of its outstanding short-term debt issued in connection with th
<P ALIGN="JUSTIFY">In September, 2000, Virginia Power issued through the Industrial
used to finance qualifying expenditures made by Virginia Power during the construct
<B><P>Subsequent Event</P>
</B><P ALIGN="JUSTIFY">In October 2000, the Company issued $412.5 million of Premiu
issued by Dominion. The stock purchase contract will obligate the holder to purchas
note to secure the holder's obligation to purchase the common shares under the rela
debt.</P>
<B><P>(M) <U>BUSINESS SEGMENTS</P>
</B></U><P ALIGN="JUSTIFY">Dominion manages its operations along three primary busi

<UL>
<LI>The financial services businesses of DCI and </LI>
<LI>Corporate Operations.</LI></UL>

<P ALIGN="CENTER"> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">See <I>Segment Reporting </I>in Note (A) for a description o
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</B></FONT></TD>
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<BR>
Dominion <U>Delivery</B></U></FONT></TD>
<TD WIDTH="10%" VALIGN="TOP">
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<BR>
Dominion <U>Energy</B></U></FONT></TD>
<TD WIDTH="14%" VALIGN="TOP">
<B><FONT SIZE=1><P ALIGN="CENTER">Dominion Exploration </P>
<P ALIGN="CENTER">&amp; </P>
<U><P ALIGN="CENTER">Production</B></U></FONT></TD>
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DCI</B></U></FONT></TD>
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Corporate <U>Operations</B></U></FONT></TD>
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Consolidated<BR>
<U>Total</B></U></FONT></TD>
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<TR><TD WIDTH="23%" VALIGN="TOP">
<FONT SIZE=2><P>Revenues</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">$538</FONT></TD>
<TD WIDTH="12%" VALIGN="TOP" COLSPAN=2>
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<TD WIDTH="14%" VALIGN="TOP">
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<TR><TD WIDTH="23%" VALIGN="TOP">
<FONT SIZE=2><P>Net income (loss)</FONT></TD>
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<TR><TD WIDTH="23%" VALIGN="TOP">
<FONT SIZE=2><P>Total assets at </P>
<P>September 30, (billions)</FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">$7.6</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">$3.5</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">$3.3</FONT></TD>
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<TR><TD WIDTH="23%" VALIGN="TOP">
<FONT SIZE=2><P>Revenues</FONT></TD>
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<TD WIDTH="13%" VALIGN="TOP">
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<B><FONT SIZE=2><P>Nine Months Ended September 30</B>,</FONT></TD>
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</TR>
<TR><TD WIDTH="23%" VALIGN="TOP">
<FONT SIZE=2><P>Revenues</FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
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<TD WIDTH="12%" VALIGN="TOP" COLSPAN=2>
<FONT SIZE=2><P ALIGN="RIGHT">$3,492</FONT></TD>
<TD WIDTH="14%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">$946</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">$(77)</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">$6,479 </FONT></TD>
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<TR><TD WIDTH="23%" VALIGN="TOP">
<FONT SIZE=2><P>Net income (loss)</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">$260</FONT></TD>
<TD WIDTH="12%" VALIGN="TOP" COLSPAN=2>
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<TD WIDTH="14%" VALIGN="TOP">
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<FONT SIZE=2><P>Revenues</FONT></TD>
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<TR><TD WIDTH="23%" VALIGN="TOP">
<FONT SIZE=2><P>Net income (loss) </FONT></TD>
<TD WIDTH="13%" VALIGN="TOP">
<FONT SIZE=2><P ALIGN="RIGHT">$151</FONT></TD>
<TD WIDTH="12%" VALIGN="TOP" COLSPAN=2>
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<FONT SIZE=2><P ALIGN="CENTER"> </P>
<B><P>(N) <U>Risk Management - Oil and Gas Operations</P>
</B></U><P ALIGN="JUSTIFY">Dominion has implemented a new hedging strategy for its
including the related commodity price risk, across its consolidated operations. Pre
new structure should result in a more effective risk management approach with the o
<P ALIGN="JUSTIFY">As part of the implementation of the new strategy, management ev
portfolio of derivative contracts that existed at January 28, 2000 as held for purp
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">carried at fair value in the balance sheet with any future u
portfolio that would not be settled during the first quarter of 2000. Up<B><I> </B>
included in Restructuring and Other Acquisition-related Costs. Due to the offsettin
settlements of approximately $56 million is reported in Deferred Credits and Other
<P ALIGN="JUSTIFY">During the first quarter of 2000, Dominion and its subsidiaries
the hedging portfolio should generally be offset by future sales revenue from oil a
<B><P>(O) <U>Dominion Capital or DCI - IMPAIRMENT OF ASSETS</P>
</B></U><P>Dominion Capital or DCI is a diversified financial services company. Its

<UL>
<LI>First Source Financial, LLP (First Source), a provider of financial services to
<LI>First Dominion Capital LLC, (First Dominion Capital) an integrated merchant ban
<LI>Saxon Mortgage, Inc. and its affiliates (Saxon), are involved in the originatio
<LI>Dominion Lands, a developer of real estate projects.</LI></UL>

<P ALIGN="JUSTIFY">With the acquisition of CNG, Dominion became a registered public
businesses (not functionally related to the public utility business). As a result,
September 30, 2000, no formal plan of divestiture had been adopted, but Dominion ha
<P ALIGN="JUSTIFY">During the second quarter, management began the process to devel
long as necessary to wind up affairs. However, the Company does not have a formal p
```

<P>After considering the factors underlying the exit strategies and reevaluations d
respectively, in the Consolidated Statements of Income. These amounts were recorded

<UL>
<P ALIGN="JUSTIFY"><LI>a $106 million impairment at Saxon concerning its interest-o
<P ALIGN="JUSTIFY"><LI>additional provisions of $36 million for loan losses applica
<P ALIGN="JUSTIFY"><LI>a $46 million loss in value in venture capital equity and ot
<P ALIGN="JUSTIFY"><LI>a $49 million impairment loss related to its investment in F
<P ALIGN="JUSTIFY"><LI>a $54 million impairment was recorded with respect to certai

<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">On September 27, 2000, Dominion Capital sold First Dominion
<P ALIGN="JUSTIFY">On October 6, 2000, Dominion Capital announced that it plans to
of closings which began in mid-October and are expected to be completed in the four
<P ALIGN="JUSTIFY">On October 11, 2000, Dominion Capital securitized $716 million o
sold to an unconsolidated special purpose loan securitization trust, First Source L
First Source will manage the financial assets of the CLO. Under SFAS No. 125, <I>Ac
exchange.</P>
<P>Dominion Capital expects to close on another CLO in the first quarter of 2001. I
<P ALIGN="JUSTIFY">Dominion's exit strategy for Dominion Lands, DCI's real estate d
actively seek and consider offers that would expedite Dominion's exit from these pr
proceeds from the sale.</P>
<P ALIGN="JUSTIFY">As a result of the sale of First Dominion Capital's asset manage
Capital's loan portfolio, Dominion reevaluated the provision for loan losses and ha
<B><P>(P) <U>SUBSEQUENT EVENTS</P>
</U><P>Divestitures</P>
</B><P ALIGN="JUSTIFY">On October 6, 2000, Dominion completed the sale of VNG to AG
Commission and Federal Trade Commission in connection with their approval of the ac
<P ALIGN="JUSTIFY">After Dominion acquired CNG in the first quarter of 2000, CNG co
gas markets. On July 7, 2000, Sempra Energy International, a subsidiary of Sempra E
Energy International. For additional information of the sale of CNG International,
<B><U><P ALIGN="CENTER"> </P>
<P ALIGN="CENTER"> </P>
<P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<P>(Q) <U>ACQUISITIONS</P>
</B></U><P ALIGN="JUSTIFY">Dominion has reached an agreement to acquire Millstone N
purchase price of approximately $1.3 billion, including approximately $1.19 billion
of 1,954 Mw of generating capacity. Unit 1 is being decommissioned and is no longer
<P ALIGN="JUSTIFY">Dominion plans to finance the acquisition on a short-term basis
April 2001, following regulatory approvals which include approvals from the Nuclear
additional owners of minority portions of the station are headquartered.</P>
<P ALIGN="JUSTIFY">On August 1, 2000, Dominion Exploration & Production, Inc. (
including nine producing locations, proved undeveloped locations, and four probable
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</B></U><P ALIGN="JUSTIFY">This Management's Discussion and Analysis of Financial C
discussions as to expectations, beliefs, plans, objectives and future financial per
(and their respective cautionary statements) discussed elsewhere in this report, th
results or outcomes to differ materially from those expressed in the forward-lookin
<P ALIGN="JUSTIFY">The business and financial condition of Dominion are influenced
conditions in the Company's service areas, governmental policies, legislative and r
the Department of Energy, the Nuclear Regulatory Commission, various state regulato
materially from those discussed in the forward-looking statements include changes i
electric and gas deregulation, competition for new energy development opportunities
Company of its strategy to provide telecommunications service, acquisition and disp
cost of purchased power, nuclear decommissioning costs, exposure to changes in the
predict, contain uncertainties that may materially affect actual results, and may b
each such factor on Dominion.</P>
<P ALIGN="JUSTIFY">Any forward-looking statement speaks only as of the date on whic

```
which such statement is made. </P>
<B><U><P ALIGN="JUSTIFY">Business Segments</P>
</B></U><P ALIGN="JUSTIFY">On March 3, 2000, Dominion announced a new business stru
Company's operating segments, see Segment Reporting in Note (A) to Consolidated Fin
<P ALIGN="JUSTIFY">In general, Dominion has structured its Management's Discussion
are currently evaluated based on existing legal entities rather than the operating
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<U><P ALIGN="CENTER">RESULTS OF OPERATIONS</P>
</U><P>THIRD QUARTER 2000 VERSUS THIRD QUARTER 1999 </P>
</B><P>This section provides variance explanations for the consolidated and busines
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<B><P>Net Income and Basic Earnings Per Share</B></FONT></TD>
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<B><FONT SIZE=2><P ALIGN="CENTER">Three Months Ended September 30,</B></FONT></TD>
</TR>
<TR><TD WIDTH="27%" VALIGN="TOP" COLSPAN=4 HEIGHT=15>
<B><FONT SIZE=2><P ALIGN="CENTER">Net Income</B></FONT></TD>
<TD WIDTH="19%" VALIGN="TOP" COLSPAN=4 HEIGHT=15>
<B><FONT SIZE=2><P ALIGN="CENTER">Earnings Per Share</B></FONT></TD>
</TR>
<TR><TD WIDTH="54%" VALIGN="TOP">
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<TD WIDTH="46%" VALIGN="TOP" COLSPAN=8>
<B><U><FONT SIZE=2><P ALIGN="CENTER">(millions, except per share amounts)</B></U></
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<B><U><FONT SIZE=2><P ALIGN="CENTER">1999</B></U></FONT></TD>
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<FONT SIZE=2><P>Dominion Exploration &amp; Production</FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">(7)</U></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">(0.04)</U></FONT></TD>
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<FONT SIZE=2><P>Average shares of common stock -basic</FONT></TD>
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<FONT SIZE=2><P>__________________</P>
<P>The results of operations for the interim periods are not necessarily indicative
<B><P>Dominion - Consolidated </P>
</B><P ALIGN="JUSTIFY">This section gives a general overview of the results of oper
<P ALIGN="JUSTIFY">Net income increased by $25 million. The increase was primarily
earnings contributions were offset by the following:</P>

<UL>
<P ALIGN="JUSTIFY"><LI>restructuring and other acquisition-related costs;</LI></P>
<P ALIGN="JUSTIFY"><LI>the amortization of the acquisition adjustment associated wi
<P ALIGN="JUSTIFY"><LI>increased interest expense primarily associated with the fin

<P ALIGN="JUSTIFY">The prior period comparison is also affected by the fact that Do
<P ALIGN="JUSTIFY">Revenues, exclusive of CNG's business activities, decreased by a
power and gas marketing and trading activities. </P>
<P ALIGN="JUSTIFY">Operating expenses, exclusive of CNG's business activities, decr
Dominion Energy and Dominion Delivery. </P>
<P ALIGN="JUSTIFY">Fixed charges, increased by $131 million due to the interest exp
<P ALIGN="JUSTIFY">Results of operations for the period also reflect the cumulative
 </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">method of calculating the market related value of plan asset
periodic pension cost. The cumulative effect of this accounting change as of Januar
<B><P>Dominion Energy</P>
</B><P ALIGN="JUSTIFY">The business segment Dominion Energy includes primarily the
<P ALIGN="JUSTIFY">Dominion Energy's net income increased by $51 million. The addit
decrease in total operating expenses offset, in part, by a decrease in revenues as
<P ALIGN="JUSTIFY">Revenues decreased reflecting: </P>

<UL>
<P ALIGN="JUSTIFY"><LI>the impact of comparatively mild weather on sales of electri
<P ALIGN="JUSTIFY"><LI>no revenues from foreign generation in 2000 due to the sale

<P ALIGN="JUSTIFY">Operating expenses decreased because of a decline in operation a

<UL>
<P ALIGN="JUSTIFY"><LI>timing of planned outages in 2000 as compared to 1999; and <
<P ALIGN="JUSTIFY"><LI>no operating expenses from the Latin American generation uni

