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July 1, 1999

**Via Hand Delivery**
Nuclear Regulatory Commission
Document Control Desk
11555 Rockville Pike
Rockville, MD 20852

Re: North Anna Power Station, Unit 1 License No. NPF-4 (Docket No. 50-338), North Anna Power Station Unit 2 License No. NPF-7 (Docket No. 50-339), Surry Power Station Unit 1 License No. DPR-32 (Docket No. 50-280), Surry Power Station Unit 2 License No. DPR-37 (Docket No. 50-281)

Gentlemen and Ladies:

On May 11, 1999 Dominion Resources, Inc. ("DRI"), the parent company of Virginia Electric and Power Company ("Virginia Power"), executed an Amended and Restated Agreement and Plan of Merger (the "Merger Agreement") with Consolidated Natural Gas Company ("CNG"). At this time, DRI and Virginia Power wish to inform the Nuclear Regulatory Commission ("NRC") of this merger and that this merger will have no effect upon Virginia Power, the NRC licensee for North Anna Power Station Units 1 and 2 and Surry Power Station Units 1 and 2. Virginia Power has an 88.4 percent ownership interest in North Anna Power Station, Units 1 and 2[1] and a 100 percent ownership interest in Surry Power Station, Units 1 and 2.

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[1] Old Dominion Electric Cooperative owns the remaining 11.6 percent interest.

DRI and Virginia Power believe that the merger will not constitute either a direct or indirect change of control, and that no change to the licenses or formal NRC approval is required, as described in the NRC's recent Final Rule regarding license transfers.[2] Nor will the merger have any impact upon the technical, financial or management qualifications upon which licensing financial decisions previously were made by the NRC.

DRI is a diversified utility holding company, and its common stock is listed on the New York Stock Exchange. DRI primarily is involved in the electric business and its principal subsidiary is Virginia Power, a regulated public utility engaged in the generation, transmission, distribution and sale of electric energy. DRI had assets of $17,517 million and operating revenues of $6,086 million for the year ended December 31, 1998. The primary service area of Virginia Power is in Virginia and northeastern North Carolina. DRI's other major subsidiaries are Dominion Energy, Inc., an independent power and natural gas subsidiary, and Dominion Capital, Inc., a diversified financial services company.

CNG is a Delaware corporation, and a public utility holding company registered under the 1935 Act. CNG is engaged solely in the business of owning and holding all of the outstanding equity securities of nineteen directly owned subsidiary companies. CNG had assets of $6,362 million and operating revenues of $12,760 million for the year ended December 31, 1998. CNG and its subsidiaries are engaged in all phases of the natural gas business: distribution, transmission, storage and exploration and production. The company's principal subsidiaries include: Virginia Natural Gas, Inc., Hope Gas, Inc., The Peoples Natural Gas Company and The East Ohio Gas Company, all of which are public utility subsidiaries. CNG Transmission Corporation, also a subsidiary, operates a regional interstate pipeline system and provides gas transportation and storage services to each of CNG's public utility subsidiaries and to non-affiliated utilities, end-users and others in the Midwest, the Mid-Atlantic states and the Northeast. Through its wholly-owned subsidiary, CNG Iroquois, Inc., CNG Transmission Corporation holds a 16

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[2] Streamlined Hearing Process for NRC Approval of License Transfers, 63 Fed. Reg. 66721, 99727 (1998) (to be codified at 10 C.F.R. Parts 2 and 51).

percent general partnership interest in the Iroquois Gas Transmission System, L.P., that owns and operates an interstate natural gas pipeline extending from the Canada-United States border near Iroquois, Ontario, to Long Island, New York. The Iroquois pipeline transports Canadian gas to utility and power generation customers in metropolitan New York and New England.

The Merger will result in the combined company having pro forma 1998 assets of $28.0 billion as of March 31, 1999 and revenues of $8.8 billion for the year ended December 31, 1998. The Merger will create a combined electric and natural gas system with the ability to compete effectively for the nearly four million retail customers in five states presently served by the combined company as well as by other retail customers in the region. The combined company will have an energy portfolio of more than 20,000 megawatts of domestic power generation, 2.9 trillion cubic feet equivalent in natural gas and oil reserves producing nearly 300 billion cubic feet equivalent annually. It will have more than 5,000 miles of electric transmission lines, which are located to transmit power from low-cost producers in the Southeast, including Virginia Power, into higher-cost markets in the Northeast and Midwest, including CNG's service territory. It will operate a major interstate gas pipeline system and the largest natural gas storage system in North America with almost 900 Bcf of storage.

