



**Dominion
Energy[®]**

Alternate Breakdown
Structure (ABS)
Supplement

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Important Notes to Investors

This supplement contains certain forward-looking statements, including our forecasted operating earnings for the fourth-quarter and full-year 2017 which are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations may include factors that are beyond the company's ability to control or estimate precisely, including fluctuations in energy-related commodity prices, estimates of future market conditions, additional competition in our industries, changes in the demand for Dominion Energy's services, access to and costs of capital, fluctuations in the value of our pension assets and assets held in our decommissioning trusts, impacts of acquisitions, divestitures, transfers of assets to joint ventures or Dominion Energy Midstream and retirements of assets based on asset portfolio reviews, the receipt of approval for, and timing of, closing dates for acquisitions and divestitures, the timing and execution of Dominion Energy Midstream's growth strategy, and the ability to complete planned construction or expansion projects at all or within the terms and timeframes initially anticipated. Other factors include, but are not limited to, weather conditions and other events, including the effects of hurricanes, earthquakes, high winds, major storms and changes in water temperatures on operations, the risk associated with the operation of nuclear facilities, unplanned outages at facilities in which Dominion Energy has an ownership interest, the impact of operational hazards and catastrophic events, state and federal legislative and regulatory developments, including changes in federal and state tax laws and changes to environmental and other laws and regulations, including those related to climate change, greenhouse gases and other emissions to which we are subject, changes in enforcement practices of regulators relating to environmental standards and litigation exposure for remedial activities, political and economic conditions, industrial, commercial and residential growth or decline in Dominion Energy's service area, risks of operating businesses in regulated industries that are subject to changing regulatory structures, changes to regulated gas and electric rates collected by Dominion Energy, changes to rating agency requirements and ratings, changing financial accounting standards, fluctuations in interest rates, employee workforce factors, including collective bargaining, counter-party credit and performance risks, adverse outcomes in litigation matters or regulatory proceedings, the risk of hostile cyber intrusions and other uncertainties. Other risk factors are detailed from time to time in Dominion Energy's quarterly reports on Form 10-Q or most recent annual report on Form 10-K filed with the Securities and Exchange Commission.

Alternate Breakdown Structure Supplement

The Alternate Breakdown Structure (ABS) supplement of Dominion Energy's consolidated earnings has been prepared primarily for security analysts and investors in the hope that it will serve as a convenient and useful supplemental reference. The format of this supplemental disclosure may change in the future as we continue to try to meet the needs of security analysts and investors. Dominion Energy manages its operations through its operating segments, and this supplement is not intended to replace Dominion Energy's operating segment earnings disclosure. Please refer to Dominion Energy's most recent quarterly report on Form 10-Q or annual report on Form 10-K filed with the Securities and Exchange Commission and the quarterly Earnings Release Kits for information about Dominion Energy's results by operating segment.

Certain information provided in this Alternate Breakdown Structure supplement includes financial measures that are not required by, or presented in accordance with, generally accepted accounting principles (GAAP), including operating earnings before interest and taxes (Adjusted EBIT) and operating earnings before interest, taxes and depreciation (Adjusted EBITDA). These non-GAAP financial measures should not be considered as alternatives to GAAP measures, such as net income, operating income, or earnings per share, and may be calculated differently from, and therefore may not be comparable to, similarly titled measures used at other companies. Dominion Energy has included reconciliations to the most directly comparable financial measures it is able to calculate and report in accordance with GAAP.

Projections or forecasts shown in this supplement are subject to change at any time. Dominion Energy undertakes no obligation to update any forward-looking information statement to reflect developments after the statement is made.

Please continue to check our website regularly at www.dominionenergy.com/investors for the most recent updates.

Guidance Reconciliations

Reconciliation of 3Q17 Operating Earnings to Guidance

(millions, except per share amounts)

Description	3Q16 Actual	Range of 3Q17		3Q17 Actual
		Low	High	
Virginia Electric & Power Co. EBITDA				
Electric Distribution	\$235	\$215	\$250	\$228
Electric Transmission	189	205	215	212
Utility Generation	772	705	760	709
VEPCO Corporate & Other	0	0	0	(1)
VEPCO DD&A	270	290	290	288
Subtotal VEPCO Adjusted EBIT	926	835	935	860
Gas Operations EBITDA¹				
Gas Distribution	\$88	\$150	\$165	\$164
Gas Transmission	225	300	310	306
Gas Operations DD&A	77	130	130	133
Subtotal Gas Operations EBIT	236	320	345	337
Merchant Generation EBITDA				
Merchant Generation DD&A	\$149	\$150	\$175	\$156
Subtotal Merchant Generation Operations EBIT	42	50	50	50
Subtotal Merchant Generation Operations EBIT	107	100	125	106
Corporate and Other & Eliminations Adjusted EBIT	(26)	(25)	(15)	(19)
Total Adjusted EBIT	\$1,243	\$1,230	\$1,390	\$1,284
Consolidated Interest	237	320	310	304
Consolidated Income Taxes	252	275	300	277
Noncontrolling Interests	38	40	30	31
Operating Earnings	\$716	\$595	\$750	\$672
Average Diluted Shares Outstanding	626.0	644	642	642.5
Operating EPS Range	\$1.14	\$0.92	\$1.17	\$1.04
3Q17 Operating EPS Guidance Range		\$0.95	\$1.15	
3Q17 Operating EPS Actual >>>				\$1.04