<B><P ALIGN="JUSTIFY">Dominion Delivery</P>
</B><P ALIGN="JUSTIFY">The business segment Dominion Delivery consists primarily of
<P ALIGN="JUSTIFY">Dominion Delivery's net income increased by $25 million. Dominio
<P ALIGN="JUSTIFY">Revenues declined due to the impact of comparatively milder weat
in the third quarter of 1999 due to the damage caused by Hurricanes Dennis and Floy
<B><P ALIGN="JUSTIFY">Dominion Exploration &amp; Production</P>
</B><P ALIGN="JUSTIFY">Dominion Exploration &amp; Production consists of the gas an
<P ALIGN="JUSTIFY">Dominion Exploration &amp; Production's net income increased by
<B><P ALIGN="JUSTIFY">Corporate Operations</P>
</B><P ALIGN="JUSTIFY">Net income decreased by $101 million primarily due to the in
<B><P> </P>
<P> </P>
<U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<P>NINE MONTHS ENDED SEPTEMBER 30, 2000 VERSUS NINE MONTHS ENDED SEPTEMBER 30, 1999
</B><P>This section provides variance explanations for the consolidated and busines
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<B><FONT SIZE=2><P ALIGN="CENTER">Nine Months Ended September 30,</B></FONT></TD>
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<U><FONT SIZE=2><P ALIGN="RIGHT">(1.37)</U></FONT></TD>
</TR>
<TR><TD WIDTH="54%" VALIGN="TOP">
<FONT SIZE=2><P>Consolidated</FONT></TD>
<TD WIDTH="20%" VALIGN="TOP" COLSPAN=2>
<U><FONT SIZE=2><P ALIGN="RIGHT">$ 330 </U></FONT></TD>
<TD WIDTH="7%" VALIGN="TOP" COLSPAN=2>
<U><FONT SIZE=2><P ALIGN="RIGHT">$ 238 </U></FONT></TD>
<TD WIDTH="7%" VALIGN="TOP" COLSPAN=2>
<U><FONT SIZE=2><P ALIGN="RIGHT">$1.42 </U></FONT></TD>
<TD WIDTH="13%" VALIGN="TOP" COLSPAN=2>
<U><FONT SIZE=2><P ALIGN="RIGHT">$1.24 </U></FONT></TD>
</TR>
<TR><TD WIDTH="54%" VALIGN="TOP">
<P> </TD>
<TD WIDTH="20%" VALIGN="TOP" COLSPAN=2>
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<TD WIDTH="7%" VALIGN="TOP" COLSPAN=2>
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<TD WIDTH="13%" VALIGN="TOP" COLSPAN=2>
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</TR>
<TR><TD WIDTH="54%" VALIGN="TOP">
<FONT SIZE=2><P>Average shares of common stock - basic</FONT></TD>
<TD WIDTH="20%" VALIGN="TOP" COLSPAN=2>
<FONT SIZE=2><P ALIGN="RIGHT">233.1 </FONT></TD>
<TD WIDTH="7%" VALIGN="TOP" COLSPAN=2>
<FONT SIZE=2><P ALIGN="RIGHT">192.3 </FONT></TD>
<TD WIDTH="7%" VALIGN="TOP" COLSPAN=2>
<P> </TD>
<TD WIDTH="13%" VALIGN="TOP" COLSPAN=2>
<P> </TD>
</TR>
</TABLE>

<B><FONT SIZE=2><P>Dominion - Consolidated</B> </P>
<P>This section gives a general overview of the results of operations for the conso
<P>Net income increased by $92 million due to:</P>

<UL>
<LI>an extraordinary loss recorded in the first quarter 1999 (see Note (D)); </LI>
<LI>the cumulative effect of a change in accounting principle which resulted in a b
<LI>the earnings contributions of CNG's businesses; and </LI>
<LI>earnings of Dominion Energy and Dominion Delivery.</LI></UL>

<P>These amounts were offset by the following charges:</P>
```

<UL>
<LI>restructuring and other related costs (see Note (C)); </LI>
<LI>impairment and re-valuation of DCI's assets (see below); </LI>
<LI>the amortization of the acquisition adjustment associated with the purchase of
<LI>the increase in interest expense primarily associated with the financing of CNG

<P ALIGN="JUSTIFY">Revenues increased by $2.2 billion during the period. The increa
attributable to a decline in non-utility revenues at Dominion Energy. The decrease
<P ALIGN="JUSTIFY">Operating expenses increased by $2.2 billion. The increase was p
maintenance expenses at Dominion Energy and Dominion Delivery. </P>
<P ALIGN="JUSTIFY">Fixed charges increased by $339 million primarily due to:</P>

<UL>
<P ALIGN="JUSTIFY"><LI>interest on the debt incurred to finance the acquisition of
<P ALIGN="JUSTIFY"><LI>interest expense of CNG; and</LI></P>
<P ALIGN="JUSTIFY"><LI>interest expense of DCI.</LI></P></UL>

<P ALIGN="JUSTIFY">Extraordinary item, net of tax consists of a charge to earnings
For more information on the extraordinary item, see Note (D) to Consolidated Financ
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">The provision for income taxes decreased due to restructurin
<B><P ALIGN="JUSTIFY">Impairment and Re-valuation of DCI's Assets</P>
</B><P ALIGN="JUSTIFY">During the second quarter, management adopted, and is in the

<P ALIGN="JUSTIFY">possibly held only as long as necessary to wind up affairs. At t
business within one year. Under this strategy, DCI re-evaluated certain assets and
million, of which $172 million was determined to be attributable to Dominion's exit
million, reduced net income by $186 million for the nine month period ended Septemb
<B><P ALIGN="JUSTIFY">Dominion Energy</P>
</B><P ALIGN="JUSTIFY">Dominion Energy's net income increased by $140 million. The
to a decrease in total operating expenses offset, in part, by a decrease in revenue
<P ALIGN="JUSTIFY">Revenues decreased primarily due to:</P>

<UL>
<P ALIGN="JUSTIFY"><LI>milder weather which impacted operations in both the Virgini
<P ALIGN="JUSTIFY"><LI>lower net revenue associated with power and gas marketing an
<P ALIGN="JUSTIFY"><LI>absence of significant revenues from the Latin American gene

<P ALIGN="JUSTIFY">These reductions in revenues were offset by strong retail custom
<P ALIGN="JUSTIFY">Operating expenses decreased due to the following:</P>

<UL>
<P ALIGN="JUSTIFY"><LI>lower purchased power capacity, net reflecting the expiratio
<P ALIGN="JUSTIFY"><LI>an impairment loss recognized in the third quarter of 1999 a
<P ALIGN="JUSTIFY"><LI>lack of significant operating expenses of Latin American gen
<P ALIGN="JUSTIFY"><LI>lower depreciation and amortization expenses primarily due t
</P>
<P ALIGN="JUSTIFY"><LI>lower taxes other than income due to the accrual for a tax r

<B><P ALIGN="JUSTIFY">Dominion Delivery</P>
</B><P ALIGN="JUSTIFY">Dominion Delivery's net income increased by $109 million. Do
electric transmission services. The increase was partially offset by the unfavorabl
third quarter of 1999 and ice storms in the first quarter of 1999.</P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<P ALIGN="JUSTIFY">Dominion Exploration & Production</P>
</B><P ALIGN="JUSTIFY">Dominion Exploration & Production consists of the gas an
<P ALIGN="JUSTIFY">Dominion Exploration & Production's net income increased by

oil and gas operations and was primarily due to increased oil and gas production as
<B><P>DCI</P>
</B><P ALIGN="JUSTIFY">Net income, excluding restructuring and merger-related expen
facility and lower securitization gains.</P>
<P ALIGN="JUSTIFY">Revenues increased primarily due to higher interest income resul
higher interest rates and increased loan loss provisions.</P>
<B><P>Corporate Operations</P>
</B><P>Net income decreased by $274 million primarily due to the following:</P>

<UL>
<LI>the impact of restructuring and other acquisition-related costs; </LI>
<LI>the interest on the debt incurred to finance the acquisition of CNG; </LI>
<LI>the impairment and re-valuation of DCI assets; and </LI>
<LI>the amortization of the CNG acquisition adjustment.</LI></UL>

<B><U><P>LIQUIDITY AND CAPITAL RESOURCES</P>
</B></U><P ALIGN="JUSTIFY">Certain activities discussed under Liquidity and Capital
specific operating segments as appropriate. This section is organized as follows:</
<OL>

<LI>Cash Flows From Operating Activities</LI>
<LI>Cash Flows From Financing Activities</LI>
<LI>Cash Flows From Investing Activities</LI></OL>

<P>Within each of these sections is a discussion of the following legal entities:</

<UL>
<LI>Dominion - Consolidated </LI>
<LI>Virginia Power </LI>
<LI>DEI </LI>
<LI>DCI </LI>
<LI>CNG</LI></UL>

<B><P>1. Cash Flows From (To) Operating Activities</P>
</B><P>This section provides a discussion of any material changes that occurred whe
<P> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><U><P ALIGN="JUSTIFY">DOMINION - CONSOLIDATED</U> Cash flows from operating act

<U><P ALIGN="JUSTIFY">VIRGINIA POWER</U> Cash flows from operating activities incre
<P ALIGN="JUSTIFY">DEI</U><B> </B>Cash flows from operating activities decreased by
</P>
<U><P ALIGN="JUSTIFY">DCI</U> Cash flows from operating activities increased by $14
</B><U><P ALIGN="JUSTIFY">CNG</U> Since the acquisition date of January 28, 2000, C
<B><P ALIGN="JUSTIFY">2. Cash Flows From (To) Financing Activities</P>
</B><P ALIGN="JUSTIFY">This section provides a discussion of any financing activiti
<U><P ALIGN="JUSTIFY">DOMINION - CONSOLIDATED</U> Financing activities provided cas
in Note (B) of the Consolidated Financial Statements. When Dominion issued $700 mil
<P ALIGN="JUSTIFY">In July 2000, Dominion issued an additional $1.1 billion in long
are fixed at 7.625% and 7.60%, respectively. The proceeds from the issuance were us
<P ALIGN="JUSTIFY">In June 2000, Dominion established another $1.75 billion credit

<UL>
<P ALIGN="JUSTIFY"><LI>$300 million Dominion Second Amended and Restated Short Term
<P ALIGN="JUSTIFY"><LI>$200 million Virginia Electric and Power Company Amended and
<P ALIGN="JUSTIFY"><LI>$1 billion Consolidated Natural Gas Company Credit Agreement
<P ALIGN="JUSTIFY"><LI>$400 million Dominion Energy, Inc. Multi-Currency Credit Agr

<P ALIGN="JUSTIFY">Virginia Power and CNG have access to the full $1.75 billion cre
proceeds from these borrowings are used to finance working capital requirements.</P
<P ALIGN="JUSTIFY">In September 2000, Dominion issued three tranches of remarketabl

```
<UL>
<P ALIGN="JUSTIFY"><LI>$200 million, 7.40% fixed rate, Series D Notes, with a remar
<P ALIGN="JUSTIFY"><LI>$250 million, 7.82% fixed rate, Series E Notes, with a remar
<P ALIGN="JUSTIFY"><LI>$250 million, variable rate, Series F Notes, with a remarket

<P ALIGN="JUSTIFY">In October 2000, Dominion entered into a swap agreement to synth
to refinance a portion of its outstanding short-term debt issued in connection with
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">In October 2000, the Company issued $412.5 million of Premiu
issued by Dominion. The stock purchase contract will obligate the holder to purchas
note to secure the holder's obligation to purchase the common shares under the rela
debt.</P>
<P ALIGN="JUSTIFY">As previously disclosed, since 1998 the Company has purchased sh
shares rather than shares purchased on the open market for these plans. </P>
<P>On October 20, 2000, the Board of Directors of Dominion declared a quarterly com
<U><P ALIGN="JUSTIFY">VIRGINIA POWER </U>In March 2000, Virginia Power issued $220
variable-rate notes to fixed rate debt. Under the swap agreement, Virginia Power wi
retired $366 million of outstanding debt and preferred stock.</P>
<P ALIGN="JUSTIFY">In September, 2000, Virginia Power issued through the Industrial
used to finance qualifying expenditures made by Virginia Power during the construct
<P ALIGN="JUSTIFY">Virginia Power has a commercial paper program limited to $500 mi
established by Dominion, that supports the combined commercial paper programs of Do
$200 million.</P>
<P ALIGN="JUSTIFY">Net borrowings under the commercial paper program were $374 mill
capital requirements and may vary significantly during the course of the year depen
<P ALIGN="JUSTIFY">In addition to commercial paper, Virginia Power may also issue e
million aggregate outstanding principal of ECNs. ECNs are unsecured notes expected
within 90 days or less from issuance.</P>
<P ALIGN="JUSTIFY">As of September 30, 2000, Virginia Power has available $1.62 bil
<U><P>DEI</U> Cash received from intercompany borrowings with Dominion was used to
<U><P ALIGN="CENTER"> </P>
<B><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><U><P ALIGN="JUSTIFY">DCI</U> Cash flows used in financing activities of approx
by Bank of America, N.A. The proceeds of the loan were used to retire the following

<UL>
<LI>$400 million multi-year revolver and applicable letters of credit were terminat
<LI>$400 million DCI commercial paper program was terminated and the outstanding ba
<LI>$100 million Rincon commercial paper program was terminated and the outstanding
<LI>approximately $190 million of intercompany debt with Dominion was repaid.</LI><

