

VIRGINIA ELECTRIC AND POWER COMPANY
NON-QUALIFIED NUCLEAR DECOMMISSIONING TRUST
AMENDED AND RESTATED TRUST AGREEMENT

9008030107 900726
PDR ADOCK 05000280
I PDC

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1. GENERAL PROVISIONS	
1.01. Name, Trust Fund	1
1.02. Grantor, Trustee	2
1.03. Trust Committee	2
1.04. Separate Reserve Funds	2
ARTICLE 2. TRUSTEE APPOINTMENT, REMOVAL, LIABILITY	
2.01. Appointment, Removal, Successors	2
2.02. Establishment and Acceptance of Trust	4
2.03. Limitation of Liability	4
2.04. Discharge After Distributions	5
2.05. Legal Action	5
ARTICLE 3. INVESTMENT DUTIES, POWERS	
3.01. Stated Investment Policy	6
3.02. Investment of Trust Fund	6
3.03. Additional Powers of Trustee	6
3.04. Directing the Trustee	8
ARTICLE 4. OTHER DUTIES OF TRUSTEE	
4.01. Payments From the Trust Fund	9
4.02. Payment of Compensation, Expenses, and Taxes	10
4.03. Accounting	11
4.04. Valuation	11
ARTICLE 5. AMENDMENT AND TERMINATION OF THE TRUST	
5.01. Amendment of the Trust	12
5.02. Termination of the Trust	12
5.03. Merger, Consolidation, or Succession	12
5.04. Impossibility of Diversion	13

T A B L E O F C O N T E N T S
Continued

	<u>Page</u>
ARTICLE 6. MISCELLANEOUS PROVISIONS	
6.01. Construction	13
6.02. Rights under the Trust	13
6.03. Frustrated Actions	14
6.04. Construction of Direction	14
6.05. Authorizations and Communications	14
6.06. Genuine Notice	14
6.07. Loss or Damage	14
6.08. Binding Nature	14

VIRGINIA ELECTRIC AND POWER COMPANY
NON-QUALIFIED NUCLEAR DECOMMISSIONING TRUST
AMENDED AND RESTATED TRUST AGREEMENT

THIS TRUST AGREEMENT made the 31st day of December, 1986, between VIRGINIA ELECTRIC AND POWER COMPANY, a Virginia corporation, as Grantor and CRESTAR BANK (formerly United Virginia Bank), a Virginia banking corporation with trust powers, as Trustee and amended on the 23rd day of December, 1987, and the 22nd day of June, 1988, and the 18 day of April, 1989, by Trust Agreement Amendments between the Grantor and the Trustee, as amended and restated, provides:

WHEREAS the Grantor for many years has created financial reserves for the costs of decommissioning its nuclear power plants and wishes to continue making prudent provision for that future liability,

WHEREAS the Grantor deems it appropriate to place such amounts collected from its customers for decommissioning as are not deductible currently for Federal income tax purposes pursuant to Internal Revenue Code section 468A into a trust and to make such additional contributions to the trust from time to time as the Grantor deems necessary to provide for the costs of decommissioning its nuclear power plants,

WHEREAS this trust is created to accept the contribution of amounts that do not qualify for a current deduction for Federal income tax purposes pursuant to Internal Revenue Code section 468A, and

WHEREAS the Trustee has consented to hold and administer Nuclear Decommissioning Reserve Funds for Grantor upon a trust and to cooperate in such future amendments to that trust as may be permitted under applicable fiduciary law;

NOW, THEREFORE, the Grantor agrees to create and the Trustee agrees to accept a Trust upon the following terms and conditions:

ARTICLE 1. GENERAL PROVISIONS

1.01. Name. Trust Fund.

The name of the Trust is the VIRGINIA ELECTRIC AND POWER COMPANY NON-QUALIFIED NUCLEAR DECOMMISSIONING TRUST. The Trust Fund is the entire undistributed amount of all contributions

placed with the Trustee, as adjusted for all income, expense, gain, or loss on such amount as may exist from time to time.

1.02. Grantor, Trustee.

The Grantor of this Trust is Virginia Electric and Power Company and its successors and assigns as provided in section 5.03 of this Agreement. The Trustee under this Agreement is Crestar Bank, its successors and assigns, or any other person, company, bank, or trust company appointed as provided in section 2.01 of this Agreement.

