

**Preliminary Challenge of
Old Dominion Electric Cooperative and
North Carolina Electric Membership Corporation
Regarding Virginia Electric and Power Company's
Electric Transmission Formula Rate
True-Up Adjustment for 2011 and Annual Transmission Revenue Requirement for 2012
Dated December 3, 2012**

With respect to challenges to the 2011 True-Up and 2012 Annual Update, Old Dominion Electric Cooperative (ODEC) and North Carolina Electric Membership Corporation (NCEMC) challenge Virginia Electric and Power Company's (Dominion) intangible plant included in Dominion's transmission rates because some of the items included in intangible plant appear to serve non-transmission functions and, therefore, should not be included in Dominion's transmission formula rate. In responses to ODEC's and NCEMC's Information Requests, Dominion indicated that it does not functionalize intangible plant as transmission, production, or distribution nor will it explain whether each item included in intangible plant balances are solely related to specific utility functions.. Therefore, ODEC and NCEMC are unable at this time to determine which specific items are improperly included in intangible plant for Dominion's transmission formula rate.

Further, to the extent that (1) FERC grants relief on the issues pending in the Docket No. EL10-49 proceeding and/or (2) Dominion's incentive rates as approved in FERC Docket No. ER08-1207-000 are revised as a result of the appeal pending before the U.S. Court of Appeals for the Fourth Circuit, ODEC and NCEMC reserve the right to seek any appropriate adjustments to Dominion's 2011 True-Up and/or the 2012 Annual Update consistent with the order(s) in those proceedings.