¹ Includes Dominion Energy Questar effective September 2016

Please refer to pages 6 and 7 of this Alternate Breakdown Structure Supplement for details related to adjustments to reported earnings for 3Q16 and 3Q17.

Figures may not add due to rounding

Guidance

4Q17 Operating Earnings Guidance

(millions, except per share amounts)

Description	4Q16 Actual	Range of 4Q17	
		Low	High
Virginia Electric & Power Co. EBITDA			
Electric Distribution	\$211	\$210	\$245
Electric Transmission	190	205	220
Utility Generation	485	445	495
VEPCO Corporate & Other	(1)	0	0
VEPCO DD&A	260	280	285
Subtotal VEPCO Adjusted EBIT	625	580	675
Gas Operations EBITDA			
Gas Distribution	\$239	\$245	\$255
Gas Transmission	311	355	390
Gas Operations DD&A	122	135	135
Subtotal Gas Operations EBIT	428	465	510
Merchant Generation EBITDA			
Merchant Generation DD&A	\$150	\$60	\$75
Subtotal Merchant Generation Operations EBIT	53	50	50
Subtotal Merchant Generation Operations EBIT	97	10	25
Corporate and Other & Eliminations Adjusted EBIT	(17)	(20)	(10)
Total Adjusted EBIT	\$1,133	\$1,035	\$1,200
Consolidated Interest	292	295	285
Consolidated Income Taxes	189	220	245
Noncontrolling Interests	34	25	15
Operating Earnings	\$618	\$495	\$655
Average Diluted Shares Outstanding	627.1	645	643
Operating EPS Range	\$0.99	\$0.77	\$1.02
4Q17 Operating EPS Guidance Range		\$0.80	\$1.00

Please refer to page 8 of this Alternate Breakdown Structure Supplement for details related to adjustments to reported earnings for 4Q16.

Figures may not add due to rounding

GAAP Reconciliations

Reconciliation of 3Q17 Reported Earnings to Operating Earnings

Unaudited, Alternate Breakdown Structure¹

(millions, except per share amounts)

Description	3Q17 Reported	Adjustments		3Q17 Operating
Virginia Electric & Power Co. Adjusted EBITDA				
Electric Distribution	\$228			\$228
Electric Transmission	212			212
Utility Generation	709			709
Virginia Power - Corporate & Other	(1)	0		(1)
VEPCO DD&A	288			288
Subtotal VEPCO Adjusted EBIT	860	0		860
Gas Operations Adjusted EBITDA				
Gas Distribution	164			164
Gas Transmission	306			306
Gas Operations DD&A	133			133
Subtotal Gas Operations Adjusted EBIT	337			337
Merchant Generation Operations Adjusted EBITDA				
Merchant Generations Operations DD&A	156			156
Subtotal Merchant Generation Operations Adjusted EBIT	50			50
Subtotal Merchant Generation Operations Adjusted EBIT	106			106
Corporate, Other & Eliminations Adjusted EBIT				
	(30)	11	(a), (b)	(19)
Total Adjusted EBIT	1,273	\$11		1,284
Consolidated Interest	305	(1)	(a)	304
Consolidated Income Taxes	272	5	(c)	277
Noncontrolling Interests	31	0		31
Earnings	\$665	\$7		\$672
Average Diluted Shares Outstanding	642.5	642.5		642.5
Reported EPS	\$1.03			
Adjustments		\$0.01		
Operating EPS				\$1.04

Adjustments to Reported Earnings:

- (a) Transition and integration costs associated with the Dominion Energy Questar combination.
 (b) Net gain/loss of our investment in nuclear decommissioning trust funds.
 (c) Income tax provisions associated with adjustments to reported earnings.

¹⁾ There are certain differences between segment reporting and the alternate breakdown structure.

