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Energy Diversity & Security

Renewable energy—especially solar power—sits at the center of our climate change strategy. Cleaner energy sources help lower the company’s emissions and reduce our exposure to unpredictable energy price swings.



Our clean energy strategy is to invest more in renewable solar and wind generation, along with cleaner natural gas, to serve the needs for around-the-clock reliable generation of electricity. In fact, the electricity we produce now comes primarily from zero-carbon nuclear and clean-burning natural gas, which has about half the carbon of coal.

Here's how we performed. Backed by an ongoing \$1 billion investment, Dominion Energy has grown its solar fleet into the sixth largest among owners of U.S. electric utilities. As part of our ongoing commitment to bring cleaner energy to customers, Dominion Energy Virginia is moving forward on the Mid-Atlantic’s first offshore wind project. Dominion Energy also has closed or converted seven coal-fired power plants in recent years.

Here's where we're going in the future. The company has announced plans to continue increasing our reliance on cleaner generation technologies.



Renewable energy: Solar

Backed by an ongoing \$1 billion investment, Dominion Energy has grown its solar fleet in Virginia and North Carolina over the past two years from near zero to approximately 1,350 megawatts in service, in construction or under development. That is enough clean energy to power nearly 340,000 homes during peak sunshine. Nationally, Dominion Energy has nearly 2,700 megawatts of solar generating capacity in operation or under development in nine states, including offtake agreements for the company's utility customers. Our solar fleet is ranked the sixth largest among owners of U.S. electric utilities.

Dominion Energy's long-term energy forecast calls for another 5,200 MW of new solar generation in the next 25 years, enough to power 1.3 million homes at peak output.

Dominion Energy is seeking regulatory approval in Virginia for a 100 percent renewable energy option for residential and small commercial and industrial customers, as well as an option for business customers to purchase renewable generation equal to a specific portion of their energy usage.



Renewable energy: Offshore wind

The winds of the Mid-Atlantic are blowing clean energy to Virginia. Twenty-seven miles off the coast of Virginia Beach, Dominion Energy is building the first wind turbines to directly serve its customers.

As part of our ongoing commitment to bring cleaner energy to customers, Dominion Energy Virginia is moving forward on the Mid-Atlantic's first offshore wind project in a federal lease area. We have signed an agreement and strategic partnership with Ørsted Energy of Denmark, a global leader in offshore wind development, to build two 6-megawatt turbines off the coast of Virginia Beach.

This project—only the second of its kind in the United States and the first owned by an electric utility company—will be located about 27 miles off the coast of Virginia Beach, beyond the coastal viewshed.



Lower carbon footprint

Dominion Energy has closed or converted seven coal-fired power plants in recent years, switching from coal to natural gas or biomass to generate electricity. This includes the \$1.2 billion Brunswick Power Station that entered service in April 2016. This highly efficient workhorse plant is expected to provide energy savings of more than \$1 billion to our customers over its life—and help limit greenhouse gas emissions.

Because of this hard work, Dominion Energy has reduced its carbon emission rate by 43 percent over the past 15 years. Dominion Energy is among an elite group of three peer utilities that has reduced the amount of carbon emitted per energy produced by more than 40 percent since 2000.

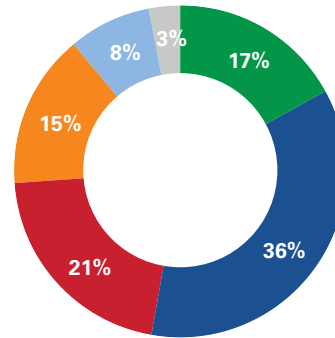
A Changing Business

The Power Generation Group is changing the fastest among our operating units. Evolving economics and better technology are coming together to advance renewable and low-carbon energy, as Dominion Energy reduces a legacy reliance on fossil fuels. This business unit operates a fleet of power stations that can generate 26,200 megawatts of electricity. These include regulated utility plants in Virginia, North Carolina and West Virginia, as well as “merchant” power facilities that support wholesale markets throughout the country.

Our strategy for the future depends on using a diverse and balanced mix of resources to deliver reliable and affordable energy to customers. We focus especially on balancing our portfolio to meet our customers’ future energy needs in the most reliable, affordable and environmentally sustainable manner possible.

Carbon-free nuclear and renewable energy sources provided 43 percent of the company’s total electricity output in 2016. Fossil fuel sources provided 51 percent and the remaining 6 percent came from contracted electric production or market purchases.

