

Scot C. Hathaway
Vice President
Transmission



Dominion Virginia Power • Dominion North Carolina Power
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July 10, 2014

Mr. Rashad M. Young
City Manager
City of Alexandria, Virginia
301 King Street, Suite 3500
Alexandria, Virginia 22314-3211

Dear Mr. Young:

I am writing in response to your letter dated June 24, 2014. Virginia Electric and Power Company (Dominion Virginia Power or the Company) appreciates the City's interest and involvement as we develop the transmission system solution to current and projected reliability needs in the Alexandria and Arlington load area.

As I stated in my previous letter of June 5, the Company's communication with citizens, localities and other stakeholders is critical to successfully develop a project that not only resolves local reliability needs, but also reasonably minimizes impacts. For the City of Alexandria, we have carefully identified the electrical needs requiring resolution and confirmed the identified needs with our regional transmission operator, PJM Interconnection, L.L.C. (PJM), but, simply stated, we are very early in the process of developing the specifics associated with the solution. The development process includes community outreach with stakeholders such as the City of Alexandria, Arlington County, the National Park Service and others. We currently do not have the necessary detailed information to assess or develop possible routes for the project, so it is too early to answer many of your questions. As discussed later in this letter, we will coordinate closely with the City of Alexandria and look forward to addressing your concerns. Generally, the first compilation of detailed information responsive to your questions will be in the application to the State Corporation Commission of Virginia (Commission) for approval of the project, which is prepared in consideration of the public outreach that occurs in advance of filing. The Company currently anticipates filing the application by the end of 2014 or early 2015 as engineering and stakeholder communications dictate.

The need for expansion of the 230 kV electric transmission system in the area is based on the lack of sufficient local generation resources to serve local load. Local load is projected to result in violations of federally-mandated reliability criteria on existing facilities by summer (June 1) of 2018. The Company expects to seek public input and Commission approval of a transmission route which meets applicable state routing requirements for new transmission facilities and, due to anticipated routing constraints in the area, may pave the way for resolving the temporary

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Conditional Use Permit at Potomac Yards which the Company and the City of Alexandria have been discussing for several years.

Although we are not able to provide responses to each of the questions raised in your letter, I would like to give you an update for each of the categories of questions posed, and provide additional sources of information in response to certain of your informational requests.

A. State Corporation Commission Transmission Project Review Process

The Company identified the need for the expansion in 2013 and presented a proposed 230 kV connection between existing Glebe and Station C stations to PJM later that year. The proposed 230 kV connection provided to PJM did not address specific route details and, instead, focused on power flows and generic connection points. The information provided by the Company to PJM can be found at slides 68-69 of the January 9, 2014 Transmission Expansion Advisory Committee meeting presentation, available at <http://www.pjm.com/~media/committees-groups/committees/teac/20140109/20140109-reliability-analysis-update.ashx>. In February 2014, PJM confirmed the need and approved the Company's proposed solution for inclusion in the Regional Transmission Expansion Plan (RTEP).

The PJM region transmission planning process is described in detail in its Manual 14A, available at <http://pjm.com/~media/documents/manuals/m14b.ashx>. PJM provides a more general overview of the planning process at the following URL: <http://pjm.com/planning/rtep-development.aspx>.

The Commission approval process is initiated with the filing of an application for certification and approval. Regarding the Commission approval process, I recommend the Company's Pleasant View-Hamilton 230 kV transmission project in Case No. PUE-2005-00018 for your review. The Commission website provides a search function for cases dating back to 2002 at the following URL: <http://docket.scc.virginia.gov/vaprod/main.asp>.

The Company has set up a website for the project at <https://www.dom.com/about/electric-transmission/glebe>. This website will provide updates and details on the proposed solution, and a complete copy of the Commission application when filed.

B. Right-of-Way

As noted previously, the Company is in the process of gathering data to develop possible overhead and underground routes for the 230 kV transmission solution. Without this information, it is not possible for the Company to provide the requested information.

Based on currently available information, the Company estimates that construction of the entire solution will take approximately 24 months.

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C. Coordination

The Company has provided the City with available outreach information for the project. The project team has initiated and will continue with early outreach efforts by meeting with interested and potentially impacted stakeholders to discuss the project and ways to become involved. We anticipate holding an open house in the City of Alexandria by September 2014, where routes and simulations can be reviewed and subject matter experts will be available to answer specific questions about the project.

We look forward to participating in the City of Alexandria Work Group. Due to the necessary timing for completion of construction, we are hesitant to delay our Commission filing beyond the end of 2014. However, we will gladly continue meeting with the Work Group to provide updates on the Commission process subsequent to filing. We encourage the City to participate directly in the Commission proceeding.

D. Cost Estimate and Related issues

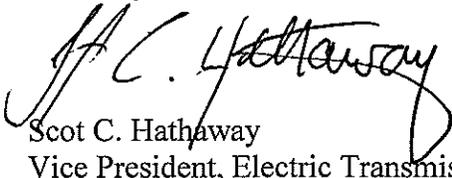
Based on currently available information, the Company estimates a cost of approximately \$165 million for an underground 230 kV solution, and will develop a cost estimate for alternative overhead solutions. These costs are subject to careful Company review and refinement as part of the ongoing development process.

As noted above, the solution is needed to be in-service to address reliability concerns no later than summer of 2018, construction is anticipated to last approximately 24 months, and the Commission approval process is estimated to last approximately 12 to 18 months from the date of filing. This schedule necessitates the filing of a Commission application by late 2014 or no later than early 2015.

Dominion Virginia Power is committed to provide safe and reliable power to its customers, and in doing so is equally committed to being a good partner and good neighbor as we introduce and deliver new infrastructure.

If you have any questions during the ongoing development of this project, please don't hesitate to contact me and/or Deborah Johnson and as agreed, your project manager and Work Group can communicate directly with the project managers Steve Quarberg or Wes Keck.

Sincerely,



Scot C. Hathaway
Vice President, Electric Transmission

cc: The Honorable Mayor and Members of City Council
Mark Jinks, Deputy City Manager

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Jerome Fletcher, Special Assistant to the City Manager

Richard Baier, Director, Department of Transportation & Environmental Services

Maurice Daly, Division Chief, Infrastructure Right of Way Division, Department of
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Karl Moritz, Acting Director of Planning and Zoning

Jeffrey Farner, Deputy Director, Department of Planning & Zoning

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James Banks, City Attorney

Christopher Spera, Deputy City Attorney