Reconciliation of 3Q16 Reported Earnings to Operating EarningsUnaudited, Alternate Breakdown Structure¹*(millions, except per share amounts)*

Description	3Q16 Reported	Adjustments	3Q16 Operating
Virginia Electric & Power Co. Adjusted EBITDA			
Electric Distribution	\$235		\$235
Electric Transmission	189		189
Utility Generation	772		772
Virginia Power - Corporate & Other	1	(1) (a)	0
VEPCO DD&A	270		270
Subtotal VEPCO Adjusted EBIT	927	(1)	926
Gas Operations Adjusted EBITDA			
Gas Distribution	88		88
Gas Transmission	225		225
Gas Operations DD&A	77		77
Subtotal Gas Operations Adjusted EBIT	236		236
Merchant Generation Operations Adjusted EBITDA	149		149
Merchant Generations Operations DD&A	42		42
Subtotal Merchant Generation Operations Adjusted EBIT	107		107
Corporate, Other & Eliminations Adjusted EBIT	(62)	36 (b), (c)	(26)
Total Adjusted EBIT	\$1,208	\$35	\$1,243
Consolidated Interest	250	(13) (b)	237
Consolidated Income Taxes	230	22 (d)	252
Noncontrolling Interests	38		38
Earnings	\$690	\$26	\$716
 Average Diluted Shares Outstanding	626.0	626.0	626.0
Reported EPS	\$1.10		
Adjustments		\$0.04	
Operating EPS			\$1.14

Adjustments to Reported Earnings:

- (a) Net gain/loss of our investment in nuclear decommissioning trust funds.
(b) Transaction and transition costs associated with Dominion Questar combination.
(c) Other miscellaneous items.
(d) Income tax provisions associated with adjustments to reported earnings.

¹ There are certain differences between segment reporting and the alternate breakdown structure.

Reconciliation of 4Q16 Reported Earnings to Operating Earnings

Unaudited, Alternate Breakdown Structure¹

(millions, except per share amounts)

Description	4Q16 Reported	Adjustments	4Q16 Operating
Virginia Electric & Power Co. Adjusted EBITDA			
Electric Distribution	\$211		\$211
Electric Transmission	190		190
Utility Generation	485		485
Virginia Power - Corporate & Other	(248)	247	(1)
VEPCO DD&A	260		260
Subtotal VEPCO Adjusted EBIT	378	247	625
Gas Operations Adjusted EBITDA			
Gas Distribution	239		239
Gas Transmission	311		311
Gas Operations DD&A	122		122
Subtotal Gas Operations Adjusted EBIT	428		428
Merchant Generation Operations Adjusted EBITDA			
Merchant Generations Operations DD&A	150		150
Merchant Generations Operations DD&A	53		53
Subtotal Merchant Generation Operations Adjusted EBIT	97		97
Corporate, Other & Eliminations Adjusted EBIT			
	(23)	6	(17)
Total Adjusted EBIT	\$880	\$253	\$1,133
Consolidated Interest	295	(3)	292
Consolidated Income Taxes	94	95	189
Noncontrolling Interests	34		34
Earnings	\$457	\$161	\$618
Average Diluted Shares Outstanding	627.1	627.1	627.1
Reported EPS	\$0.73		
Adjustments		\$0.26	
Operating EPS			\$0.99

Adjustments to Reported Earnings:

- (a) Net gain/loss of our investment in nuclear decommissioning trust funds.
- (b) Transaction and transition costs associated with Dominion Questar combination.
- (c) Items associated with ash pond and landfill closure costs at certain utility power stations.
- (d) Restoration costs associated with Hurricane Matthew
- (e) Other miscellaneous items.
- (f) Income tax provision associated with adjustments to reported earnings.

¹⁾ There are certain differences between segment reporting and the alternate breakdown structure.

VEPCO GAAP Reconciliations

Reconciliation of 3Q17 Reported Results to Operating Results

(Unaudited)

(millions)

Description	3Q17 Reported	Adjustments	3Q17 Operating
Adjusted EBITDA			
Electric Distribution	\$228		\$228
Electric Transmission	212		212
Utility Generation	709		709
Virginia Power - Corporate & Other	(1)	0	(1)
Total DD&A	288		288
Total Adjusted EBIT	860	0	860
Consolidated Interest	128		128
Consolidated Income Taxes	273	0	273
Net Income	\$459	\$0	\$459

Reconciliation of 3Q16 Reported Results to Operating Results

(Unaudited)

(millions)

Description	3Q16 Reported	Adjustments	3Q16 Operating
Adjusted EBITDA			
Electric Distribution	\$235		\$235
Electric Transmission	189		189
Utility Generation	772		772
Virginia Power - Corporate & Other	1	(1) (a)	0
Total DD&A	270		270
Total Adjusted EBIT	927	(1)	926
Consolidated Interest	118		118
Consolidated Income Taxes	306	0 (b)	306
Net Income	\$503	(\$1)	\$502

Adjustments to Reported Earnings:

(a) Net gain/loss of our investment in nuclear decommissioning trust funds.