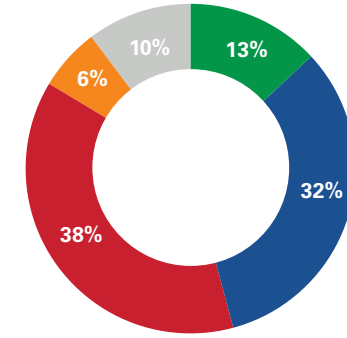
2017 Generating Capacity by Fuel*
(Total Fleet, by Percent)



*Includes hydroelectric capacity

- Coal
- Natural Gas
- Nuclear
- Renewables*
- Oil
- Purchase/Other

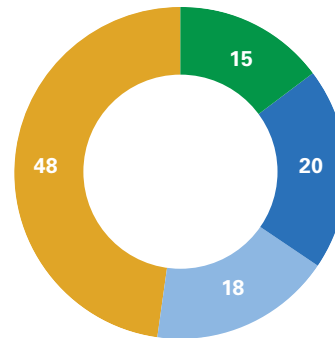
2017 Electric Output by Fuel*
(Total Fleet, by Percent)



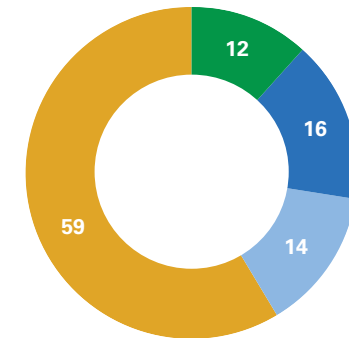
Renewable Energy Sources

Renewable energy—especially solar power—sits at the center of our climate change strategy. Cleaner energy sources help lower the company’s emissions and reduce our exposure to unpredictable energy price swings.

Renewable Energy Capacity by Source*
(Percent)



Renewable Energy Capacity: Operational & In Development*
(2015 and Beyond, Percent)



- Biomass
- Hydro
- Wind
- Solar

Total Capacity In Service = 1,491 megawatts

*In service as of April 2017. May not add to 100% because of rounding. Excludes 15-MW Bridgeport fuel cell facility and potential offshore wind capacity.

Total Renewable Capacity = 2,139 megawatts

*May not add to 100% because of rounding. Excludes 15-MW Bridgeport fuel cell facility and potential offshore wind capacity.

Customers Choose Clean Energy

We actively partner with our customers to expand the range of available clean energy options and to reduce environmental impacts as we evaluate the benefits of innovative technologies and sustainable solutions.



2 million
kilowatt-hours of clean energy produced through the Solar Purchase Program, 2013–2016

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Dominion Energy Green Power

Through 2016, more than 24,000 electric customers were enrolled in Dominion Energy Green Power®, our voluntary green pricing program in and around Virginia. Customers have two options to choose from:

- **100 Percent Option:** For as little as 43 cents a day, customers can match 100 percent of their home electricity use with Renewable Energy Credits (RECs) by paying an additional 1.3 cents per kilowatt-hour. (A typical household using 1,000 kilowatt-hours per month will add \$13 to its monthly electric bill).
- **Block Option:** Customers can purchase RECs in any \$2 fixed increment. Each \$2 block purchased supports 154 kilowatt-hours of renewable energy.

Purchasing RECs through the Dominion Energy Green Power program allows customers to claim the specific environmental benefits associated with the renewable energy supported.

For a typical residential customer, the renewable energy generated through participation in the 100 Percent Option for one year will reduce carbon dioxide emissions by more than five metric tons—the amount of greenhouse gas reduction achieved by planting 193 trees, according to the U.S. EPA.

Our program is certified by Green-e® Energy, the nation's leading independent consumer protection program for renewable energy sales.

For our 120,000 customers in North Carolina, we support NC GreenPower, which enables customers to add voluntary, tax-deductible contributions to their electric bills. These contributions are used to reduce carbon emissions and increase the production of renewable energy power supplies in North Carolina.

Solar Programs

Qualified homeowners and business customers in Virginia can participate in our five-year pilot Solar Purchase Program, which allows customers to generate and sell electricity and solar Renewable Energy Certificates directly to Dominion Energy at a premium rate of 15 cents per kilowatt-hour.

Participating customers continue to purchase all of the electricity for their home or business from Dominion Energy on their current rate schedule. The Solar Purchase Program is currently limited to 3,000 kilowatts of installed capacity and is designed to help customers cover the cost of installing solar generation, while also promoting local clean energy production.

The Dominion Energy Green Power Energy program directly supports these solar projects through the purchase and retirement of RECs produced by the Solar Purchase Program.