1.03 Trust Committee.

The Grantor may establish a Nuclear Decommissioning Trust Committee composed of any three or more persons appointed by the Grantor's Board of Directors on whatever terms the Board desires. The Committee has the authority to exercise all of the Grantor's powers under the Agreement, and the Trustee will treat the directions and other actions of the Committee as the directions or actions of the Grantor. The Grantor must certify to the Trustee all appointments to or removals from the Committee, and the Trustee must recognize written instructions signed by any two committee members as a directive from the Committee.

1.04 Separate Reserve Funds.

The Trust Fund is divided into separate Reserve Funds as designated by the Grantor, and each Reserve Fund provides for the decommissioning of a specified unit of a nuclear power plant. Each Reserve Fund will be segregated and maintained apart from the assets of other Reserve Funds and any other assets of the Trust Fund. Separate accounting and separate funding will be observed as though each Reserve Fund were a separate trust. Reserve Funds may be commingled for investment purposes in accordance with section 3.02 of this Agreement.

ARTICLE 2. TRUSTEE APPOINTMENT, REMOVAL, LIABILITY

2.01. Appointment, removal, successors.

- (a) The initial Trustee is named above. The Grantor may appoint one or more persons as additional or successor Trustees. A Trustee may resign on thirty days' notice in writing to the Grantor. The Grantor may remove any Trustee by thirty days' written notice to each Trustee. Upon the resignation or removal of a Trustee, the Grantor will appoint a successor Trustee, who will have the same powers and duties as the

predecessor Trustee. Additional Trustees may be appointed in the same manner as a successor Trustee.

- (b) A successor Trustee may qualify by executing, acknowledging, and delivering acceptance to the Grantor in a form satisfactory to the Grantor. The successor without further act, deed, or conveyance is vested with all the estate, rights, powers, discretion, duties, and obligations of the predecessor Trustee just as if originally named as a Trustee in this Agreement.
- (c) When a successor Trustee accepts, the predecessor Trustee (or representative, if the predecessor Trustee is unable or unavailable) will assign, transfer title, and pay over to the successor Trustee the funds and properties then constituting the Trust Fund. The predecessor Trustee (or representative) is authorized, however, to reserve a sum of money deemed advisable for payment of fees and expenses in connection with the transfer and settlement of the Trust Fund or otherwise (all subject to the limitation in section 5.04 of this Agreement), and any balance of that reserve remaining after the payment of fees and expenses will be paid over to the successor Trustee.
- (d) If two Trustees are serving, acts and decisions of the Trustee will be made unanimously. If more than two Trustees are serving, acts and decisions of the Trustee will be made by a majority vote. Without designation, one of the Trustees may execute instruments or documents on behalf of all the Trustees until any Trustee objects in writing to the other Trustees. If the Trustees are deadlocked or otherwise unable to act, the Grantor will appoint additional or successor Trustees (which may be or include existing Trustees).
- (e) If more than one Trustee is serving, a meeting need not be called or held for the Trustees to make decisions or take actions; decisions may be made or action taken by written documents signed by the requisite number of Trustees. The Trustees may delegate to one or more of their number authority to sign documents on behalf of the Trustees or to perform ministerial acts, but no Trustee to whom that authority is delegated may perform an act involving the exercise of discretion without first obtaining the concurrence of the requisite number of other Trustees, even though the one alone may sign a document required by third parties.

- (f) The Trustee may adopt or amend bylaws and regulations that the Trustee deems desirable for the conduct of Trustee affairs.
- (g) The Trustee will keep a record of all Trustee proceedings and acts and all other data necessary for the proper administration of the Trust. The Trustee will notify the Grantor of any Trustee action taken, and when required by law, will notify any other interested party.

2.02. Establishment and acceptance of Trust.

- (a) Unless the Grantor otherwise advises the Trustee, the Grantor will make all contributions in cash or other intangible personal property.
- (b) At the time it makes any contribution to the Trust Fund, the Grantor will specify in a writing then delivered to the Trustee the exact amount or portion of the contribution that is to be placed in each Reserve Fund then existing. The Trustee shall not accept contributions from other than the Grantor without the Grantor's written approval for each such contribution, and an exact written allocation of such a contribution among the Reserve Funds then existing must accompany the contribution. The Trustee has no right or duty to inquire into the amount of or the method used in determining any contribution or the allocation of any contribution among the Reserve Funds. The Trustee is accountable only for funds actually received. The Trustee has no duty to compute or collect the amount to be paid to it by the Grantor.
- (c) All contributions and income from contributions will be held, managed, and administered in trust according to the terms of this Agreement.
- (d) No part of the Trust Fund may be used for or diverted to purposes other than the exclusive purposes allowed by this Agreement, as described in sections 5.04 and 6.01 of this Agreement.
- (e) The initial Trustee now accepts the Trust created by this Agreement and will perform the Trustee's duties under this Agreement.