<U><P ALIGN="JUSTIFY">CNG</U></FONT> <FONT SIZE=2>In June 2000, Dominion establishe
Consolidated Natural Gas Company Credit Agreement. Although CNG has access to the f
borrowings are used to finance working capital requirements.</P>
<B><P>3. Cash Flows From (Used In) Investing Activities</P>
</B><P>This section provides a discussion of the investing activities that had a ma
<U><P>DOMINION - CONSOLIDATED</U><B> </B>Net cash flows used in investing activitie
cash paid as part of the acquisition of CNG.</P>
<U><P ALIGN="JUSTIFY">VIRGINIA POWER</U> Investing activities resulted in a net cas
approximately $188 million and included construction of combustion turbines, enviro
capital improvements and expenditures associated with new connections. Remaining ca
<P ALIGN="JUSTIFY">There have been no significant changes in the planned levels of
for the year ended December 31, 1999. Virginia Power expects to fund its capital re
</B><U><P ALIGN="JUSTIFY">DEI</U> Cash flows used in investing activities were appr
remaining Latin American generation investments in early 2000.</P>
<U><P>DCI</U> Cash flows used in investing activities were $32 million primarily du
<U><P ALIGN="JUSTIFY">CNG</U> Since the acquisition date of January 28, 2000, CNG's
```

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<P ALIGN="CENTER"> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<U><P>FUTURE ISSUES </P>
</U><P>DOMINION RESOURCES - CONSOLIDATED</P>
<P ALIGN="JUSTIFY">Recently Issued Accounting Standards</P>
</B><P ALIGN="JUSTIFY">In June 2000, the Financial Accounting Standards Board (FASB
Instruments and Hedging Activities</I>. SFAS No. 138 addresses a limited number of
<P ALIGN="JUSTIFY">The Company holds some commodity contracts for trading purposes
Management Activities</I>. After reviewing other contracts being used by the Compan
production and delivery of energy to its customers and involves various hedging str
expects any ineffectiveness related to its hedging strategies to primarily result f
swaps to manage its cost of capital.</P>
<P ALIGN="JUSTIFY">In light of the additional contracts that will be subject to fai
adjust stockholders' equity through other comprehensive income for effective cash f
it could be material, depending primarily on (1) market prices at January 1, 2001;
of certain purchase contracts, which may involve further interpretation by the Deri
<P ALIGN="JUSTIFY">In September 2000, the FASB issued SFAS No. 140<I>, Accounting f
other transfers of financial assets and extinguishments of liabilities. With certai
The Company has not yet determined the impact of the adoption of this new standard.
<B><P ALIGN="JUSTIFY">Restructuring and Other Acquisition-Related Charges</P>
</B><P>General</P>
<P ALIGN="JUSTIFY">Subsequent to Dominion's acquisition of CNG, Dominion and its su
and the consolidation of post-merger operations and information technology systems.
acquisition-related costs as discussed below.</P>
<P ALIGN="JUSTIFY">Workforce Reductions</P>
<P ALIGN="JUSTIFY">Under the restructuring plans, approximately 770 employee positi
for elimination. Through September 30, 2000, the Company has recorded $48 million i
a reduction from amounts originally estimated in the first quarter of 2000.</FONT>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">severance benefits for employees also receiving benefits und
recognition of a $11 million expense and liability related to the elimination of ap
eliminated, and approximately $24 million of severance benefits had been paid.</P>
<P ALIGN="JUSTIFY">During the second quarter of 2000, approximately 860 employees e
attributable to reductions in expected future years of service as a result of ERP p
involuntary severance package are subject to reduction as a result of coordination
<P ALIGN="JUSTIFY">Other Restructuring and Acquisition Related Costs</P>
<P ALIGN="JUSTIFY">In connection with the implementation of Dominion's new enterpri
accounting purposes and entered into "offsetting" contracts for those contracts in
hedging resulted in the recognition of losses of $55 million for the six months end
no additional material losses are expected to result as these derivative contracts
<P ALIGN="JUSTIFY">DCI </P>
<P ALIGN="JUSTIFY">As a result of the CNG acquisition, Dominion is a registered pub
registered holding company to engage in activities unrelated to its utility operati
divestiture has not been adopted, the SEC allowed three years for this to be accomp
<P ALIGN="JUSTIFY">During the second quarter, management adopted, and is in the pro
possibly held only as long as necessary to wind up affairs. As the planned exit str
<B><P ALIGN="JUSTIFY">Divestitures</P>
</B><P ALIGN="JUSTIFY">As a result of the CNG acquisition and Dominion's desire to
CNG International sale were completed shortly after the end of the third quarter. F
<P ALIGN="JUSTIFY">Other</P>
<P ALIGN="JUSTIFY">Dominion may incur additional charges relating to restructuring
reduce future annualized operating costs by approximately $102 million that would h
<P ALIGN="JUSTIFY">See Note (C) to Consolidated Financial Statements for further di
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<P>Telecommunications Business</P>
```

</B><P ALIGN="JUSTIFY">On July 5, 2000 the Virginia Commission approved the transfe
August 2, 2000. This transfer took place on August 1, 2000, resulting in VPS Commun
including the development of a facilities-based high-bandwidth capacity telecommuni
third-party networks. It expects future growth of its network to occur through join
investment of approximately $500 million over the next three years which includes $
<B><P>VIRGINIA POWER</P>
<P>Competition-Legislative Initiatives</P>
</B><P ALIGN="JUSTIFY">Virginia</P>
<P ALIGN="JUSTIFY">In 1999, the Governor of Virginia signed into law legislation es
the impact of this legislation and customer choice, see Note (C) to Consolidated Fi
certain technical amendments which were passed by the 2000 General Assembly and wer
<P ALIGN="JUSTIFY">In March 1998, the Virginia Commission issued an Order Establish
Electric Power-Virginia (AEP) each to design and file a retail access pilot program
<P>held. In April 2000, the Virginia Commission entered a Final Order adopting, wit
1, 2000, providing approximately 35,000 customers the ability to choose their elect
rules governing electric and gas retail pilot programs in Virginia was issued in Ma
<P ALIGN="JUSTIFY">In April 2000, the Virginia Commission entered an order proposin
<P ALIGN="JUSTIFY">generation, retail transmission, and distribution of incumbent e
separation plans with the Virginia Commission by January 1, 2001. Comments on the C
<P ALIGN="JUSTIFY">In October 2000, the Virginia Commission issued regulations gove
specific information to be included in functional separation plans filed with the V
1, 2007, unless capped rates are terminated sooner by order of the Virginia Commiss
have contracted with an alternative supplier who fails to perform, may be imposed o
</FONT><FONT FACE="Courier New" SIZE=2><P ALIGN="CENTER"> </P>
</FONT><B><U><FONT SIZE=2><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">By January 1, 2002, as required under the Act, the generatio
requirements of the Act, Virginia Power filed with the Virginia Commission an Appli

<UL>
<LI>transfer of generation assets into a separate legal entity, Dominion Generation
<LI>transfer of rights and obligations under non-utility purchased power contracts
<LI>retention of transmission and distribution assets and operations by Virginia Po
<LI>collection of nuclear decommissioning funding costs and wires charges from reta
<LI>Dominion Virginia Power to be responsible for providing capped rate service unt
<LI>Dominion Generation Corporation to supply Dominion Virginia Power with electric
<LI>upon expiration of the capped rate period, any power purchases by Dominion Virg
<LI>an index-based fuel cost recovery mechanism based on forecasted generation by f
<LI>unbundled rates to reflect the separation and deregulation of generation; </LI>
<LI>a wires charge, effective January 1, 2002, and subject to annual adjustment to
<LI>proposed internal controls to prevent cross-subsidies between regulated and unr

<LI>planned reallocation between Dominion Virginia Power and Dominion Generation Co
outstanding debt will remain unchanged.</LI></UL>

<P>The Virginia Commission is expected to act on the Plan prior to January 1, 2002.
<P ALIGN="JUSTIFY">In July 2000, the Virginia Commission issued an Order Prescribin
Legislative Transition Task Force, on or before January 1, 2001, whether metering s
Commission is also directed to develop a draft plan for implementation. Virginia Po
<P>North Carolina</P>
<P ALIGN="JUSTIFY">In April 2000, a study commission, established by the North Caro
2006, with a phase-in beginning on January 1, 2005 of up to 50% of each power suppl
extended the study commission through 2006 and added North Carolina Power's CEO, or
recommendations.</P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<P ALIGN="JUSTIFY">Competition-Regulatory Initiatives</P>
</B><P ALIGN="JUSTIFY">Virginia</P>
<P ALIGN="JUSTIFY">In July 2000, the Virginia Commission issued a Final Order promu
the elements </P>

<P ALIGN="JUSTIFY">of an RTE essential to the public interest to be applied by the
authorization to transfer the facilities, and 3) a schedule for such filings. In Oc
electric transmission facilities to the Alliance Regional Transmission Organization
<P ALIGN="JUSTIFY">In October 2000, the Virginia Commission approved Virginia Power
expect these units to be operational by June 2001.</P>
<P ALIGN="JUSTIFY">Federal</P>
<P ALIGN="JUSTIFY">In June 1999, Virginia Power, together with AEP, Consumers Energ
filed with FERC applications under Sections 205 and 203 of the Federal Power Act fo
<P ALIGN="JUSTIFY">During the first quarter of 2000, the Alliance Companies filed a
conditions and requirements. In May 2000, FERC issued an Order on Compliance Filing
The Order granted in part and denied in part the Alliance Companies' request for re
the Alliance Companies filed their further response to comply with the conditions a
<B><P ALIGN="JUSTIFY">Rate Matters</P>
</B><P ALIGN="JUSTIFY">In July 2000, the Virginia Commission issued an Order Establ
to determine avoided costs, agreed with Virginia Power's position that off system s
<B><P ALIGN="JUSTIFY">Clean Air Act Matters</P>
</B><P ALIGN="JUSTIFY">The Virginia Department of Environmental Quality (DEQ) has p
Plan to address ozone levels in Northern Virginia, which is classified as a serious
evaluated various options to optimize its ability to continue to operate these unit
</P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC</B>.</P>
<B><P ALIGN="CENTER">ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS</P>
<P ALIGN="CENTER">OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">Virginia Power recently announced the planned replacement of
combined cycle gas unit will be constructed and owned by a third party and operated
<P ALIGN="JUSTIFY">Virginia Power received a Notice of Violation (NOV) from the EPA
Storm Power Station in West Virginia. EPA alleges that each of these projects resul
General of New York filed a suit alleging similar violations of the Clean Air Act a
violations. Violations of the Clean Air Act may result in the imposition of substan
the Consolidated Financial Statements for further discussion of this matter.</P>
<P ALIGN="JUSTIFY">Currently, Virginia Power is in discussions with the EPA concern
Air Act matters.</P>
<B><P>CNG</P>
<P>Competition-Customer Choice</P>
</B><P ALIGN="JUSTIFY">Retail natural gas competition is now commonplace across sev
Ohio Gas. Pennsylvania natural gas utility customers are now entering the second ye
<B><U><P ALIGN="CENTER"> </P>
<P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">ITEM 3. QUANTITATIVE AND QUALITATIVE</P>
<P ALIGN="CENTER">DISCLOSURES ABOUT MARKET RISK</P>
<P ALIGN="CENTER">MARKET RATE SENSITIVE INSTRUMENTS AND RISK MANAGEMENT</B> </P>
</U><P ALIGN="JUSTIFY">Dominion is exposed to market risk because it utilizes finan
loss due to adverse changes in commodity prices, equity security prices, interest r
mortgage lending activities. Currency risk exists principally through DEI's investm
risk is experienced in Dominion Energy and Dominion Exploration & Production. T
<P ALIGN="JUSTIFY">Dominion uses derivative commodity instruments to hedge electric
<P ALIGN="JUSTIFY">Dominion is also exposed to price risk associated with the nonfi
<P ALIGN="JUSTIFY">Dominion uses the sensitivity analysis methodology to disclose t
earnings, fair values, or cash flows from market risk sensitive instruments over a
<P ALIGN="JUSTIFY">The matters discussed in this Item contain "forward looking stat
risks and uncertainties that may affect the future at Dominion.</P>
<B><P>Interest Rate Risk - Non-Trading Activities</P>
</B><P ALIGN="JUSTIFY">Dominion manages interest rate risk exposure by maintaining
<P ALIGN="JUSTIFY">Dominion's sensitivity analysis estimates the impact of a hypoth
outstanding at September 30, 2000, a hypothetical 10% increase in market rates woul
31, 1999, would have resulted in a decrease in annual earnings of $31 million, befo
<P ALIGN="JUSTIFY">DCI, through subsidiaries, retains ownership in the residual cla
securities on the balance sheet and total $223 million.</P>
<B><P ALIGN="JUSTIFY">Commodity Price Risk - Non-Trading Activities </P>
</B><P ALIGN="JUSTIFY">Dominion Exploration & Production (the post-merger combi
by market fluctuations, Dominion Exploration & Production generally follows a p
with those of the production being hedged. Dominion Exploration & Production en
Production also mitigates price risk by entering into fixed price sale agreements w