Since the program's inception in 2013, about 150 solar installations have been completed. In 2016, these projects generated more than 2 million kilowatt-hours of clean energy and produced more than 2,000 RECs.

Through the Solar Partnership Program, Dominion Energy is constructing solar energy facilities on leased rooftops or other grounds of private businesses and public properties in Virginia.

Through the Solar Partnership Program, Dominion Energy is constructing solar energy facilities on leased rooftops or other grounds of private businesses and public properties in Virginia.

This multi-year pilot program is designed to increase our understanding of community-based solar energy by studying its impact and benefits while supporting the growth of this renewable resource in Virginia. We have 11 solar facilities either completed or under construction, with a total generating capacity of more than 7,600 kilowatts—enough to power about 1,900 typical homes at peak production. Solar Partnership installations completed in 2016 include:

- A 2,000-kilowatt, ground-mount facility at a Philip Morris tobacco processing plant in Chester, Va., and
- An 806-kilowatt, 3,200-panel rooftop installation at the Western Branch High School in Chesapeake, Va., the largest single rooftop energy system in the state.

Electric Vehicles

More than 600 Dominion Energy Virginia customers who drive electric vehicles (EVs) are taking advantage of special charging rates through a pilot program approved by state regulators. The pilot program is limited to 1,500 customers. Enrollment ended on Sept. 1, 2016, but the pilot program will continue until Nov. 30, 2018.

The pilot program provides customers with two rate options:

- **EV Only Pricing Plan:** Customers install a second, dedicated meter at their house to measure the amount of electricity used to charge an EV. Charging prices will be lower during the nighttime hours when power demand is reduced.
- **EV + Home Pricing Plan:** A “whole house” rate option, which enables customers to take advantage of lower prices for power used by all of their household appliances, including the EV charger, during off-peak hours. A special meter is installed at the customer’s home that measures power usage in 30-minute intervals. This lets participating customers receive variable prices from Dominion Energy, depending on when and how much electricity is used at the residence.



Dominion Energy and U.S. Navy Join Forces to Develop Solar Facility

In July 2016, the Department of the Navy and Dominion Energy Virginia announced plans to build a 21-megawatt, direct current solar energy facility at the Oceana Air Station in Virginia Beach, Va.

This marks the second solar partnership undertaken between our company and the U.S. Navy. Dominion Energy Virginia will build, own, operate and maintain the facility for 37 years. This collaboration shares common goals—investing in the growth of renewable energy and helping to make the military’s energy supply more secure.

The 179,000-panel installation, which was placed into service in November 2017, will provide the Navy with an alternative electric feed, which will increase resiliency on the base. The facility will produce enough electricity at peak production to power approximately 4,400 homes.

Investing in Infrastructure

Every moment of every day, we work to deliver safe, dependable, affordable and clean energy. Dominion Energy is investing \$3.7 billion to \$4.2 billion annually through the middle of the next decade to provide cleaner energy to our customers over a more robust, secure system of natural gas pipelines and electric wires. Since 2007, Dominion Energy has spent nearly \$30 billion to improve our production, storage and delivery systems, increasing the dependability of the energy flowing to our customers. This infrastructure growth program began a decade ago and has produced lasting benefits to our customers, shareholders, and the environment.



It's exemplified by projects like the 1,376-megawatt, \$1.2 billion Brunswick Power Station that entered service in 2016. It quickly became one of the workhorses of the Dominion Energy stable. It helped that fleet produce a record output of more than 80 million megawatt-hours of electricity in 2016. The plant is expected to provide energy savings of more than \$1 billion to our customers over its life—and help limit Dominion Energy's fleetwide greenhouse gas emissions.

We are also building state-of-the-art natural gas pipelines and compressor stations that help pressurize and move gas to customers with fewer emissions that contribute to climate change. Much of Dominion Energy's new and planned gas infrastructure provides our customers,

gas utilities and power producers a clean, reliable source of energy that both serves customers' needs and meets environmental goals.

Our strategy is to construct infrastructure to produce and deliver energy across 19 states.

Here's how we performed. In 2016, the 1,376-megawatt \$1.2 billion natural gas-fired Brunswick Power Station entered service. The highly efficient natural gas-fired power station is expected to provide energy savings of more than \$1 billion to our customers over its life cycle. In 2017, we opened a new Systems Operations Center to enable safe, reliable and continuous

operation of the electric transmission grid across Virginia and North Carolina. We have invested \$3.6 billion in solar generation since 2013, creating more than 10,000 construction jobs.