(b) Income tax provisions associated with adjustments to reported earnings.

Reconciliation of 4Q16 Reported Results to Operating Results

(Unaudited)

(millions)

Description	4Q16 Reported	Adjustments	4Q16 Operating
Adjusted EBITDA			
Electric Distribution	\$211		\$211
Electric Transmission	190		190
Utility Generation	485		485
Virginia Power - Corporate & Other	(248)	247	(1)
Total DD&A	260		260
Total Adjusted EBIT	378	247	625
Consolidated Interest	116		116
Consolidated Income Taxes	90	92	182
Net Income	\$172	\$155	\$327

Adjustments to Reported Earnings:

- (a) Net gain/loss of our investment in nuclear decommissioning trust funds.
- (b) Items associated with ash pond and landfill closure costs at certain utility power stations.
- (c) Restoration costs associated with Hurricane Matthew.
- (d) Other miscellaneous items.
- (e) Income tax provisions associated with adjustments to reported earnings.

2017 Earnings Expectations

Earnings Per Share (diluted)

Reconciliation of measures prepared in accordance with Generally Accepted Accounting Principles (GAAP) versus non-GAAP measures

4Q 2017 Operating Earnings (estimate): \$0.80 - \$1.00

FY 2017 Operating Earnings (estimate): \$3.40 - \$3.90

4Q 2017 Reported Earnings (estimate): See Note 1 below

FY 2017 Reported Earnings (estimate): See Note 1 below

1. In providing its fourth-quarter and full-year 2017 operating earnings guidance, the company notes that there could be differences between expected reported earnings and estimated operating earnings for matters such as, but not limited to, acquisitions, divestitures or changes in accounting principles. At this time, Dominion Energy management is not able to estimate the aggregate impact, if any, of these items on future period reported earnings. Accordingly, Dominion Energy is not able to provide a corresponding GAAP equivalent for its operating earnings guidance.

Dominion Energy uses operating earnings as the primary performance measurement of its earnings guidance and results for public communications with analysts and investors. Dominion Energy also uses operating earnings internally for budgeting, for reporting to the board of directors, for the company's incentive compensation plans and for its targeted dividend payouts and other purposes. Dominion Energy management believes operating earnings provide a more meaningful representation of the company's fundamental earnings power.

Dominion Energy's estimates of fourth-quarter and full-year 2017 earnings are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations may include factors that are beyond the company's ability to control or estimate precisely, including fluctuations in energy-related commodity prices, estimates of future market conditions, additional competition in our industries, changes in the demand for Dominion Energy's services, access to and costs of capital, fluctuations in the value of our pension assets and assets held in our decommissioning trusts, impacts of acquisitions, divestitures, transfers of assets to joint ventures or Dominion Energy Midstream and retirements of assets based on asset portfolio reviews, the receipt of approvals for, and timing of, closing dates for acquisitions and divestitures, the timing and execution of Dominion Energy Midstream's growth strategy, and the ability to complete planned construction or expansion projects at all or within the terms and timeframes initially anticipated. Other factors include, but are not limited to, weather conditions and other events, including the effects of hurricanes, earthquakes, high winds, major storms and changes in water temperatures on operations, the risk associated with the operation of nuclear facilities, unplanned outages at facilities in which Dominion Energy has an ownership interest, the impact of operational hazards and catastrophic events, state and federal legislative and regulatory developments, including changes in federal and state tax laws and changes to environmental and other laws and regulations, including those related to climate change, greenhouse gases and other emissions to which we are subject, changes in enforcement practices of regulators relating to environmental standards and litigation exposure for remedial activities, political and economic conditions, industrial, commercial and residential growth or decline in Dominion Energy's service area, risks of operating businesses in regulated industries that are subject to changing regulatory structures, changes to regulated gas and electric rates collected by Dominion Energy, changes to rating agency requirements and ratings, changing financial accounting standards, fluctuations in interest rates, employee workforce factors, including collective bargaining, counter-party credit and performance risks, adverse outcomes in litigation matters or regulatory proceedings, the risk of hostile cyber intrusions and other uncertainties. Other risk factors are detailed from time to time in Dominion Energy's quarterly reports on Form 10-Q or most recent annual report on Form 10-K filed with the Securities and Exchange Commission.