

VIRGINIA ELECTRIC AND POWER COMPANY

**Adjusted ATRR and the True-Up Adjustment Before Interest for 2015 and
Revised ATRR and the Revised True-Up Adjustment Before Interest for 2014**

To: Interested Parties (as defined in Section 1.b. of the Formula Rate Implementation Protocols)

2015 True-Up:

In accordance with Section 2.a. of the Formula Rate Implementation Protocols, Virginia Electric and Power Company (“VEPCO”) is providing the following information to be posted on the www.pjm.com website:

- (i) the adjusted annual transmission revenue requirement (“ATRR”) for the previous calendar year (2015), calculated by applying the methodology set out in Attachment H-16A, Appendix A to VEPCO’s actual costs for that calendar year; and
- (ii) the 2015 true-up adjustment before interest, calculated pursuant to Attachment H-16A, Attachment 6.

The adjusted ATRR for the previous calendar year (2015) is provided on line 168 of Appendix A within the provided Excel file. The 2015 true-up adjustment before interest is provided on line E of Attachment 6 within the provided Excel file. A separate Excel file provides related work papers.

In addition to the above, VEPCO is also providing the adjusted Annual Revenue Requirement for the previous calendar year and True-up Adjustment before interest for each Annual Revenue Requirement included in Attachment 7 that is calculated in accordance with Attachment H-16A, Attachment 6A. This information is in Attachment 7 of the provided Excel file.

Revised 2014 True-Up:

Regarding 2014, the 2014 true-up included in the Informational Filing of January 15, 2016 in FERC Docket No. ER09-545 calculated Accumulated Deferred Income Tax (“ADIT”) using the method that was then in effect subject-to-refund pursuant to Docket No. ER14-1831. VEPCO has applied the final version of the formula from that docket using 2014 actual data to produce a revised True-up Adjustment for 2014, without interest (the “Revised 2014 True-up”). The Revised 2014 True-up (including the Excel file) is included with this posting.

When compared to the 2014 true-up used in the January 15, 2016 Informational Filing, the Revised 2014 True-up shows a lower ATRR. The change in the 2014 actual ATRR due to the ADIT methodology change is summarized below (dollars in thousands):

Line #			
1	2014 Actual ATRR used to Calculate True-Up Adjustment for 2014	Note A	\$676,068
2	Revised 2014 Actual ATRR used to Calculate True-Up Adjustment for 2014	Note B	\$673,267
3	Change in 2014 Actual ATRR due to ADIT Methodology Change	Line 2 – Line 1	\$(2,801)
Notes:			
A	The “2014 Actual ATRR” (un-revised) shown here is from Line 168 of the VEPCO Attachment H-16A Formula Rate – Appendix A that was used to calculate the 2014 True-Up of the January 15, 2016 VEPCO Informational Filing of 2016 Annual Update filed in Docket No. ER09-545.		
B	The “Revised 2014 Actual ATRR” shown here is from Line 168 of the VEPCO Attachment H-16A Formula Rate – Appendix A for 2014 with ADIT methodology changes included and is part of this posting.		

To return the amount on line 3 of the table above, VEPCO will enter a one-time credit on line 149 of Appendix A to the 2017 Annual Update. The amount on line 149 will be the above Line # 3 amount, plus a three-year interest adjustment calculated in accordance with Section 35.19(a) of the Commission’s Regulations.

Please note that in this instance the 2014 and 2015 information being provided herein will not affect transmission rates until January 1, 2017.