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<P> </P>
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">ITEM 3. QUANTITATIVE AND QUALITATIVE</P>
<P ALIGN="CENTER">DISCLOSURES ABOUT MARKET RISK</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
</B><P ALIGN="JUSTIFY">For sensitivity analysis purposes, the fair value of Dominio
gas in future periods, the volatility of the market prices in each period, as well
<P>In most instances, market prices and volatility are determined from quoted price
<P ALIGN="JUSTIFY">Dominion Exploration &amp; Production has determined a hypotheti
of the contracts based on market prices at September 30, 2000. This hypothetical 10
at December 31, 1999, an unfavorable 10% change in market prices would have resulte
<P ALIGN="JUSTIFY">The impact of a change in oil and natural gas commodity prices o
be realized when such contracts are ultimately settled. Net losses from oil and nat
<B><P ALIGN="JUSTIFY">Commodity Price Risk - Trading Activities</P>
</B><P ALIGN="JUSTIFY">As part of its strategy to market energy from its generation
changes in the prices of natural gas and electricity. Virginia Power employs establ
reduce risk by creating offsetting market positions. In addition, Virginia Power se
<P ALIGN="JUSTIFY">Based on the sensitivity analysis methodology discussed previous
market prices of the related commodity and comparing it to the fair value of the co
approximately $1 million and $5 million in the fair value of its commodity contract
<P ALIGN="JUSTIFY">The sensitivity analysis does not include the price risks associ
either nonfinancial or unquantifiable. Such risks principally include credit risk,
<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">PART II. - OTHER INFORMATION</P>
<P ALIGN="JUSTIFY">ITEM 1. LEGAL PROCEEDINGS</P>
</U><P>VIRGINIA POWER</P>
</B><P ALIGN="JUSTIFY">On July 20, 2000, the New York Attorney General filed a laws
installing appropriate emissions controls. For more detail, see Note (K) to the Con
<B><U><P>ITEM 5. OTHER INFORMATION</P>
</B></U><P ALIGN="JUSTIFY">The matters discussed in this Item may contain "forward
various risks and uncertainties that may affect the future of Dominion. </P>
<B><P>THE COMPANY</P>
</B><P>Acquisition</P>
<P ALIGN="JUSTIFY">Dominion has reached an agreement to acquire Millstone Nuclear P
price of approximately $1.3 billion, including approximately $1.19 billion for plan
Mw of generating capacity. Unit 1 is being decommissioned and is no longer in servi
market conditions, the Company expects this acquisition to be accretive to earnings
<P ALIGN="JUSTIFY">Dominion plans to finance the acquisition on a short-term basis
April 2001, following regulatory approvals which include approvals from the Nuclear
additional owners of minority portions of the station are headquartered. </P>
<P>Asset Divestiture</P>
<P>As previously reported, Dominion is divesting certain non-core assets. We have a
<P ALIGN="JUSTIFY">On October 12, 2000, Dominion completed the sale of CNG Internat
for $77 million on September 29, 2000. We previously reported the completion of the
natural gas transmission company, which will ultimately be divested. See Note (I) t
<P ALIGN="JUSTIFY">As required by regulatory approvals obtained for the CNG acquisi
2000, we closed the sale for $533 million. See Note (P) to the Consolidated Financi
<P>In total, Dominion expects to raise more than $1.5 billion from the divestiture
</FONT><B><P ALIGN="CENTER"> </P>
<U><FONT SIZE=2><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">PART II. - OTHER INFORMATION</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>
<P ALIGN="JUSTIFY"> </P>
<P>VIRGINIA POWER</P>
<P>Regulation</P>
</B><P ALIGN="JUSTIFY">Virginia</P>
<P ALIGN="JUSTIFY">In January 2000, Virginia Power filed an application with the Vi
application and the Virginia Commission approved the application in October 2000.</
<P ALIGN="JUSTIFY">In March 1998, the Virginia Commission issued an Order instructi
their electric supplier. The program will be expanded to include approximately 71,0
<P ALIGN="JUSTIFY">In July 2000, the Virginia Commission issued an Order Prescribin
Legislative Transition Task Force, on or before January 1, 2001, whether metering s
filed comments and a request for hearing in August 2000. A hearing was held on Nove
<P ALIGN="JUSTIFY">In October 2000, the Virginia Commission issued regulations gove
```

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specific information to be included in functional separation plans filed with the V
1, 2007, unless capped rates are terminated sooner by order of the Virginia Commiss
have contracted with an alternative supplier who fails to perform, may be imposed o
<P ALIGN="JUSTIFY">By January 1, 2002, as required under the Act, the generation po
of the Act, Virginia Power filed with the Virginia Commission an Application for Ap

<UL>
<LI>transfer of generation assets into a separate legal entity, Dominion Generation
<LI>transfer of rights and obligations under non-utility purchased power contracts
<LI>retention of transmission and distribution assets and operations by Virginia Po
<LI>collection of nuclear decommissioning funding costs and wires charges from reta
<LI>Dominion Virginia Power to be responsible for providing capped rate service unt
<LI>Dominion Generation Corporation to supply Dominion Virginia Power with electric
<LI>upon expiration of the capped rate period, any power purchases by Dominion Virg
<LI>an index-based fuel cost recovery mechanism based on forecasted generation by f
<LI>unbundled rates to reflect the separation and deregulation of generation; </LI>
<LI>a wires charge, effective January 1, 2002, and subject to annual adjustment to

<B><U><P ALIGN="CENTER">DOMINION RESOURCES, INC.</P>
<P ALIGN="CENTER">PART II. - OTHER INFORMATION</P>
</U><P ALIGN="CENTER">(CONTINUED)</P>

<UL>
</B><P ALIGN="JUSTIFY"><LI>proposed internal controls to prevent cross-subsidies be
service periods; and</LI></P>
<P ALIGN="JUSTIFY"><LI>planned reallocation between Dominion Virginia Power and Dom
that ratings on outstanding debt will remain unchanged.</LI></P></UL>

<P>The Virginia Commission is expected to act on the Plan prior to January 1, 2002.
<I><P ALIGN="JUSTIFY">Interconnections</P>
</I><P ALIGN="JUSTIFY">On May 18, 2000, FERC issued an Order on Compliance Filing a
2000 compliance filing. The Order granted in part and denied in part the Alliance C
<P ALIGN="JUSTIFY">conditions and requirements of the Order. In September 2000, the
<P ALIGN="JUSTIFY">On July 19, 2000, the Virginia Commission issued a Final Order p
establish the elements of RTE essential to the public interest to be applied by the
seeking authorization to transfer the facilities, and (3) establish a schedule for
electric transmission facilities to the Alliance Regional Transmission Organization
<P ALIGN="JUSTIFY">For additional information, see Future Issues under MANAGEMENT'S
<B><U><P ALIGN="CENTER">ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K</P></B></U></FONT>
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as Trustee (Exhibit 4 (iii), Form S-3, Registration Statement, File No. 333-93187,
Second Supplemental Indenture, dated July 1, 2000 (Exhibit 4.2, Form 8-K, dated Jul
reference); Fourth Supplemental Indenture and Fifth Supplemental Indenture dated Se
dated September 8, 2000, incorporated by reference); and Seventh Supplemental Inden
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<P>(b) Reports on Form 8-K</FONT></TD>
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Registrant</FONT></TD>
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<U><FONT SIZE=2><P ALIGN="CENTER">/s/ Steven A. Rogers</U></FONT></TD>
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<FONT SIZE=2><P ALIGN="CENTER">Steven A. Rogers<BR>
Vice President and Controller<BR>
(Principal Accounting Officer)</FONT></TD>
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<FONT SIZE=2><P ALIGN="RIGHT">Exhibit 18</P>

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<P>October 20, 2000</P>

<P>Dominion Resources, Inc.<BR>
120 Tredegar Street<BR>
Richmond, Virginia  23219</P>

<P>Dear Sirs/Madams:</P>

<P>At your request, we have read the description included in your Quarterly Report
```

"Company") method used to develop the market-related value of plan assets, as permi
other information furnished to us by appropriate officials of the Company, that the

<P>We have not audited any consolidated financial statements of the Company and its
facts set forth in the above-mentioned Form 10-Q, on the related information furnis
for any period subsequent to December 31, 1999.</P>

<P>Yours truly,</P>

<P> </P>
<U><P>/s/ Deloitte & Touche LLP</P>
</U><P>Deloitte & Touche LLP</P></FONT></BODY>
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</FONT><B><FONT SIZE=5><P ALIGN="CENTER">Bylaws</P>
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</B></FONT><P>The name of the Corporation is Dominion Resources, Inc.</P>
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<B><FONT SIZE=5><P>Article II.&#9;Shareholders' Meetings.</P><DIR>
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</B></FONT><P>All meetings of the Shareholders shall be held at such place, within
meeting at the place named in the notice might be hazardous, he may cause it to be
proceed to the new place.</P></DIR>
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<B><FONT SIZE=5><P>Article III.&#9;Annual Meeting.</P><DIR>
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</B></FONT><FONT FACE="Times,Times New Roman"><P>The Annual Meeting of the Sharehol
the event that such Annual Meeting is omitted by oversight or otherwise on the date
elections held at such meeting shall be as valid as if transacted or held at the An
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<B><FONT SIZE=5><P>Article IV.&#9;Special Meetings.</P><DIR>
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</B></FONT><P>Special Meetings of the Shareholders shall be held whenever called by
the accrual or termination of voting rights of the Preferred Stock, whenever reques
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<B><FONT SIZE=5><P>Article V.&#9;Notice of Shareholders' Meetings and Voting Lists.
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</B></FONT><P>Notice stating the place, day and hour of each Shareholders' Meeting
is specified below, by, or at the direction of, the Board of Directors or its Chair
at the meeting. Notice may be given by mail to a Shareholder at his or her register
transfer books, with postage thereon prepaid. Alternatively, notice may be given to
<P>Notice of a Shareholders' Meeting to act on an amendment of the Articles of Inco
substantially all, of the property of the Corporation otherwise than in the usual a
amendment of the Articles of Incorporation or a plan of merger or share exchange or
business shall be accompanied by a copy of the proposed amendment or plan of merger
<P>Any meeting at which all Shareholders having voting power in respect <BR>
of the business to be transacted thereat are present, either in person or by proxy,
notice has not been given as herein before provided.</P>
<P>The officer or agent having charge of the share transfer books of the Corporatio
the address of and number of shares held by each. The list shall be arranged by vot
of business of the Corporation. Any person who shall have been a Shareholder of rec
stating with reasonable particularity the purpose thereof, shall have the right to
the meeting. Such list shall also be produced at the time and place of the meeting
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<B><FONT SIZE=5><P>Article VI.&#9;Waiver of Notice.</P><DIR>
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</B></FONT><P>Notice of any Shareholders' Meeting may be waived by any Shareholder,
Shareholder who attends a meeting shall be deemed to have waived objection to lack
and shall be deemed to have waived objection to consideration of a particular matte
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<B><FONT SIZE=5><P>Article VII.&#9;Quorum.</P><DIR>
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</B></FONT><P>At any meeting of the Shareholders, a majority in number of votes of
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proxy, shall constitute a quorum, but a lesser interest may adjourn any meeting fro
any question brought before such meeting, unless the question is one upon which by
and control the decision of such question. The provisions of this Article are, howe
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<B><FONT SIZE=5><P>Article VIII.	Proxy and Voting.</P><DIR>
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</B></FONT><P>Shareholders of record entitled to vote may vote at any meeting held,
Shareholder or by his or her duly authorized officer, director, employee or agent,
proxies executed pursuant to a general solicitation of proxies may designate one or
No proxy shall be valid after 11 months from its date unless the appointment form e
attorney, with or without power of substitution, and such power of attorney shall b
entitled to one vote for each share of stock of such class standing in his name on
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<B><FONT SIZE=5><P>Article IX.	Board of Directors.</P><DIR>
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</B></FONT><P>A Board of Directors shall be chosen by ballot at the Annual Meeting
<P>Subject to the rights of holders of any class or series of stock having a prefer
by the Board of Directors or by any Shareholder entitled to vote in the election of
meeting only if written notice of such Shareholder's intent to make such nomination
in advance of such meeting (except that, if public disclosure of the meeting is mad
to the meeting, the notice need only be received within 10 days following such publ
nominated; (b) a representation that the Shareholder is a holder of record of stock
(c) a description of all arrangements or understandings between the Shareholder and
other information regarding each nominee proposed by such Shareholder as would be r
nominated, by the Board of Directors; and (e) the consent of each nominee to serve
procedure.</P>
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<B><FONT SIZE=5><P>Article X.	Powers of Directors.</P><DIR>
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</B></FONT><P>All corporate powers shall be exercised by or under the authority of,
direction of, the Board of Directors, subject to any limitation set forth in the Ar

with these Bylaws.</P>
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<B><FONT SIZE=5><P>Article XI.	Executive and Other Committees.</P><DIR>
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</B></FONT><P>The Board of Directors, by resolution passed by a majority of the who
majority of the Committee members present.</P>
<P>When the Board of Directors is not in session, the Executive Committee shall hav
Virginia law requires to be approved by Shareholders; (b) fill vacancies on the Boa
(e) approve a plan of merger not requiring Shareholder approval; (f) authorize or a
for sale of shares, or determine the designation and relative rights, preferences,
the Board of Directors. If the Executive Committee is created for any designated pu
Executive Committee may be called and held subject to the same requirements with re
<P>Members of the Executive Committee shall receive such compensation for attendanc
<P>The Board of Directors likewise may appoint from their number, from the director
same to be subject to the foregoing exceptions for an Executive Committee but other
members of the Board of Directors. The Board of Directors may designate one or more
compensation for attendance at meetings as may be fixed by the Board of Directors.<
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<B><FONT SIZE=5><P>Article XII.	Meetings of Directors and Quorum.</P><DIR>
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</B></FONT><P>Regular Meetings of the Board of Directors may be held at such places
given. Special Meetings of the Board of Directors may be held at any time or place
Corporate Secretary, or three or more Directors, notice thereof being given to each
all the Directors are present or those not present waive notice thereof. Notice of
meeting, or by delivering the same to him personally or telephoning or telegraphing
Chairman or the President shall prescribe a shorter notice to be given personally o
<P>A written waiver of notice signed by the Director entitled to such notice, wheth
waived timely and proper notice of the meeting unless the Director, at the beginnin
taken at the meeting.</P>
<P>A majority of the number of Directors fixed at the time in accordance with the B
notice. The foregoing provision is, however, subject to the Articles of Incorporati
by law, by the Articles of Incorporation, or by these Bylaws.</P>
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<B><FONT SIZE=5><P>Article XIII.	Action Without a Meeting.</P><DIR>
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</B></FONT><P>Any action required to be taken at a meeting of the Directors, or any
counterparts), setting forth the action so to be taken, shall be signed by all of t
a unanimous vote.</P>
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<B><FONT SIZE=5><P>Article XIV.&#9;Officers.</P><DIR>
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</B></FONT><P>The officers of the Corporation shall be a President, one or more Vic
also full-time employees of the Corporation. The officers and the Chairman of the B
Board of Directors may be held without notice for the purpose of electing officers
<P>The Board of Directors, in its discretion, may appoint one or more Assistant Cor
duties.</P>
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<B><FONT SIZE=5><P>Article XV.&#9;Eligibility of Officers.</P><DIR>
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</B></FONT><P>The Chairman of the Board of Directors, the Vice Chairman and the Pre
same time hold the office of Chairman of the Board of Directors, Vice Chairman or P
<B><FONT FACE="Times,Times New Roman" SIZE=5><P> </P></DIR>
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</FONT><FONT SIZE=5><P>Article XVI.&#9;Duties and Authority of Chairman of the Boar
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<P>Directors, Vice Chairman, President and Others.</P>
</B></FONT><P>The Chairman of the Board of Directors or the Vice Chairman shall pre
to order, and act as chairman of, all meetings of the Shareholders and prescribe ru
shall designate from time to time.</P>
<P>The Board of Directors may designate the Chief Executive Officer of the Corporat
<P>In the absence of the Chairman of the Board of Directors or the Vice Chairman, t
designate from time to time. The Chief Executive Officer, the President and each Vi
the Chief Executive Officer or the President.</P>
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<P>If the Chairman, Vice Chairman and President are unable to serve as Chairman of
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<B><FONT SIZE=5><P>Article XVII.&#9;Vice Presidents.</P><DIR>
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</B></FONT><P>Each Vice President shall perform such duties and have such other pow
be performed and exercised by the Vice President designated to so act by the line o