2.03. Limitation of liability.

- (a) To the extent permitted by law, the Trustee will serve without bond; the Trustee will secure and pay for required

bonds. Except as otherwise provided in this Agreement, no Trustee is liable for any act or omission of any other Trustee or for any act or omission of any other person. At its own expense, the Grantor is entitled to employ its own counsel to defend or maintain, either in its own name or in the name of any Trustee, any suit or litigation arising under this Agreement involving the Trustee.

- (b) The Trustee is not liable for the making, retention, or sale of any investment or reinvestment made as provided in this Agreement, but the Trustee is liable for any loss to or diminution of the Trust Fund due to the Trustee's gross negligence, willful misconduct, or lack of good faith in carrying out the terms of this Agreement.
- (c) The Trustee is fully protected when relying on a written communication from a properly designated officer or employee of the Grantor concerning an instruction or direction of the Grantor and in continuing to rely upon a communication until a subsequent communication is filed with the Trustee. The Trustee is fully protected in acting on any instrument, certificate, or paper believed by the Trustee to be genuine and to be signed or presented by the proper person. The Trustee is under no duty to make any investigation or inquiry as to any statement contained in any written communication or document signed by the proper person, but may accept it as conclusive evidence of the truth and the accuracy of the statements contained.
- (d) The Grantor will indemnify the Trust Fund and the Trustee against any liability imposed as a result of a claim asserted by any person or entity if the Trustee has acted in good faith reliance on the terms of this Agreement or a written direction of the Grantor.

2.04. Discharge after distributions or termination.

After all distributions (including distributions to a successor Trustee) or any termination under this Agreement or applicable law, the Trustee is discharged from all obligations under this Agreement, and no person or entity has any further right or claim against the Trustee not otherwise provided by statute.

2.05. Legal action.

In all legal actions regarding the Trust and this Agreement, the Trustee and the Grantor are the only necessary parties. A final judgment not appealed or appealable entered in an action or proceeding against the Grantor, the Trust, or the Trustee is

binding and conclusive on the parties to this Agreement and all persons having or claiming to have any interest in the Trust Fund.

ARTICLE 3. INVESTMENT DUTIES, POWERS

3.01. Stated investment policy.

Except as provided by section 3.04, the Trustee shall invest and reinvest the Trust Fund only in publicly-traded common stocks and those investments approved under Virginia Code section 26-40, as it may be amended from time to time. The Trustee's investment policy for assets within the Trustee's investment control will be to realize the greatest appreciation of the Trust Fund as may be prudently possible, whether the appreciation is by way of current income accumulation or by appreciation in the market value of assets.

In its annual report to the Grantor, the Trustee will advise of the Trustee's investment policy or strategy. Formulation of the policy is the Trustee's responsibility as long as the Grantor has not exercised its right to direct the investments under section 3.04. The Trustee must consider the stated purposes of the Trust and this Agreement, statutory requirements, and other relevant information and standards before stipulating the stated investment policy. The Trustee may consult with the Grantor, counsel, and investment advisors for fact-finding purposes before so stipulating.

3.02. Investment of Trust Fund.

Subject to the provisions of section 3.04 of this Agreement, the Trustee will invest and reinvest the principal and income of the Trust Fund and keep those trust assets invested, without distinction between principal and income. The assets of two or more Reserve Funds may be commingled for investment purposes as the Grantor directs.

3.03. Additional powers of Trustee.

The Trustee has the following powers and authority in the administration and investment of the Trust Fund, to be exercised subject to the other provisions of this Agreement and especially this Article 3:

- (a) To purchase, subscribe for, and hold securities or other property authorized by sections 3.01 and 3.02 as a proper investment for the Trust Fund, and to retain the same in trust.