Following completion of the Merger, the Board of Directors of DRI will have 17 members, 10 of whom will be designated by DRI and 7 of whom will be designated by CNG. Thomas E. Capps, the current CEO of DRI, will be the President and Chief Executive Officer of DRI after the Merger, and George A. Davidson, Jr., the current CEO of CNG, will serve as Chairman of the Board of Directors until his previously announced retirement on August 1, 2000, at which time Mr. Capps will reassume his position as Chairman. All officers and directors of the combined company will be United States citizens. Current DRI shareholders will own approximately 65 percent of the combined company and current CNG shareholders will own approximately 35 percent of the combined company. However, no single shareholder will hold a 5 percent or greater interest in DRI after the merger. DRI will continue to use the name Dominion Resources and be headquartered in Richmond, Virginia.

The Merger Agreement contemplates a two-step merger transaction. In the first step, a wholly-owned subsidiary of DRI ("SPV") will merge (the "First Merger") with and into DRI in a transaction in which DRI will be the surviving corporation. In the second step, CNG will either merge (the "Second Merger") (i) with and into another wholly-owned subsidiary of DRI ("CNG Acquisition") in a transaction in which CNG Acquisition will be the surviving corporation, which will result in all of CNG's current rights, obligations, duties and liabilities being assumed by CNG Acquisition as a matter of law or (ii) with and into DRI in a transaction in which DRI will be the surviving corporation. Thus DRI will acquire, through the Second Merger (including, indirectly, through CNG Acquisition or otherwise), all of the issued and outstanding common stock of CNG and, indirectly, all of the common stock of each of the four public utility subsidiaries of CNG. As a result of the Merger and the other transactions contemplated by the Merger Agreement, CNG will cease to exist and either CNG Acquisition, as the successor in interest to CNG, will become a direct subsidiary of DRI or each of CNG's four public utility subsidiaries will become direct subsidiaries of DRI. As a result of the Merger, CNG's non-utility subsidiaries will each become direct or indirect subsidiaries of CNG Acquisition or DRI, as the case may be. In the Merger, shareholders of both DRI and CNG will have the option to elect to receive either cash or DRI common stock in return for each of their DRI or CNG shares, as the case may be, subject to allocation and also subject to certain limitations in order to ensure the desired tax treatment for the Second Merger. Shareholders of both DRI and CNG may elect to exchange some of their shares for cash and some for stock. The First and the Second Merger are each conditioned on the other occurring.

As to Virginia Power, the merger will not constitute a direct or indirect change of control and no change to the NRC licenses is required. Virginia Power, which is currently a subsidiary of DRI, will remain a subsidiary of DRI. As stated above, the CEO of DRI will remain the CEO of the combined company, and become President and Chairman of the combined company on August 1, 2000. Furthermore, a majority of the board of directors will be designated by DRI. Clearly, the merger will not affect the relationship between DRI and Virginia Power, and there will be no change in the upstream economic ownership of Virginia Power as a result of the merger. Nor will there be any change in the identity of the licensee. Virginia Power will continue to be the licensee for North Anna Power Station, Units 1 and 2 and Surry Power Station Units 1 and 2.

DRI and Virginia Power submit that the merger will not change the basis upon which licensing decisions have been made by the NRC. Virginia Power's technical and financial qualifications will not be changed in any respect by the merger. The identity, organization and management of its nuclear operations will be unchanged, both in Richmond and at Surry and North Anna. None of the financial resources available for the nuclear department and for operation of the plants will be affected. Similarly, the decommissioning trust funds for Surry and North Anna, and Virginia Power's continuing obligation to fund them, will be unaffected by the merger.

As shown above, the merger between DRI and CNG will not result in a transfer of the NRC licenses, directly or indirectly. Moreover, as Virginia Power will remain the licensee, the merger will not necessitate an amendment to the license. Thus, DRI and Virginia Power submit that no prior NRC consent is required by this transaction, and request NRC confirmation that this is correct.

Respectfully submitted,

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