<P>(a) &#9;The Executive Vice Presidents in order of their seniority of first elect
<P>(b) &#9;The Senior Vice Presidents in order of their seniority of first election
<P>(c) &#9;All other Vice Presidents at the principal office of the Corporation in
in age; and</P>
<P>(d) &#9;Any other persons that are designated on a list that shall have been app
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</FONT><B><FONT SIZE=5><P>Article XVIII.Corporate Secretary.</P><DIR>
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</B></FONT><P>The Corporate Secretary shall keep accurate minutes of all meetings o
other duties and have such other powers as the Board of Directors shall designate f
stock. In his absence an Assistant Corporate Secretary shall perform his duties.</P
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<B><FONT SIZE=5><P>Article XIX.&#9;Treasurer.</P><DIR>
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</B></FONT><P>The Treasurer, subject to the order of the Board of Directors, shall
and duties commonly incident to his office. He shall deposit all funds of the Corpo
deposit or collection all checks, notes, et cetera, payable to the Corporation or t
shares of stock.</P>
<P>All checks, drafts, notes and other obligations for the payment of money except
the Treasurer or an Assistant Treasurer or such other officer or agent as the Board
<P>Checks upon this fund may be drawn by such person as the Treasurer shall designa
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<B><FONT SIZE=5><P>Article XX.&#9;Controller.</P><DIR>
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</B></FONT><P>The Controller shall keep accurate books of account of the Corporatio
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<B><FONT SIZE=5><P>Article XXI.&#9;Resignation and Removals.</P><DIR>
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</B></FONT><P>Any Director or officer may resign at any time by giving written noti
Committee may resign by giving written notice either as aforesaid or to the Committ
the time specified therein or, if the time be not specified, upon receipt thereof;
<P>The Shareholders, at any meeting called for the purpose, by vote of a majority o
majority of the entire Board, may remove any officer, agent or member of any Commit
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<B><FONT SIZE=5><P>Article XXII.&#9;Vacancies.</P><DIR>
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</B></FONT><P>If the office of any officer or agent, one or more, becomes vacant by
reason of death, disability, resignation, removal, disqualification or otherwise, t
for the unexpired term or until his successor is duly elected and qualified or his
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<B><FONT SIZE=5><P>Article XXIII.Certificates for Shares.</P><DIR>
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</B></FONT><P>Every Shareholder shall be entitled to a certificate or certificates
Shareholder is entitled. Such certificates shall be signed by the President or a Vi
more Transfer Agents and/or Registrars for its stock of any class or classes and ma
manually or by facsimile, engraved or printed, by a Transfer Agent or by a Registra
may be facsimiles, engraved or printed. Any provisions of these Bylaws with referen
<P>In case any officer or officers who shall have signed, or whose facsimile signat
resignation or otherwise, before such certificate or certificates shall have been d
certificates or whose facsimile signature or signatures shall have been used thereo
shares of any or all of its classes or series without certificates. Within a reason
certificates by the Virginia Stock Corporation Act or other applicable law.</P>
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<B><FONT SIZE=5><P>Article XXIV.	Transfer of Shares.</P><DIR>
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</B></FONT><P>Shares may be transferred by delivery of the certificate accompanied
signed by the person appearing by the certificate to be the owner of the shares rep
Corporation as the owner of any shares shall be entitled exclusively as the owner o
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<B><FONT SIZE=5><P>Article XXV.	Record Date.</P><DIR>
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</B></FONT><P>For the purpose of determining the Shareholders entitled to notice of
for any other proper purpose, the Board of Directors may fix in advance a date as t
action, requiring such determination of Shareholders, is to be taken. The Board of
determination of Shareholders entitled to notice of or to vote at a meeting of Shar
resolution of the Board of Directors declaring such dividend is adopted, as the cas
meeting is effective for any adjournment of the meeting unless the Board of Directo
for the original meeting.</P></DIR>
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<B><FONT SIZE=5><P>Article XXVI.	Voting of Shares Held.</P><DIR>
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</B></FONT><P>Unless the Board of Directors shall otherwise provide, the Chairman o
or more attorneys-in-fact or agents of the Corporation, in the name and on behalf o
of which may be held by the Corporation, at meetings of the holders of any such oth

votes or giving such consent, and may execute or cause to be executed on behalf of
Directors, the Vice Chairman, the Chief Executive Officer, the President or the Cor
the shareholder of such other corporation.</P>
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<B><FONT SIZE=5><P>Article XXVII.Bonds, Debentures and Notes Issued Under an</P><DI
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<P>Indenture.</P>
</B></FONT><FONT FACE="Times,Times New Roman"><P>All bonds, debentures and notes is
shall authorize and by the Corporate Secretary or any Assistant Corporate Secretary
specified in the indenture. </FONT>The signature of any authorized officer of the C
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<B><FONT SIZE=5><P>Article XXVIII.Amendments.</P><DIR>
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</B></FONT><P>Both the Board of Directors and the Shareholders shall have the power
amended or repealed by the Directors.</P>
<P>Notwithstanding the foregoing, Articles IV and IX of these Bylaws may not be ame
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<B><FONT SIZE=5><P>Article XXIX.	Emergency Bylaws.</P><DIR>
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</B></FONT><P>The Emergency Bylaws provided in this Article XXIX shall be operative
Virginia Stock Corporation Act. An emergency exists if a quorum of the Corporation'
preceding Articles shall remain in effect during such emergency and upon the termin
<P>During any such emergency:</P><DIR>

<P>(a) 	Any meeting of the Board of Directors may be called by any officer of th
only to such of the Directors as it may be feasible to reach at the time and by suc
such other place as the person giving the notice shall deem most suitable. Notice s
the judgment of the person giving the notice, but otherwise shall be given any time
<P>(b) 	At any meeting of the Board of Directors, a quorum shall consist of a ma
for such quorum, other persons present, as determined by the following provisions a
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<P>(i) &#9;The Executive Vice Presidents in the order of their seniority of first e
<P>(ii) &#9;The Senior Vice Presidents in the order of their seniority of first ele
<P>(iii)&#9;All other Vice Presidents at the principal office of the Corporation in
seniority in age; and</P>
<P>(iv)&#9;Any other persons that are designated on a list that shall have been app
resolution approving the list.</P></DIR>
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<P>(c) &#9;The Board of Directors, during as well as before any such emergency, may
shall be rendered incapable of discharging their duties.</P>
<P>(d) &#9;The Board of Directors, before and during any such emergency, may, effec
the officers so to do.</P></DIR>

<P>No officer, Director or employee shall be liable for any action taken in good fa
<P>These Emergency Bylaws shall be subject to repeal or change by further action of
action or inaction prior to the time of such repeal or change. Any such amendment o
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<B><FONT SIZE=5><P>Article XXX. &#9;Shareholder Proposals.</P><DIR>
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</B></FONT><P>To be properly brought before a meeting of Shareholders, business mus
meeting by or at the direction of the Board of Directors or (c) otherwise properly
Shareholder, the Shareholder must have given timely notice thereof in writing to th
postage prepaid, to the Corporate Secretary of the Corporation not later than 90 da
Shareholder proposes to bring before the Annual Meeting (a) a brief description of
business, and the reasons for conducting such business at the meeting, (b) the name
(d) any material interest of the Shareholder in such business. In the event that a
the business was not properly brought before the meeting and, if he shall so declar
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<P>Article XXXI.&#9;Control Share Acquisitions.</P><DIR>
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</B></FONT><P>In the event that any acquiring person (an Acquiring Person) as defin
obtain the approval of the Shareholders of the Corporation at any meeting held purs
<P>Directors to call for redemption, at anytime within 60 days after the last acqui
be specified in such resolution (the </P>
<P>Redemption Date) all shares of Common Stock of the Corporation theretofore acqui
number of shares may be either (a) shown on any control share acquisition statement
otherwise determined by the Board of Directors. The redemption price shall be paid
<P>All determinations by the Board of Directors as to (a) the status of any person
within Section 13.1-728.4 of the Act, or (d) the interpretation of the Act or this
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-----END PRIVACY-ENHANCED MESSAGE-----
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2000 PROXY STATEMENT

2000 Proxy Statement Contents

2 The Proxy Process

4 The Board
Item One: Election of Directors

9 Share Ownership Table

10 Organization, Compensation &
Nominating Committee Report

13 Executive Compensation

17 Item Two: Incentive Compensation Plan

20 Auditors

20 Other Information

NOTICE OF ANNUAL MEETING

Dominion Resources, Inc.
P.O. Box 26532
Richmond, Virginia 23261

March 16, 2000

Dear Shareholder:

On Friday, April 28, 2000, Dominion Resources, Inc. will hold its Annual Meeting of Shareholders at The Westin William Penn, 530 William Penn Place, Pittsburgh, Pennsylvania. The meeting will begin at 9:30 a.m. Eastern Daylight Time.

Only shareholders who owned stock at the close of business on March 1, 2000 may vote at this meeting or any adjournments that may take place. At the meeting we propose to:

- Elect 16 directors;
- Amend the Dominion Resources, Inc. Incentive Compensation Plan; and
- Attend to other business properly presented at the meeting.

A copy of our 1999 Annual Report is included with this proxy statement and proxy card, which all were mailed on approximately March 16, 2000. I hope you will be able to attend the meeting, but even if you cannot, please vote your proxy as soon as you can.

By order of the Board of Directors,

Patricia A. Wilkerson
Vice President and Corporate Secretary

THE PROXY PROCESS

Your Board of Directors is soliciting this proxy for the 2000 Annual Meeting of Shareholders and encourages you to vote in favor of all the Director nominees and the amendments to the Incentive Compensation Plan outlined in this proxy.

Record Date

All shareholders that owned common stock at the close of business on March 1, 2000 are entitled to vote at the Annual Meeting. There were 238,363,650 shares of Dominion Resources, Inc. common stock outstanding on that date.

Voting

Methods. You may vote in person at the Annual Meeting or by proxy. You have three ways to vote by proxy:*

1. Connect to the Internet at www.votefast.com;
2. Call 1-800-250-9081; or
3. Complete the proxy card and mail it back to us.

Complete instructions for voting your proxy can be found on your proxy card included with this proxy statement.

If you vote and change your mind on any issue, you may revoke your proxy at any time before the close of voting at the Annual Meeting. There are four ways to revoke your proxy:*

1. Connect to the website listed above;
2. Call the 800 number listed above;
3. Write to our Corporate Secretary; or
4. Vote your shares at the Annual Meeting.

Rights. Each of your shares will be counted as one vote.

A majority of the shares outstanding on March 1, 2000 constitutes a quorum for this meeting. Abstentions and shares held by a broker or nominee (Broker Shares) that are voted on any matter are included in determining a quorum.

The 16 nominees for director receiving the most votes will be elected.

The amendments to the Dominion Resources, Inc. Incentive Compensation Plan will be approved if the number of votes in favor of the amendments exceeds the number against it. Broker Shares not voted and abstentions have no effect on the final vote counted.

Registered Shareholders and Dominion Direct Participants. Your proxy card shows the number of full and fractional shares you own. If you are a participant in our Dominion Direct Investment stock purchase plan, the number includes shares we hold in your Dominion Direct Investment account. All shares will be voted according to your instructions if you properly vote your proxy by one of the methods listed on this page. If you sign your proxy and do not make a selection, it will be voted as recommended by the Board. If you are a Dominion Direct Investment participant and do not vote your proxy, we will vote all shares held in that account according to the Board's recommendations. No vote will be recorded for registered shares that are not properly voted.

Employee Savings, Thrift and ESOP Plan Participants. You will receive a request for Voting Instructions from the Trustee for the Plans. The share amounts listed on that form will include the full and fractional shares in your Plan account(s). You may instruct the Trustee(s) by:

1. Connecting to www.votefast.com;
2. Calling 1-800-250-9081; or
3. Returning your Voting Instructions in the enclosed envelope (not to Dominion).

Complete instructions can be found on the Voting Instruction Card included with the proxy statement. Whichever method you choose, the Trustee(s) will vote according to your instructions and will keep your vote confidential. If you do not vote your Savings, Thrift or ESOP Plan shares, the Trustee(s) will vote your shares according to each Plan's voting standards.

* *Not for Beneficial Owners (Broker Shares)*

Beneficial Owners (Broker Shares). If your shares are held in street name with your broker, please follow the instructions found on the Voting Instruction Card enclosed with this proxy statement.

2001 Voting

To receive future proxy materials and annual reports in electronic form on the internet only, check the appropriate box to consent to this form of delivery. Your consent may be revoked by writing or e-mailing us at any time (for addresses see the last page of this proxy statement). You should be aware that you will be responsible for any third party charges incurred in using internet services.

Solicitation and Tabulation

We will pay for soliciting proxies from our shareholders, and some of our employees may telephone shareholders after the initial mail solicitation. We have also retained Georgeson & Co., Inc., a proxy solicitation firm, to assist in the solicitation of proxies for a fee of $14,000 and reimbursement of expenses. In addition, we may reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy materials to the beneficial owners of stock. We have retained Corporate Election Services, Inc. to tabulate the proxies and to assist with the Annual Meeting.

THE BOARD
ITEM ONE: ELECTION OF DIRECTORS

The Board of Directors recommends that you vote FOR these Nominees.

Each nominee for director and information about that nominee is listed below. At the 1999 Annual Meeting, shareholders approved an amendment to Dominion's Articles of Incorporation to elect directors annually. Therefore, each director's term of office will end at the next annual meeting of shareholders.

The current nominees, all of whom are incumbent directors, were appointed to the Board as of January 28, 2000 pursuant to the terms of the Amended and Restated Agreement and Plan of Merger between Dominion and Consolidated Natural Gas Company dated as of May 11, 1999.

Your proxy will be voted to elect the nominees unless you tell us otherwise. If any nominee is not available to serve (for reasons such as death or disability), your proxy will be voted for a substitute nominee if the Board of Directors nominates one.