- (b) To sell for cash or credit, exchange, convey, transfer, or otherwise dispose of any securities or other property held in the Trust Fund, by private contract or at public auction. No person dealing with the Trustee is bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any sale or other disposition.
- (c) On direction from the Grantor, to vote any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights, or other options, and to make any incidental payments; to oppose, consent to, or otherwise participate in corporate reorganizations or other changes affecting corporate securities, and (unless prohibited by statute) to delegate discretionary powers, and to pay any related assessments or charges; and generally to exercise an ownership powers over stocks, bonds, securities, or other property held as part of the Trust Fund.
- (d) To keep part of the Trust Fund in cash or cash balances invested in interest-bearing accounts if the Trustee deems that to be prudent under the circumstances.
- (e) To accept and retain for as long as the Trustee deems advisable any securities or other property received or acquired as Trustee, regardless of any lack of diversification.
- (f) To make, execute, acknowledge, and deliver documents of transfer and conveyance and other instruments that may be necessary or appropriate to carry out the Trustee's powers.
- (g) To settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from the Trust Fund, to commence or defend legal or administrative proceedings, and to represent the Trust in all legal or administrative proceedings.
- (h) To employ suitable agents and counsel (who may be counsel of the Grantor) and to pay their reasonable expenses and compensation.
- (i) To act at any time and in any jurisdiction without bond or other security for insuring the faithful performance of the Trustee's duties.

- (j) To enter into contracts, in a form determined by the Trustee, with one or more persons, firms, associations, or corporations to obtain advice and counsel about investments.
- (k) To enter into arrangements for the deposit of funds with banks or trust companies and in connection with the arrangements:
 - (1) To authorize the depository to act as custodian of the cash, securities, or other property comprising the funds;
 - (2) To authorize the depository to convert the funds in whole or in part into, or to invest and reinvest the same in, securities of any kind and nature permitted in this Agreement; and
 - (3) To provide for the payment to the depository of reasonable compensation for its services.
- (l) To cause any securities or other property held as part of the Trust Fund to be registered in its own name or in the name of one or more of its nominees, and to hold any investments in bearer form, but the books and records of the Trustee must at all times show that the investments are part of the Trust Fund.
- (m) To participate in any mergers or consolidations, or any registrations of securities with state or federal authorities regarding any securities held.
- (n) To do all acts, take all proceedings, and exercise all rights and privileges, although not specifically mentioned here, as the Trustee deems necessary to administer the Trust Fund and to carry out the purposes of this Agreement.

3.04. Directing the Trustee.

- (a) Directed investments under this section 3.04 may not exceed the total of the Trust Fund.
- (b) Subject to the limitation of paragraph (a), the Trustee at the written direction of the Grantor will segregate the value requested and will after that invest, reinvest, and otherwise deal with that Segregated Amount as directed by the Grantor.
- (c) If exercised, the Grantor's right to direct investment and reinvestment includes the right to select investment

managers, brokers, salesmen, or agents to handle investments or execute investment orders. The Grantor may give an investment manager any of the Grantor's powers, pursuant to this section 3.04 or otherwise, by so certifying in writing to the Trustee. The Trustee is not responsible for the selection, terms of appointment, compensation, or conduct of any investment manager, broker, salesman, or agent selected by the Grantor, but the Trustee is responsible for its own actions in its dealings with such persons in accordance with the provisions of section 2.03 of this Agreement.

- (d) In the absence of directions under section 3.04, the Trustee is free to proceed without the concurrence or affirmative expression of the Grantor to handle, manage, control, invest, and reinvest the Trust assets that are not Segregated Amounts under the powers granted in this Agreement with the same force and effect as if this section were not a part of this Agreement.
- (e) No person dealing with the Trustee is required to determine whether any sale or purchase by the Trustee has been authorized or directed by the Grantor, and each is fully protected in dealing with the Trustee in the same manner as if this section were not a part of this Agreement.
- (f) Whenever the Trustee is directed to purchase or sell assets in the Trust Fund, the Trustee in its sole discretion is permitted at the expense of the Trust to obtain an appraisal of the value of the assets to be purchased or sold; the Trustee is fully protected and indemnified whenever purchasing or selling at the appraised value or in refusing to purchase or sell at other than the appraised value.
- (g) Subject to the power of the Grantor as described in this section, the powers granted the Trustee under sections 3.02 and 3.03 of this Agreement will be exercised in the discretion of the Trustee. Neither the Trustee nor any other person is under a duty to question the Grantor's direction, and the Trustee will comply as promptly as possible with the Grantor's direction if it is consistent with the terms of this Agreement.

ARTICLE 4. OTHER DUTIES OF TRUSTEE

4.01. Payments from the Trust Fund.

On the written direction of the Grantor, the Trustee will make payments and transfers from the Trust Fund to the persons or

entities, in the manner, in the amounts, and for the purposes specified in the written directions. After payment, the amount paid is no longer a part of the Trust Fund. Each Grantor direction will include a representation by the Grantor that the payment is in accordance with the purposes of this Agreement. The Trustee is not responsible for the application of the payments or for the adequacy of the Trust Fund after payment to meet and discharge Trust liabilities.

