

August 3, 2007

Mr. David R. Eichenlaub, Assistant Director
Division of Economics and Finance
Virginia State Corporation Commission
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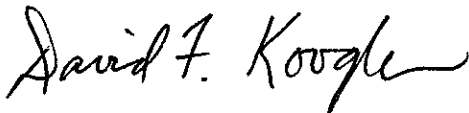
Ex parte: In the matter of determining a recommended mix of programs, including demand side management (DSM), conservation, energy efficiency, load management, real-time pricing, and consumer education to be implemented in the Commonwealth to cost-effectively achieve the energy policy goals set in § 67-012 of the Code of Virginia to reduce electric energy consumption

Case No. PUE-2007-00049

Dear Dave:

Attached for consideration by the State Corporation Commission Staff and other participants in the "conservation workgroup" are reply comments from Dominion Virginia Power. We look forward to actively participating in the sub-workgroups and supporting the Staff's efforts to prepare a report for the Commission by November 9.

Sincerely,



David F. Koogler
Director- State Regulation

Case No. PUE-2007-00049
Reply comments of Dominion Virginia Power
August 3, 2007

Dominion Virginia Power ("DVP" or the "Company") agrees with many comments made by other interested parties to this proceeding which call for conservation and energy efficiency to be analyzed on a multi-fuel and comprehensive basis. DVP also supports the idea that conservation and energy efficiency programs, as well as utility rate structures, should be designed to create incentives for the prudent use of energy by consumers, while removing disincentives for utilities.

Additionally, DVP recognizes that fuel neutrality can be an issue when analyzing conservation and energy efficiency programs, and understands that reasonably available competing energy products and services should be investigated, taking into consideration all likely impacts of proposed programs. Such a position is consistent with comments filed by the Company on July 13, 2007, regarding energy efficiency and conservation programs that involve such initiatives as consumer education, rebates and incentives to encourage the adoption of higher efficiency equipment, and market support functions. The Company continues to maintain that these programs are best administered through a non-utility third party, such as a state agency or private sector organization. Having such offerings available on a uniform basis throughout the Commonwealth under one organization will insure consistency in customer education and program development; it also will insure that all customers will be given an equal opportunity to participate in any program regardless of which entities serve those customers and the type of fuel they use for space conditioning, water heating, etc.. DVP noted in its initial comments that regardless of the entity responsible for administering load management, conservation, or energy efficiency programs, the Commonwealth should rely on the private sector to actually deliver the programs. The Commonwealth should take advantage of the scope and scale, efficiency, and cost-effectiveness available through companies currently delivering these programs.

While DVP supports the concept of a third party administering the above mentioned energy efficiency and conservation programs it would also like to re-emphasize a key point of its initial comments that electric utilities are best positioned to develop, implement and administer demand-side-management programs that involve load management equipment and communication protocols

The Company also notes that one party has filed initial comments in this proceeding suggesting that the Commission should adopt a principle that conservation and energy efficiency programs should promote the use of natural gas for space conditioning and water heating. DVP strongly disagrees with this concept of promoting one fuel type over another based on end use, furthermore, the Company does not believe the goal of this proceeding is to mandate a certain type of fuel for specific purposes. Consumers should be allowed to make their own energy selection decisions based upon unique circumstances and the perceived value of each energy source.

In closing, DVP would also like re-emphasize that, in order for the aggressive legislative energy goal to be met, all parties must work together. The most important factor in the success of these programs will be the commitment of consumers to make important lifestyle changes in the ways they view energy consumption.