Nominees for Election		Year First Elected a Director of Dominion (or Affiliate Company)
WILLIAM S. BARRACK, JR., 70, Retired, New Canaan, Connecticut. Former Senior Vice President, Texaco, Inc. He is a Director of Standard Commercial Corporation.		2000 (1994 - CNG)
JOHN B. BERNHARDT, 70, Managing Director, Bernhardt/Gibson Financial Opportunities, financial services, Newport News, Virginia. He is a Director of Resource Bank Shares.		1981*
THOS. E. CAPPS, 64, Vice Chairman, President and Chief Executive Officer of Dominion (from September 1, 1995 to January 28, 2000, Chairman, President and Chief Executive Officer, prior to September 1, 1995, Chairman and Chief Executive Officer). He is Chairman and a Director of Virginia Power and a Director of Bassett Furniture Industries, Inc.		1986
GEORGE A. DAVIDSON, JR., 61, Chairman of the Board of Directors of Dominion (from May, 1987 to January 28, 2000, Chairman and Chief Executive Officer of Consolidated Natural Gas Company). He is a Director of PNC Bank Corp. and BFGoodrich Company.		2000 (1985 - CNG)

Nominees for Election		Year First Elected a Director of Dominion (or Affiliate Company)
RAYMOND E. GALVIN, 68, Retired, Houston, Texas. Former President, Chevron U.S.A. Production Company.		2000 (1998 - CNG)
JOHN W. HARRIS, 52, President, Lincoln Harris, LLC, a real estate consulting firm, Charlotte, North Carolina. He is a Director of Piedmont Natural Gas Company, Inc. and U.S. LEC Corp.		1999 (1994 – Dominion Capital)
BENJAMIN J. LAMBERT, III, 63, Optometrist, Richmond, Virginia. He is a Director of Consolidated Bank and Trust Company and Student Loan Marketing Association (Sallie Mae).		1994 (1992 – Virginia Power)
RICHARD L. LEATHERWOOD, 60, Retired, Baltimore, Maryland. Former President and Chief Executive Officer, CSX Equipment, an operating unit of CSX Transportation, Inc. He is a Director of CACI International Inc.		1994
PAUL E. LEGO, 69, Pittsburgh, Pennsylvania. Former Chairman and Chief Executive Officer, Westinghouse Electric Corporation. He is the non-executive Chairman of the Board of Commonwealth Industries, Inc. and a Director of Lincoln Electric Company and USX Corporation.		2000 (1991 - CNG)
MARGARET A. McKENNA, 54, President, Lesley College, Cambridge, Massachusetts.		2000 (1994 - CNG)

continued

Nominees for Election		Year First Elected a Director of Dominion (or Affiliate Company)
STEVEN A. MINTER, 61, President and Executive Director, The Cleveland Foundation, Cleveland, Ohio. He is a Director of Goodyear Tire & Rubber Company and KeyCorp.		2000 (1988 - CNG)
KENNETH A. RANDALL, 72, Corporate director for various companies, Williamsburg, Virginia. He is a Director of Oppenheimer Funds, Inc., Kemper Insurance Companies and Prime Retail, Inc.		1971*
FRANK S. ROYAL, M.D., 60, Physician, Richmond, Virginia. He is a Director of Columbia/HCA Healthcare Corporation, SunTrust Banks, Inc., Chesapeake Corporation and CSX Corporation.		1994
S. DALLAS SIMMONS, 60, Chairman, President and CEO of Dallas Simmons & Associates, a consulting firm, Richmond, Virginia (prior to July 1, 1999, President, Virginia Union University).		1992
ROBERT H. SPILMAN, 72, President, Spilman Properties, Inc., Bassett, Virginia (before that, Chairman and Chief Executive Officer of Bassett Furniture Industries, Inc., until his retirement in 1997). He is a Director of The Pittston Company and Birmingham Steel Company.		1994
DAVID A. WOLLARD, 62, Chairman of the Board of Exempla Healthcare, Denver, Colorado (prior to January 1, 1997, President of Bank One Colorado, N.A.).		1999 (1994 – Dominion Capital)

* *Service includes tenure on Virginia Electric and Power Company Board prior to establishment of Dominion as a holding company in 1983.*

Committees & Meeting Attendance

The Board met 13 times in 1999. Each Board member attended at least 88% of the total number of meetings of the Board and committees on which he or she served.

Each director serves on just one committee in order to provide greater focus to his or her committee's work.

Committee	Members	Description
Audit	S. Dallas Simmons, *Chairman* John W. Harris Margaret A. McKenna Steven A. Minter	These four non-employee directors consult with the independent and internal auditors regarding the examination of Dominion and its subsidiaries' (collectively, the Company) financial statements and the adequacy of internal controls. The committee reports to the Board on these matters and recommends the independent auditors to be designated for the next year. In 1999, this committee met two times.
Finance	Paul E. Lego, *Chairman* Benjamin J. Lambert, III David A. Wollard	These three non-employee directors review the Company's financing strategies and consider dividend policy. In 1999, this committee met two times.
Organization, Compensation and Nominating	Kenneth A. Randall, *Chairman* William S. Barrack, Jr. John B. Bernhardt Raymond E. Galvin Richard L. Leatherwood Frank S. Royal Robert H. Spilman	These seven non-employee directors work closely with independent consultants and management to review the Company's organizational and compensation structure. They make recommendations on these matters to the Board and administer certain compensation plans. They also review the qualifications of director candidates suggested by Board members, management, shareholders and others, and recommend nominees for election as directors. In 1999, this committee met 10 times.

Compensation and Other Programs

Fees. During 1999, non-employee directors were paid an annual retainer of $19,000 in cash plus $19,000 in stock. They also received $900 in cash per Board or committee meeting attended. Also, in 1999, members of Dominion's OCN Committee received an additional $25,000 in cash for their significant contribution to the negotiation and consummation of our merger with CNG. Beginning January 2000, directors will be paid an annual retainer of $20,000 in cash plus $20,000 in stock and $1,200 per Board or committee meeting attended.

Deferred Cash Compensation Plan. Directors may elect to defer their cash fees under this plan until they reach retirement or a specified age. The deferred fees are credited to either an interest bearing account or a Dominion common stock equivalent account. Interest or dividend equivalents accrue until distributions are made. A director will be paid in cash or stock according to the election made.

Stock Compensation Plan. The stock portion of the directors' retainer is paid under this plan. Directors have the option to defer receipt of the stock. If a director elects this option, the shares are held in trust until the director's retirement and the dividends on those shares are reinvested. However, the director retains all voting and other rights as a shareholder.

Stock Accumulation Plan. Upon election to the Board, a non-employee director receives a one-time award under this plan. The award is in Stock Units, which are equivalent in value to Dominion common stock. The award amount is determined by multiplying the director's annual cash retainer by 17, then dividing the result by the average price of Dominion common stock on the last trading days of the three months before the director's election to the Board. The Stock Units awarded to a director are credited to a book account. A separate account is credited with additional Stock Units equal in value to dividends on all Stock Units held in the director's account. A director must have 17 years of service to receive all of the Stock Units awarded and accumulated under this plan. Reduced distributions may be made where a director has at least 10 years of service. In the case of John B. Adams and Judith B. Warrick, who ceased to be directors because of the merger with CNG, the Dominion Board approved full vesting of their Plan Accounts.

Charitable Contribution Program. Dominion had offered its directors participation in a Directors' Charitable Contribution Program. The Program is funded by life insurance policies purchased by the Company on the directors. The directors derive no financial or tax benefits from the Program, because all insurance proceeds and charitable tax deductions accrue solely to Dominion. However, upon the death of a director, the Company will donate an aggregate of $50,000 per year for ten years to one or more qualifying charitable organizations recommended by that director. Effective in January 2000, the Company suspended this program for new incoming directors.

Matching Gifts Program. Directors may give up to $1,000 per year to 501(c)(3) organizations of their choice and the Company will match their donations on a 1-to-1 basis. If their donation is to an organization for which they volunteer more than 50 hours of work during a year, the Company will match the donation on a 2-to-1 basis.

Director Nominations

Under our Bylaws, if you wish to nominate a director at a shareholders' meeting you must be a shareholder and deliver written notice to our Corporate Secretary at least 60 days before the meeting. If the meeting date has not been publicly announced 70 days before the meeting, then notice can be given 10 days following the public announcement. Any notice must include the following information:

1. your name and address;
2. each nominee's name and address;
3. a statement that you are entitled to vote at the meeting and intend to appear in person or by proxy to nominate your nominees;
4. a description of all arrangements or undertakings between you and each nominee and any other person concerning the nomination;
5. other information about the nominee that would be included in a proxy statement soliciting proxies for the election of directors; and
6. the consent of the nominee to serve as a director.

SHARE OWNERSHIP TABLE

The table below shows the amount of Dominion common stock beneficially owned as of March 1, 2000 by each director and the executive officers named in the compensation table on page 13. Also included in this table is stock ownership for all directors and executive officers as a group.

Name	Stock Ownership (1)	Director Plan Accounts (2)
William S. Barrack, Jr.	1,151 (3)	18,450
John B. Bernhardt	12,555 (3)	10,247
Thos. E. Capps	1,551,481 (4)	—
George A. Davidson, Jr.	121,789	—
Raymond E. Galvin	120 (3)	11,975
Ray J. Groves	1,686	16,677
John W. Harris	15,523 (3)	11,077
Benjamin J. Lambert, III	11,149 (3)	11,778
Richard L. Leatherwood	12,055 (3)	22,811
Paul E. Lego	1,087 (3)	17,544
Margaret A. McKenna	4,923 (3)	8,071
Steven A. Minter	2,541 (3)	14,646
Kenneth A. Randall	14,467	10,247
Frank S. Royal	11,055 (3)	11,758
S. Dallas Simmons	13,833	12,733
Robert H. Spilman	12,189	10,247
David A. Wollard	11,816	10,247
Thomas N. Chewning	556,677 (4)	—
Thomas F. Farrell, II	590,730 (4)(5)	—
David L. Heavenridge	16,445 (4)	—
James P. O'Hanlon	453,772 (4)	—
All directors and executive officers as a group (28 persons) (6)	5,115,598 (4)	

(1) Amounts include exercisable stock options as follows: Mr. Bernhardt, Mr. Harris, Dr. Lambert, Mr. Leatherwood, Mr. Randall, Dr. Royal, Dr. Simmons, Mr. Spilman and Mr. Wollard each has options to purchase 10,000 shares; Mr. Capps, 1,233,000 shares; Mr. Chewning and Mr. Farrell each has 450,000 shares; Mr. O'Hanlon, 350,000 shares; and all directors and executive officers as a group, 3,799,795 shares.

(2) Amounts in this column represent share equivalents accumulated under directors' plans described on page 8. Balances include amounts accumulated under the Stock Accumulation Plan, which, because of the plan's vesting provisions, will not necessarily be distributed to a director. Any balance in excess of approximately 8,000 shares may be an amount of share equivalents accumulated — at the director's election — under the Deferred Cash Compensation plan and will be distributed in actual shares to the director.

(3) Includes shares held in trust under Director Stock Compensation Plan (described on page 8) as follows: Mr. Barrack, Mr. Galvin, Mr. Lego, Ms. McKenna and Mr. Minter, 120 shares; Mr. Bernhardt, Dr. Lambert, Mr. Leatherwood and Dr. Royal, 1,055 shares; and Mr. Harris, 523 shares.

(4) Amounts include restricted stock as follows: Mr. Capps, 29,932 shares; Mr. Chewning, 6,377 shares; Mr. Farrell, 6,525 shares; Mr. Heavenridge, 2,156 shares; Mr. O'Hanlon, 3,294 and all directors and executive officers as a group, 66,170 shares.

(5) Beneficial ownership is disclaimed for a total of 399 shares.

(6) All current directors and executive officers as a group own 2.1% of the number of shares outstanding as of March 1, 2000.

ORGANIZATION, COMPENSATION & NOMINATING COMMITTEE REPORT

Compensation Philosophy

As we have stated for the past several years, our Committee and management believe it is vitally important to align our officers' financial success with the financial success of our shareholders. We have renewed our focus on stock ownership as a key measure of such alignment and continue to work closely with management in our oversight and administration of the Company's organization and compensation. As our industry continues to redefine itself, our programs must continue to attract, retain and motivate high caliber employees.

In 1999, we approved pay programs that link executive compensation to company performance. Once again we put a substantial portion of our executives' pay at risk. We believe this will create opportunities for executives — through individual business unit performance and consolidated performance — to increase significantly their total compensation, both in cash and in stock.

Our work includes review of the CEO's total compensation package and performance. Mr. Capps is not present when we discuss his compensation.

1999 Compensation

Our 1999 executive compensation program consisted of three basic components:

- Base Salary
- Annual Incentives
- Long-Term Incentives in the form of stock options

Base Salary

Our Committee positions executive base salaries to be at the median base salaries of similar positions at a peer group of diversified utilities and other businesses with which we compete on a national basis. We also consider individual performance and competitive pressures.

Executive Officers. We selected an independent compensation consultant, who analyzed our executives' salaries and compared them to our competitive labor market. Our Committee also reviewed individual executive performance. Based on our review and the consultant's report, we approved base salary increases effective January 1, 1999.

Chief Executive Officer. The independent compensation consultant also reviewed with us competitive compensation information for CEOs in a peer group of diversified electric utility companies. After thoroughly evaluating this material, considering our compensation philosophy, and recognizing Mr. Capps' increased challenges as a CEO in a rapidly changing industry, we approved a base salary of $812,800 for Mr. Capps, effective January 1, 1999.

Annual Incentives

Under the annual incentive program, if goals are achieved or exceeded, the executive's total cash compensation for the year may be more than the median total cash compensation for similar positions at companies in our executive labor market.

Under this program our Committee establishes "target awards" for each executive officer. These target awards are expressed as a percentage of the individual executive's base salary (for example, 30% x base salary). The target award is the amount of cash that will be paid, at year-end, if the executive achieves 100% of the goals established at the beginning of the year. We also establish a "threshold" — or minimum acceptable level of financial performance. If this threshold is not met, no executive receives an annual bonus. Actual bonuses, if any, are based on a pre-established formula and may exceed 100% of the target award.