4.02. Payment of compensation, expenses, and taxes.

- (a) The Trustee will be paid reasonable compensation as agreed upon from time to time in writing by the Grantor and the Trustee. In addition, the Trustee will be reimbursed from the Trust Fund or, at the option of the Grantor, by the Grantor for all ordinary and necessary expenses incurred in connection with the operation of the Trust, including federal income tax imposed on the modified gross income of the Trust, any state or local tax imposed on the income or assets of the Trust, legal expenses, accounting expenses, actuarial expenses, and trustee compensation and expenses. All taxes levied or assessed on or in respect of the Trust Fund, whether assessed to the Trust Fund or the Grantor, will be paid, at the option of the Grantor, by the Grantor, or from the Trust Fund and pro rated among the Reserve Funds in proportion to their respective fair-market values at the preceding calendar year end in the case of property taxes and in proportion to their respective taxable incomes for the relevant taxable year in the case of income taxes. To the extent that any taxes are provoked by the investment in or receipt of an identifiable asset or transaction involving a particular Reserve Fund, the taxes will be charged against the appropriate Reserve Fund, giving appropriate effect to computations of income and deductions related to the asset or transaction, and allocating any exemption available among the Reserve Funds in proportion to the tax liability provoked. Identifiable direct expenses will be treated in the same way as taxes.
- (b) The Trustee will prepare and file tax returns for the Trust as directed by the Grantor, provided that the Grantor shall indemnify the Trustee for any penalties, additions to tax, or other amounts for which it may be charged due to a position taken on such returns at the Grantor's direction. The Trustee will reimburse the Grantor for any taxes assessed on the Grantor with respect to the Trust Fund. The Trustee may assume that any taxes assessed on or with respect to the Trust Fund are lawfully assessed unless the Grantor advises the Trustee in writing that in the opinion of counsel for the Grantor the taxes are or may be unlawfully assessed. When so advised and requested in

writing by the Grantor, the Trustee will contest the validity of the taxes in any manner deemed appropriate by the Grantor or its counsel, in which event the Trustee will execute all documents, instruments, claims, and petitions necessary or advisable in the opinion of the Grantor or its counsel for the refund, abatement, reduction, or elimination of taxes. Reasonable expenses incurred by the Trustee in connection with such a contest will be reimbursed as provided in paragraph (a) of this section.

4.03. Accounting.

- (a) The Trustee will keep accurate and detailed accounts of all investments, receipts, disbursements, and other transactions for each Reserve Fund and for the Trust Fund. All accounts, books, tax returns, and records relating to the Trust are open to inspection and audit at all reasonable times by any person designated by the Grantor.
- (b) Within sixty days after the end of each calendar year and within thirty days after the removal or resignation of a Trustee as provided in section 2.01, the Trustee will file a written report of the investments, receipts, disbursements, and other transactions during the year or during the period from the close of the last year to the date of the Trustee's removal or resignation, including the current value of the Trust Fund. After ninety days from the date of filing that annual or other accounting, the Trustee is forever released and discharged from all liability and accountability to anyone with respect to the propriety of acts and transactions shown in the accounting, except for acts or transactions as to which the Grantor files written objections with the Trustee within the ninety-day period.
- (c) Except as specifically provided by statute, no person other than the Grantor may require an accounting or bring an action against the Trustee about the Trust or the actions of the Trustee. The Trustee is not required to make reports to any courts or administrative agencies, except as specifically required by statute.

4.04. Valuation.

- (a) As of each calendar year end, the Trustee will determine the fair-market value of the Trust Fund and each Reserve Fund and report that value to the Grantor in writing.

- (b) Non-cash contributions are valued at fair-market value determined by the Trustee as of the actual date on which the Trustee accepts the property.
- (c) In determining the net worth of the Trust Fund and the Reserve Funds, the Trustee will allocate among such Reserve Funds and deduct all allocable expenses.

ARTICLE 5. AMENDMENT AND TERMINATION OF THE TRUST

5.01. Amendment of the Trust.

The Grantor has the right at any time to amend this Agreement in whole or in part, but

- (a) No amendment may authorize or permit any assets of the Trust Fund (other than those required to pay taxes and other administration expenses) to be used for or diverted to purposes other than the costs of decommissioning the Grantor's nuclear power plants, except as may be required by any court or regulatory authority, and
- (b) No amendment may be made that increases the Trustee's duties or liabilities without the Trustee's written consent.

An amendment may be made retroactively if such application is necessary to bring the Trust, the Grantor, or the Virginia Electric and Power Company Qualified Nuclear Decommissioning Trust (another trust between the Grantor and the Trustee) into conformity with the Internal Revenue Code, Treasury regulations, or any other applicable statute or regulation.

5.02. Termination of the Trust.

Except as otherwise provided by law, the Trust terminates upon completion of all nuclear power plant decommissioning that it has been created to fund, as certified to the Trustee by the Grantor, or upon the frustration or failure of the Trust's purposes. Upon termination of the Trust, any of the Trust Fund that remains shall revert to the Grantor free of trust.

5.03. Merger, consolidation, or succession.

- (a) A corporation with which the Grantor is merged or a corporation or other legal entity which acquires substantially all the assets of the Grantor, shall become the Grantor for purposes of this Agreement, and every reference in this Agreement to the Grantor will be treated

as a reference to that surviving or purchasing corporation or other legal entity.

- (b) If the Grantor is liquidated, merged, or consolidated with another company or other legal entity and the Grantor's successor chooses not to discharge the Grantor's duties under this Agreement, the Trust nevertheless will survive and the Trust Fund will continue in trust under the terms of this Agreement. In such a case, the Trustee or such person or persons as it may select will succeed to the functions of the Grantor under this Agreement, including the function of naming successor Trustees.
- (c) The merger or consolidation of the Trust with, or a transfer of assets or liabilities from this Trust to another trust or fund is not permitted unless the Trustee has received an opinion of counsel satisfactory to the Trustee to the effect that the merger, consolidation, or transfer results in no diversion or use of assets that is not permitted by this Agreement.

5.04. Impossibility of diversion.

Until the Trust terminates, assets of the Trust Fund may not be used for or diverted to purposes other than the purposes permitted by this Agreement.

ARTICLE 6. MISCELLANEOUS PROVISIONS

6.01. Construction.

The Grantor's intent and purpose in creating this Trust and executing this Agreement is to maintain Nuclear Decommissioning Reserve Funds to provide for the costs of decommissioning the Grantor's nuclear power plants. All questions arising in the administration of the Trust and in the construction of this Agreement will be resolved accordingly. This Agreement will be construed, enforced, and administered in accordance with the laws of the Commonwealth of Virginia, except to the extent that the laws of the United States of America take precedence, in which event, this Agreement will be construed in accordance with the laws of the United States of America. The table of contents, headings, and subheadings in this Agreement have been inserted for convenience only and are to be ignored in construction of the provisions.

6.02. Rights under the Trust.

No person other than the Grantor has any vested rights under the Trust except to the extent that rights may accrue under other

agreements made by the Trustee. Except as permitted by law, no assignment of any rights or benefits under the Trust is permitted or recognized, nor will any rights or benefits be subject to attachment or other legal or equitable process or subject to the jurisdiction of any bankruptcy court.

6.03. Frustrated actions.

If it becomes impossible for the Grantor or the Trustee to perform an act, then that act will be performed which, in the discretion of the Trustee, most nearly carries out the intent and purpose of this Agreement.

6.04. Construction of direction.

Whenever the Grantor or Trustee is directed to take an action upon the occurrence of an event, neither is under obligation to take that action until it has received proper and satisfactory written notice of the occurrence.

6.05. Authorizations and communications.

A written authorization or communication from an officer of the Grantor or the Trustee that an event has occurred constitutes conclusive evidence of the occurrence, and the Grantor or Trustee is fully protected and discharged from all liability in accepting and relying upon that authorization or communication.

6.06. Genuine notice.

The Grantor or the Trustee will not incur liability to any person or party when acting on a notice, request, consent, letter, telegram, or other paper or document that it believes to be genuine, and to have been signed or sent by the proper person.

6.07. Loss or damage.

Except as specifically provided by statute, the Grantor or the Trustee is not liable for loss or damage, except by reason of negligence or willful default.

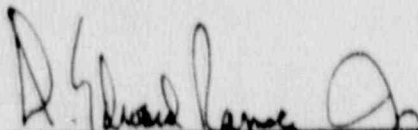
6.08. Binding nature.

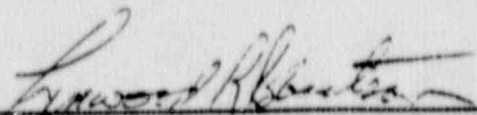
This Agreement is binding upon the heirs, executors, administrators, successors, and assigns of all parties, present and future.

IN WITNESS of this Amended and Restated Agreement, the Grantor and the Trustee have signed below on this 18 day of April, 1989.