Executive Officers. For Dominion executive officers, 1999 net income was used as the performance measure under the annual incentive plan. Each executive's goals were weighted heavily toward the net income contribution of the business unit for which they were responsible, but also included a consolidated net income goal. In addition, executives with responsibilities at Virginia Power had Virginia Power goals weighted 90% financial (operating profit and net cash flow) and 10% stewardship goals (safety, environmental impact and affirmative action). Awards under this plan for Messrs. Farrell and O'Hanlon were pro-rated based on their relative responsibilities for Dominion and Virginia Power.

Our Committee established and approved the goals at the beginning of 1999. At year-end, we compared the Company's actual financial performance with the consolidated and business unit net income goals. For 1999, these goals were met or surpassed. Net income for the business units is reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of our 1999 Annual Report to Shareholders.

Annual bonuses paid to the named executive officers are detailed in the Summary Compensation Table on page 13.

Chief Executive Officer. At the beginning of 1999, we approved net income goals for Mr. Capps. Eighty percent was weighted to the net income contribution of the consolidated business units (excluding Virginia Power) and 20% to consolidated Dominion net income. Because our net income goals for 1999 were surpassed, we approved an annual cash bonus of $481,021 for Mr. Capps.

Long-Term Incentives

We believe the long-term incentive programs we approve play a critical part in our compensation practices and philosophy. Historically, at least half of the long-term incentive component was paid in company stock — a long-term investment. We believe this form of payout underscores commitment to the Company while rewarding performance. Initially in 1999 we planned to maintain this practice. However, in May 1999 our Committee granted stock options to the executive officers (January of 2000 for Mr. Heavenridge) to replace the restricted stock portion of the 1998-2000 long-term incentive plan. These option grants also represent the 1999-2001 long-term plan cycle. We anticipate that the next option grants will be made in 2002.

Under the historic practice, our Committee established and approved the long-term goals for the 1997-99 performance cycle in February of 1997, at the beginning of the performance cycle. This year, at the end of that performance cycle, actual results were compared with the established goals.

Executive Officers. Dominion goals were established at the start of the 1997-1999 performance cycle. The performance measure used for the executive officers was cumulative net income for the 3-year cycle, weighted 50% on consolidated net income and 50% on the net income of the business unit for which the executive was responsible. Based on 1999 year-end results, which exceeded the goal, we awarded the executives shares of restricted stock and cash (see the LTIP Payout column of the Summary Compensation Table on page 13). The shares awarded are restricted for two years. They cannot be sold and will be forfeited if the executive terminates employment during the two-year restricted period.

Stock options were granted to executive officers, except for Mr. Heavenridge, in 1999 as reported in the table on page 14. The option price was equal to the fair market value of Dominion's stock on the date the options were granted. These options became exercisable on January 1, 2000 and will remain exercisable for 10 years from the date of grant.

Chief Executive Officer. Goals for Mr. Capps were established in 1997 for the 1997-1999 performance cycle. We determined that 80% of his entire award, if any, should be paid in Dominion common stock. The goals were cumulative net income, weighted 50% on the net income of the consolidated companies excluding Virginia Power and 50% on the consolidated net income of the consolidated organizations. Based on 1999 year end results, which exceeded the goal, we awarded Mr. Capps 21,436 shares of restricted stock and $210,344. The shares are restricted for two years.

During 1999, we granted Mr. Capps 1,233,000 stock options at an option price of $41.25 per share which was the fair market value of the Company's stock on the date of the grant. The options became exercisable on January 1, 2000 and will remain exercisable for 10 years from the date of grant.

ORGANIZATION, COMPENSATION & NOMINATING COMMITTEE REPORT CONTINUED

Stock Ownership Guidelines

As stated at the start of this report, in 1999 our Committee placed even greater emphasis on stock ownership as a means to align management with the interests of our shareholders. An outcome of this emphasis was the adoption of stock ownership guidelines for our officers. Officers have up to five years to meet the guidelines outlined below. Although stated in share amounts, the guidelines are based approximately on a multiple of base salary, as presented in parentheses.

Position	Share Ownership
Chief Executive Officer	145,000 (8X's base salary)
Executive Vice President CEO - Operating Companies	35,000 (5X's base salary)
Senior Vice President	20,000 (4X's base salary)
Vice President	10,000 (3X's base salary)

Stock Purchase and Loan Programs

At the end of 1999, Dominion also approved Stock Purchase and Loan Programs intended to encourage and facilitate executives' ownership of common stock through the availability of loans guaranteed by Dominion.

Under the programs, loans must be used to purchase Dominion common stock. An executive can borrow up to ten times his or her base salary, subject to credit approval, with a term of five years. Executives who meet their target ownership level through their participation in the program receive "bonus shares" equal to five percent of the number of shares purchased under the program. The dividends on the stock purchased through the programs are used to pay the interest on the loan. Dominion subsidizes the interest payments to the extent that the current dividend rate does not fully cover the payments. Dominion will end its subsidy of the loan if it is pre-paid or if the stock is sold. By February 3, 2000, our officers have borrowed in aggregate $67 million, for which they are personally liable and which Dominion has guaranteed.

Deductibility of Compensation

Under Section 162(m) of the Internal Revenue Code, Dominion may not deduct certain forms of compensation in excess of $1 million paid to our CEO or any of the four other most highly compensated executive officers. However, certain performance-based compensation is specifically exempt from the deduction limit.

It is our intent to provide competitive executive compensation while maximizing the Company's tax deduction. However, we reserve the right to approve, and in some cases have approved, non-deductible compensation if we believe it is in the Company's best interest.

Kenneth A. Randall, *Chairman*
John B. Bernhardt
Richard L. Leatherwood
Frank S. Royal
Robert H. Spilman

January 20, 2000

The table below shows the total salary and other compensation awarded to or earned by the CEO and the four other most highly compensated executive officers (as of December 31, 1999).

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation ($)
					Awards		Payouts	
		Salary(1) ($)	Bonus ($)	Other Annual Compensation (2) ($)	Restricted Stock Awards (3) ($)	Securities Underlying Options/SARs (#)	LTIP Payouts (4) ($)	
Thos E. Capps *Chairman, President & CEO*	1999	$828,439	$481,021	$15,942	$0	1,233,000	$1,093,865	$4,800
	1998	795,000	594,344	848,902	995,312	0	639,126	4,800
	1997	775,172	491,015	7,708	0	0	129,675	4,800
James P. O'Hanlon *Executive Vice President (President & COO of Dominion Energy)*	1999	348,700	189,580	0	0	350,000	186,856	355,800
	1998	334,667	180,232	0	0	0	86,512	4,679
	1997	270,250	110,240	0	0	0	80,140	4,800
Thomas N. Chewning *Executive Vice President, CFO*	1999	334,511	186,156	2,871	0	450,000	339,659	4,800
	1998	318,786	224,274	104,868	124,414	0	196,742	4,800
	1997	303,730	167,706	418	0	0	105,939	247,112
David L. Heavenridge *Executive Vice President (CEO of Dominion Capital)*	1999	334,511	177,582	552	0	0	442,824	4,800
	1998	321,058	224,274	105,551	124,414	0	196,742	4,800
	1997	322,199	167,456	571	0	0	105,939	243,770
Thomas F. Farrell, II *Executive Vice President (CEO of Dominion Energy)*	1999	325,174	187,148	314	0	450,000	366,781	3,486
	1998	314,471	239,289	419,098	497,656	0	178,644	4,800
	1997	268,144	154,956	0	0	0	67,598	4,800

Summary Compensation Table Footnotes

1. **Salary.** Amounts shown may include vacation sold back to the Company.

2. **Other Annual Compensation.** None of the named executives received perquisites or other personal benefits in excess of $50,000 or 10% of their total base compensation. The amounts listed in this column for 1999 are amounts reimbursed during the fiscal year for the payment of taxes.

3. The number and value of each executive's restricted stock holdings at year-end, based on a December 31, 1999 closing price of $39.25, were as follows:

Officer	Number of Restricted Shares	Value
Thos. E. Capps	8,496	$333,468
James P. O'Hanlon	972	38,151
Thomas N. Chewning	2,156	84,623
David L. Heavenridge	2,156	84,623
Thomas F. Farrell, II	1,967	77,205

4. LTIP Payouts. Amounts in this column represent payouts for performance cycles that ended in 1999, as described on page 11. The chart below details these amounts for each executive. The value of the Restricted Stock was $41.22 per share on the date of grant.

Name	Restricted Stock Award (#)	Cash Award ($)
Thos. E. Capps	21,436	$210,344
James P. O'Hanlon	2,322	91,146
Thomas N. Chewning	4,221	165,675
David L. Heavenridge	0	442,824
Thomas F. Farrell, II	4,558	178,906

5. All Other Compensation. The amounts listed for 1999 are company matching contributions on Employee Savings Plan accounts for the named executives. Also, Mr. O'Hanlon received $351,000 in settlement for his agreement dated June 23, 1994.

Options/SAR Grants in Last Fiscal Year (1)

Name	Number of Securities Underlying Options/SARs Granted (#) (2)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price ($/Sh)	Expiration Date	Grant Date Present Value (3)
Thos E. Capps	1,233,000	17%	$41.25	5/17/09	$6,534,900
James P. O'Hanlon	350,000	5%	41.25	5/17/09	1,855,000
Thomas N. Chewning	450,000	6%	41.25	5/17/09	2,385,000
David L. Heavenridge	0	0	-	-	-
Thomas F. Farrell, II	450,000	6%	41.25	5/17/09	2,385,000

Options/SAR Grants in Last Fiscal Year Footnotes

1. Nonstatutory stock options were granted on May 17, 1999 to the named executives at an exercise price of $41.25 per share (the fair market value on the date of grant). One hundred percent of the options vested on January 1, 2000. The options will remain exercisable for 10 years from the date of grant. Upon a change in control or termination without cause the options become fully exercisable and remain exercisable until the original expiration date.

2. The total number of options granted during 1999 to employees and outside directors was 7,146,383.

3. The Black-Scholes pricing model was used to calculate the present value of the stock options. The assumptions underlying this model are:

Volatility	19.2%	Expiration Date: 5/17/09
Risk Free Rate	6.05%	
Dividend Yield	6.06%	
Option Value	$5.30	

Aggregated Options/SAR Exercises in Last Fiscal Year and FY-End Option/SAR Values

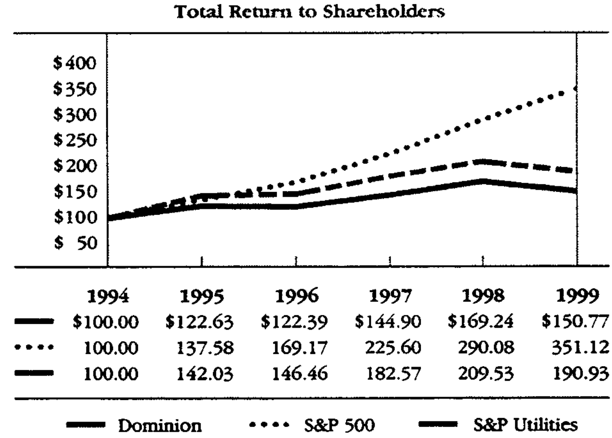
Name	Shares Acquired on Exercise (#)	Number of Securities Underlying Unexercised Options/SARs at FY-End (#)		Value of Unexercised In-the-Money Options/SARs at FY-End ($)	
		Exercisable (#)	Unexercisable (*) (#)	Exercisable ($)	Unexercisable ($)
Thos E. Capps	0	0	1,233,000	0	0
James P. O'Hanlon	0	0	350,000	0	0
Thomas N. Chewning	0	0	450,000	0	0
David L. Heavenridge	0	0	0	0	0
Thomas F. Farrell, II	0	0	450,000	0	0

* *Options became exercisable January 1, 2000.*

Performance Graph

The table below shows the five-year cumulative total return comparison between Dominion, the S&P 500 Index and the S&P Utility Index.

Total Return to Shareholders



	1994	1995	1996	1997	1998	1999
—	$100.00	$122.63	$122.39	$144.90	$169.24	$150.77
••••	100.00	137.58	169.17	225.60	290.08	351.12
—	100.00	142.03	146.46	182.57	209.53	190.93

— Dominion •••• S&P 500 — S&P Utilities

Retirement Plans

The table below shows the estimated annual straight life benefit that the Company would pay to an employee at normal retirement (age 65) under the benefit formula of the Retirement Plan.

Estimated Annual Benefits Payable Upon Retirement

Final Average Earnings	Credited Years of Service			
	15 years	20 years	25 years	30 years
$300,000	$86,191	$114,922	$143,652	$172,382
350,000	101,416	135,222	169,027	202,832
400,000	116,641	155,522	194,402	233,282
450,000	131,866	175,822	219,777	263,732
500,000	147,091	196,122	245,152	294,182
550,000	162,316	216,422	270,527	324,632
600,000	177,541	236,722	295,902	355,082
650,000	192,766	257,022	321,277	385,532
750,000	223,216	297,622	372,027	446,432
800,000	238,441	317,922	397,402	476,882
850,000	253,666	338,222	422,777	507,332

Dominion Retirement Plan. Benefits under the Retirement Plan are based on:

- average base salary over a five-year period when base pay is highest;
- years of credited service;
- age at retirement; and
- the offset of Social Security benefits.

In addition, certain officers, if they reach a specified age while still employed, will be credited with additional years of service. For the executives named in the Summary Compensation Table on page 13, credited years of service at age 60 would be 30 years. Other retirement agreements and arrangements for the named executives are described below.

Dominion Benefit Restoration Plan. The Retirement Plan pays a benefit that is calculated on average base salary over a five-year period. In some years our executives' base salaries are set below the competitive market median in order to more closely link annual pay to company performance through the incentive programs. Under this Restoration Plan, we calculate a "market-based adjustment" to base salary in those years when base salary was below the market median. The difference between the benefit calculated on the market-based salary and the benefit paid by the Retirement Plan is paid to the executive under the Restoration Plan.

In 1999, a market-based adjustment to Dominion's executive base salaries was not necessary.

Also, the Internal Revenue Code imposes certain limits related to Retirement Plan benefits. Any resulting reductions in an executive's Retirement Plan benefit will be compensated for under the Restoration Plan.