ATTEST:

VIRGINIA ELECTRIC AND POWER COMPANY

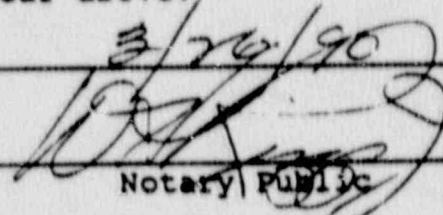

Assistant Corporate Secretary

By 
Vice President and Treasurer

CITY OF RICHMOND
COMMONWEALTH OF VIRGINIA

Acknowledged before me this 18 day of April, 1989, by the persons whose signatures appear above.

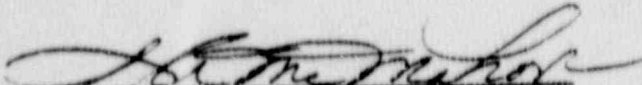
My commission expires: 3/24/90



Notary Public

IN WITNESS of this Amended and Restated Agreement, the Grantor and the Trustee have signed below on this 18 day of April, 1989.

ATTEST:

CRESTAR BANK

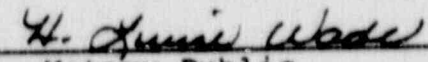

Assistant Secretary

By 
Vice President

CITY OF RICHMOND
COMMONWEALTH OF VIRGINIA

Acknowledged before me this 18 day of April, 1989, by the persons whose signatures appear above.

My commission expires: November 3, 1991.


Notary Public

ENCLOSURE D

**Schedule of Proposed Contributions
to the
Decommissioning Trust Accounts**

ENCLOSURE D

Summary of Nuclear Decommissioning Financial Assurance Funding

The following schedules explain the basis for the Company's current nuclear facility decommissioning cost estimates and funding plan. Schedule 1 shows Company cost estimates based upon a site-specific decommissioning cost study conducted by TLG Engineering in 1986. This schedule also shows the projected estimated costs of decommissioning using an average inflation rate of 6.38 percent annually until station shutdown based on the stations' 40 year operating licenses.

Schedule 2 indicates funds the Company proposes to collect (line 3) during the remaining lives of the stations, after deducting accumulated funds as of December 31, 1989 and projected earnings on these funds from the inflated TLG Engineering study costs shown on line 1.

Schedules 3 and 4 show individual year system collections for Surry and the Company's decommissioning responsibility for North Anna (89.6%). The annual collections change every four years to recognize annual inflation, earnings on accumulated funds and revised regulatory requirements. These schedules use accumulated collections at December 31, 1989 in determining the annual collections amounts. The methodology for increasing decommissioning collections every four years was approved in 1987 for the Company's Virginia Jurisdictional and Virginia Non-Jurisdictional customers based on data available at that time. These customers comprise approximately 85 percent of the Company's sales of electricity. A similar filing using this methodology will be made at the FERC jurisdictional level in 1990.

Schedule 5 shows a summary of the current regulatory approved collections by jurisdiction. These collections are currently being funded at least annually to an externally controlled decommissioning trust. Schedule 5 also shows current pending and proposed requests for changes to annual collections on an individual jurisdictional basis. A revised site-specific decommissioning cost estimate is currently being completed and will become the basis for a request for a revision to annual collections in Virginia in any post-1990 regulatory rate filings in that jurisdiction. Current plans are to file the revised estimate as an update in Case No. E-22, Sub 314, currently pending in North Carolina. The North Carolina filing is based on the State Commission's recommendation of levelized annual collections throughout station life instead of the current Virginia collections methodology. When available, the revised decommissioning cost estimate will also be filed, as appropriate, in any pending FERC regulatory rate proceedings.

ENCLOSURE D

Page 1 of 1

Schedule 1**System Current and Projected Decommissioning
Costs Based on Prompt Dismantlement
Succeeding Station Retirement****(Thousands of Dollars)**

	<u>Surry</u>	<u>North Anna</u> (b)	<u>Total</u> (b)
Costs per 1986 TLG Engineering Study (a)	\$ 307,074	\$ 320,563	\$ 627,637
Costs escalated to Station Retirement (c)	\$ 1,720,687	\$ 2,768,498	\$ 4,489,185

(a) Costs are in 1986 dollars.

(b) Cost excludes Old Dominion Electric Cooperative portion.

(c) Costs escalated to retirement date assuming 6.38% inflation rate. This rate is based on the average of the Wharton Consulting and Economic Service Forecast of Wage and Equipment Rates (1986-2004) combined with escalation factor for burial costs. Station retirement is based on remaining lives of 24 years and 31 years for the Surry and North Anna Power Stations, respectively.

ENCLOSURE D

Page 1 of 1

Schedule 2**System Estimated Collections Over
Remaining Lives of Nuclear Stations****(Thousands of Dollars)**

	<u>Surry</u>	<u>North Anna</u>	<u>Total</u>
(1) Required Fund Balance at Station Retirement (a)	\$ 1,720,687	\$ 2,768,498	\$ 4,489,185
(2) Less: Collections and projected earnings through station retirement on funds collected @ 12/31/89	\$ 229,114	\$ 388,336	\$ 617,450
(3) Funds to be collected over remaining lives of Stations	\$ 1,491,573	\$ 2,380,162	\$ 3,871,735

- (a) Costs are based on 1986 TLG Engineering study and escalated to retirement date assuming 6.38% inflation rate. Old Dominion Electric Cooperative portion has been excluded.

ENCLOSURE D

Page 1 of 1

Schedule 3**System Decommissioning Collections
Surry Power Station
Periodically Adjusted Collections****(Thousands of Dollars)**

<u>Year</u>	<u>Annual Collections</u>	<u>Annual Earnings</u>
1	\$ 14,359	\$ 477
2	14,359	1,479
3	14,359	2,549
4	14,359	3,691
5	18,587	5,051
6	18,587	6,647
7	18,587	8,352
8	18,587	10,172
9	24,200	12,301
10	24,200	14,766
11	24,200	17,398
12	24,200	20,208
13	31,769	23,459
14	31,769	27,190
15	31,769	31,172
16	31,769	35,424
17	42,327	40,313
18	42,327	45,895
19	42,327	51,854
20	42,327	58,216
21	58,770	65,554
22	58,770	73,951
23	58,770	82,916
24	<u>58,770</u>	<u>92,490</u> (Rounded)
	\$ 760,048	\$ 731,525

This schedule is computed in 1986 dollars. The annual inflation rate is 6.38% and the annual earnings rate is 6.75%. Collections through 12/31/89 are \$47,727,221. All collections have been deposited into external trust accounts managed by external investment managers.

ENCLOSURE D

Page 1 of 1

Schedule 4**System Decommissioning Collections
North Anna Power Station
Periodically Adjusted Collections****(Thousands of Dollars)**

<u>Year</u>	<u>Annual Collections</u>	<u>Annual Earnings</u>
1	\$ 11,187	\$ 372
2	11,187	1,152
3	11,187	1,986
4	11,187	2,876
5	14,470	3,935
6	14,470	5,178
7	14,470	6,505
8	14,470	7,922
9	18,771	9,577
10	18,771	11,492
11	18,771	13,536
12	18,771	15,718
13	24,442	18,236
14	24,442	21,119
15	24,442	24,197
16	24,442	27,482
17	31,992	31,240
18	31,992	35,511
19	31,992	40,071
20	31,992	44,939
21	42,233	50,475
22	42,233	56,737
23	42,233	63,423
24	42,233	70,559
25	56,741	78,660
26	56,741	87,806
27	56,741	97,570
28	56,741	107,993
29	81,042	119,928
30	81,042	133,503
31	<u>81,042</u>	<u>147,994</u> (Rounded)
	\$ 1,042,470	\$ 1,337,692

This schedule is computed in 1986 dollars. The annual inflation rate is 6.38% and the annual earnings rate is 6.75%. Collections through 12/31/89 are \$51,192,639. All collections have been deposited into external trust accounts managed by external investment manager. System costs exclude Old Dominion Electric Cooperative.

ENCLOSURE D

Page 1 of 1

Schedule 5

**Schedule of Currently Approved Annual Decommissioning
Funding Levels on a Jurisdictional Basis and
Requested Funding Levels in Pending and Proposed Rate Proceedings
(Thousands of Dollars)**

	Current Regulatory Approved Annual Collections	Requested Collections Submitted for Regulatory Approval
Virginia Jurisdictional	\$ 16,989	\$ 17,935 (a)
Virginia Non-Jurisdictional	\$ 1,701	\$ 1,701 (b)
North Carolina Jurisdictional	\$ 945	\$ 2,053 (c)
FERC Jurisdictional	\$ 719	\$ 1,164 (d)
Total	\$ 20,354	\$ 22,853

(a) Included in Virginia filing - Case No. PUE900023.

(b) No change currently filed.

(c) Included in North Carolina filing - Case No. E-22, Sub 314.

(d) To be filed with FERC in August 1990.