Executive Supplemental Retirement Plan. The Supplemental Plan provides an annual retirement benefit equal to 25% of a participant's final cash compensation (base salary plus target annual bonus). To retire with full benefits under the Supplemental Plan, an executive must be 55 years old and have been employed by the Company for at least five years. Benefits under the plan are provided either as a lump sum cash payment at retirement or as a monthly annuity paid out, typically, over 10 years. Certain

executive officers receive this benefit for their lifetime. Based on 1999 cash compensation, the estimated annual benefit under this plan for certain executives named in the Summary Compensation Table on page 13 are: Mr. Capps: $314,650, Mr. O'Hanlon: $129,531; Mr. Heavenridge: $123,075; Mr. Chewning: $123,075; and Mr. Farrell: $121,125.

Other Executive Agreements and Arrangements

Companies that are in a rapidly changing industry such as ours require the expertise and loyalty of exceptional executives. Not only is the business itself competitive, but so is the demand for such executives. In order to secure the continued services and focus of key management executives, the Company has entered into employment agreements with them, including those named in the Summary Compensation Table on page 13.

Employment Agreement — Chief Executive Officer. The Board determined in April 1999 that it was in the Company's best interest to secure Mr. Capps' employment as CEO and President of Dominion until the Annual Meeting of Shareholders in 2005. As a result, Mr. Capps and the Company entered into an agreement providing for his employment as CEO and President until 2005. During his employment, the agreement provides for the following: (1) an annual base salary of at least $812,800, (2) incentive compensation awards based on performance and (3) continued eligibility for all employee benefit and incentive plans provided by the Company to its senior management. When his employment ends (whether or not before the end of the term of the agreement), Mr. Capps will: (1) receive a retirement benefit calculated on the highest base salary rate during his employment, (2) receive a Supplemental Plan benefit payable for life, (3) become fully vested in outstanding restricted stock, (4) any outstanding stock options become fully exercisable for the remaining term of the grant, and (5) receive a payment of $950,000 plus an amount equal to the present value of his salary and annual cash incentives for the period between the Annual Meetings of Shareholders for 2004 and 2005. During the term of the agreement, the Company may terminate Mr. Capps for cause only. Mr. Capps also receives age and service credit and continued benefit plan coverage through the end of the contract period in the event of termination for cause or resignation for cause.

Employment Agreements — Other Executives. Messrs. Heavenridge, Chewning and Farrell have an employment agreement for a three-year period ending September 12, 2000. During employment, each of these executives will continue to receive a salary at least equal to his salary on the date of the agreement and will be eligible for bonuses and all employee benefits provided by Dominion to its senior management. The agreements also provide executives with enhanced retirement benefits. If Dominion terminates the executive's employment without cause or reduces or does not pay the executive's salary, incentives and other benefits during the contract period or demotes the executive to a position that is not a senior management position, the executive will (subject to notice and remedy provisions): (1) receive a lump sum payment equal to the present value of salary and cash bonus for the balance of the contract period, (2) vest in his outstanding restricted stock, (3) receive age and service credit and continued benefit plan coverage through the end of the contract period, and (4) for Messrs. Farrell and Chewning, any outstanding stock options become fully exercisable for the remaining term of the grant. The agreements also provide benefits in the event of death or disability. In the case of a change in control*, the executive will not receive pay under this agreement as a result of his termination of employment for any reason if he receives payment under his Employment Continuity Agreement (described under Special Arrangements). Mr. Heavenridge's agreement provides for additional benefits if his employment is terminated, other than for cause, or if he resigns after a sale of a significant portion of Dominion Capital's assets, including (1) enhanced retirement benefits, (2) vesting of outstanding restricted stock, and (3) enhanced medical and insurance benefits. Mr. O'Hanlon has an agreement which provides enhanced retirement benefits.

Special Arrangements. Dominion has entered into employment continuity agreements with executives named in the Summary Compensation Table (but not Mr. Capps), which provide benefits in the event of a change in control. Each agreement has a three-year term and is automatically extended for an additional year, unless cancelled by the Company.

ITEM TWO: INCENTIVE COMPENSATION PLAN

The agreements provide for the continuation of salary and benefits for a maximum period of three years after either (1) a change in control, (2) termination without cause following a change in control or (3) a reduction of responsibilities, salary and incentives following a change in control (if the executive gives 60 days notice). Payment of this benefit will be made in either a lump sum or installments over three years. In addition, the agreements indemnify the executives for potential penalties related to the Internal Revenue Code and fees associated with the enforcement of the agreements. If an executive is terminated for cause, the agreements are not effective.

Executive Deferred Compensation Plan. Under this plan, executives may defer any portion of their base salary, annual incentive cash award and/or long-term incentive cash award. Deferrals are credited at the executive's discretion, for bookkeeping purposes, with earnings and losses as if they were invested in any of several mutual fund options or Dominion common stock. Distributions are made at the direction of the executive.

* *A change in control shall be deemed to have occurred if (i) any person or group becomes a beneficial owner of 20% or more of the combined voting power of Dominion voting stock or (ii) as a direct or indirect result of, or in connection with, a cash tender or exchange offer, merger or other business combination, sale of assets, or contested election, the Directors constituting the Dominion Board before any such transactions cease to represent a majority of Dominion or its successor's Board within two years after the last of such transactions.*

The Board of Directors recommends that you vote FOR the amendments to the Dominion Resources, Inc. Incentive Compensation Plan.

Introduction

The Dominion Resources, Inc. Incentive Compensation Plan was approved by shareholders in 1997 and amended further in 1999. The Board's Organization, Compensation & Nominating Committee has recommended that the Plan be amended as described below, to accommodate Dominion's new employee base and its new lines of business.

The proposed amendments are:

1. To allow 30 million shares to be available for issuance under the Incentive Plan;

2. To limit the issuances of Restricted Stock under the Plan to 5 million shares.

3. To re-approve Performance Criteria under the Plan in order to satisfy certain IRS requirements.

A summary of the Incentive Plan follows and the full text, before these amendments, is on file with the Securities and Exchange Commission.

Administration of the Plan; Eligibility

The Committee administers the Incentive Plan for employees and non-employee directors of Dominion and its subsidiaries. All employees of Dominion and its subsidiaries are eligible to receive Incentive Awards under the Incentive Plan if the Committee determines that an employee has contributed, or can be expected to contribute, significantly to their employer. The Committee has the power and complete discretion to select eligible employees and non-employee directors to receive the Incentive Awards and to determine the type of award and its terms and conditions. Approximately 17,000 employees and 16 directors may receive awards under the Incentive Plan.

Amount of Stock Available for Incentive Awards

Under the proposed amendment, the shares available under the Plan would increase from 11 million shares to 30 million shares. This increase will allow Dominion to recognize its new employees and directors and lines of business.

ITEM TWO: INCENTIVE COMPENSATION PLAN CONTINUED

Types of Incentive Awards That May Be Granted Under the Plan

The following types of Incentive Awards may be granted under the Incentive Plan: Performance Grants, Restricted Stock, Goal-Based Stock, Stock Options and Stock Appreciation Rights.

Performance Grants. Performance Grants are subject to the achievement of pre-established Performance Goals and are administered to comply with the requirements of Section 162(m) of the Internal Revenue Code. Performance Goals use objective and quantifiable Performance Criteria (which goals are being re-approved by shareholders) that include measures such as asset growth; utility earnings; generating unit efficiency; combined net worth; debt to equity ratio; earnings per share; revenues; operating income; operating cash flow; net income, before or after taxes; full cycle finding and development costs; O&M field/lifting costs; return on total capital, equity, revenue or assets; nonutility generation cost exposure; power generation costs; safety measured in fatalities, lost time, injuries and vehicle accidents; environmental protection measured in reportable violations, notices of violations, and environmental agency required corrective actions or enforcement actions; or economic value added (net operating profit after tax less a charge for use of capital as determined under a methodology approved by the Committee). The Committee sets target and maximum amounts payable under the Performance Grant. The participant receives the appropriate payments at the end of the performance period if the Performance Goals (and other terms and conditions of the award) are met. The actual payments under a Performance Grant can be cash, Company Stock, or both.

The aggregate maximum cash amount payable under the Plan to any participant in any year cannot exceed 0.5% of Dominion's consolidated operating income, before taxes and interest. The Committee must make Performance Grants prior to the earlier of the 90th day of the period for which the Performance Grant relates or the completion of 25% of such period.

Restricted Stock Awards. The Committee may grant up to 5 million shares of Restricted Stock under the Plan, which will be Company Stock subject to certain terms and conditions. The participant will not be able to sell or transfer the Restricted Stock until the restrictions stated in the award agreement have been met. The Restricted Stock is forfeited if the restrictions are not met.

Goal-Based Stock Awards. The Committee may grant Goal-Based Stock, which is Company Stock subject to Performance Goals. The stock is not issued to the participant until the Committee certifies that the Performance Goals (and any other terms and conditions) have been met.

Stock Options and Stock Appreciation Rights. The Committee may also grant Options to eligible participants and establish the terms and conditions for exercising an Option. Stock Appreciation Rights may be granted on all or any part of an Option, and also are subject to terms and conditions set by the Committee. Stock Appreciation Rights also may be granted separately.

The exercise price of an Option will be at least 100% of the Fair Market Value of Company Stock on the date that the Option is granted. The Options may be either Incentive Stock Options or Nonstatutory Options.

A Stock Appreciation Right entitles the participant to receive an amount equal to the excess of (i) the fair market value on the date of exercise of stock covered by the surrendered Stock Appreciation Right over (ii) the price of the stock on the date the Stock Appreciation Right was granted. The award can be paid in stock or cash, or both.

Transferability of Awards; Modification of Awards

When granting Incentive Awards, the Committee may allow the awards to become fully exercisable or vested upon a Change of Control.

Participants cannot sell, transfer or pledge their interest in Performance Grants and Goal-Based Stock awards. Participants cannot sell, transfer or pledge shares of Restricted Stock until it becomes unrestricted as provided in an award agreement. Options and Stock Appreciation Rights may be transferable by a Participant according to the terms and conditions for such Awards.

Term; Modification of Plan

The Incentive Plan will terminate at the close of business on December 31, 2006 unless the Dominion Board terminates it prior to that date.

The Dominion Board can amend or terminate the Incentive Plan, except that only shareholders can approve amendments that would (i) increase the number of shares of Company Stock that are reserved and available for issuance under the Incentive Plan; (ii) materially change or impact which employees are eligible to participate in the Incentive Plan; or (iii) materially change the benefits that eligible employees may receive under the Incentive Plan. However, the Dominion Board can amend the Incentive Plan as necessary and without shareholder approval to ensure that the Incentive Plan continues to comply with Section 162(m) of the Code and SEC Rule 16b-3.

Federal Income Tax Consequences

An employee will not incur federal income tax liabilities when granted a Nonstatutory Stock Option, an Incentive Stock Option, a Stock Appreciation Right or Restricted Stock.

Upon exercise of a Nonstatutory Option or a Stock Appreciation Right, the employee, in most circumstances, will be treated as having received ordinary income equal to the difference between the fair market value of Company Stock on the date of the exercise and the Option Price. This income is subject to income tax withholding by the Company. No income is received for tax purposes when an Incentive Stock Option is exercised, unless an employee is subject to the alternative minimum tax.

The Company usually will be entitled to a business expense deduction at the time and in the amount that the recipient of an Incentive Award recognizes ordinary income. As stated above, this usually occurs upon exercise of Nonstatutory Options and Stock Appreciation Rights and the lapse of restrictions on restricted stock. No deduction is allowed in connection with an Incentive Stock Option unless the employee disposes of Company Stock received upon exercise in violation of the holding period requirements. Also there can be circumstances when the deduction is not allowed for certain transfers of Company Stock or payments to an employee upon the exercise of an Incentive Award that has been accelerated as a result of a Change of Control.

AUDITORS

Upon recommendation of the Audit Committee, the Board has appointed Deloitte & Touche LLP, independent certified public accountants, as auditors of the 2000 consolidated financial statements of Dominion and its subsidiaries. Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will have an opportunity to make a statement if they desire to do so and will be available to respond to shareholder questions.

OTHER INFORMATION

Matters Before the 2000 Annual Meeting

The management and directors are not aware of any matters that may come before the Annual Meeting other than the matters stated in this Notice of Annual Meeting. Dominion received notice from a shareholder who may bring a matter of ordinary business regarding our electric utility operations before the meeting. If that matter is presented for a vote at the meeting, Dominion's proxies intend to exercise their discretionary voting authority.

Proposals for the 2001 Annual Meeting

Under our Bylaws, if you wish to bring any matter (other than shareholder nominations of director candidates) before the 2001 Annual Meeting, you must notify the Corporate Secretary in writing no later than January 31, 2001. Regarding each matter, the notice must contain:

- a brief description of the business to be brought before the Annual Meeting, including the complete text of any related resolutions to be presented and the reasons for conducting such business at the meeting;
- the name and address of record of the shareholder proposing such business;
- the class and number of shares of stock that are beneficially owned by the shareholder; and
- any material interest of the shareholder in such business.

If you do not provide the proper notice by January 31, 2001, the Chairman of the meeting may exclude the matter, and it will not be acted upon at the meeting. If the Chairman does not exclude the matter, the proxies may vote in the manner they believe is appropriate, as the SEC's rules allow.

For a shareholder proposal to be considered for possible inclusion in the 2001 Proxy Statement, it must be received by the Corporate Secretary of Dominion no later than November 17, 2000. Dominion plans to hold its 2001 Annual Meeting on April 27, 2001.

1999 Form 10-K

You may request, without charge, a copy of Dominion's Annual Report filed with the Securities and Exchange Commission for 1999 on Form 10-K, excluding exhibits, by:

1. *writing to the*
   Corporate Secretary
   Dominion Resources, Inc.
   P.O. Box 26532
   Richmond, Virginia 23261;
2. *sending us an e-mail at*
   dominion_resources@domres.com; *or*
3. *calling us at*
   804-819-2000.

VOTE YOUR PROXY

By Internet

By Telephone

By Mail

Dominion Resources, Inc.
P.O. Box 26532
Richmond, Virginia 23261