Here's where we're going in the future. We plan to begin construction of the 600-mile Atlantic Coast Pipeline, fully operationalize the Cove Point liquefaction project in Maryland, pursue re-licensing of our carbon-free nuclear fleet, and continue investing in renewable energy. We plan to rebuild 120 miles of electric transmission lines in 2018.

A New Source of Energy

In late 2019, the 600-mile Atlantic Coast Pipeline is expected to begin transporting natural gas to electric and gas utilities in Virginia and North Carolina. For a region facing pipeline constraints, economic challenges and the ongoing transition to cleaner energy, the project is essential to the energy security, economic vitality and environmental health of the region.

The ACP would introduce new infrastructure drawing from low-cost supply basins, including the Appalachians, thereby enhancing the reliability of electric and gas utilities service and significantly lowering costs for consumers. It also would help alleviate constraints and expand access to gas in underserved communities, and attract manufacturing and other new industries—building a foundation for long-term job creation and economic growth. In fact, the Atlantic Coast Pipeline is expected to create 17,240 jobs during construction and support thousands more with new industries.

Electric utilities in the region also are replacing older power plants with efficient, cleaner-burning units, which will enable energy consumers in Virginia and North Carolina to save an estimated \$377 million annually on their utilities. The pipeline would support this ongoing transition to cleaner energy, lowering emissions and promoting cleaner air across the region. Natural gas is an ideal partner for renewable energy, providing around-the-clock backup power.

Project partners Dominion Energy, Duke Energy and Southern Company expect construction to begin in early 2018 on this 100 percent domestic energy source supplied by Americans, for Americans.

Safety & Environment

- Industry-leading, best-in-class program for construction, emission controls, and methane-reduction measures;
- Program to avoid landslides on steep slopes;
- 100 percent X-ray inspected pipeline welds;
- Hydrostatic pressure tests prior to operation;
- 24-7/365 monitoring from Dominion Energy’s gas control center;



- Remote-controlled shut-off valves; and
- State-of-the-art inspection program.

Benefits

- Enhanced service reliability for utility customers;
- Increased energy security for electric and gas utilities;
- Diverse, lower-cost supply for electricity generation, home heating, and industrial customers;
- Lower emissions and cleaner air in region;
- \$377 million in annual energy cost savings for Virginia and North Carolina consumers;
- Magnet for manufacturing and other new industries, and businesses; and

- \$28 million in annual property tax revenue for localities.

Exporting American Energy

Construction began in late 2014 to “liquefy” natural gas at Dominion Energy’s Cove Point facility on the western shore of the Chesapeake Bay in Lusby, Md. The liquefaction process involves super-cooling gas to shrink it to 1/600th of its original volume so that it can be piped to a pier a mile offshore and loaded onto a supertanker.

Cove Point’s footprint has not expanded to accommodate the project, and the project maintains a surrounding nature preserve. It also uses all pre-existing storage tanks, pipelines and the offshore pier, which was expanded in 2011.

Overview

- About \$4 billion in investment
- Liquefaction capacity fully subscribed under 20-year contracts
- Liquefaction services completion—early 2018

Benefits

Environmental

- Uses existing footprint
- Protects 800-acre nature preserve
- Zero water-discharge facility

Economic

- Nearly 3,000 onsite direct-hire craft and subcontractor workers—35 percent of whom are from area
- Nearly 100 permanent jobs at the site
- Expected to contribute additional \$40 million annually in revenue to Calvert County, Md.

International

- Provides source of natural gas to U.S. allies
- Reduces trade deficit

Subscribers

ST Cove Point, LLC

- Joint venture between Sumitomo Corp. & Tokyo Gas Co., Ltd.

- Large Japanese gas, electric utilities

GAIL Global (USA) LNG LLC

- U.S. subsidiary of GAIL (India), Ltd.
- One of largest gas processing, distribution companies in India

Energy For The East

When the Cove Point liquefaction project enters service, American allies in Japan and India will have a new source of natural gas to supply their energy needs for the next two decades or more.

Clean natural gas, produced in the United States, can help these countries reduce their carbon footprint while improving the reliability of their gas and electric utilities. Moreover, exporting LNG to these countries improves America's balance of trade.

And it provides local tax revenue and offers an American product abroad that employs thousands of Americans here—at Cove Point, across the pipeline system and throughout the United States' gas production basins.

One of the World's Most Environmentally Friendly Power Stations

Once finished in late 2018, the \$1.3 billion, 1,588-megawatt combined-cycle natural gas station in Greenville, Va., will operate as one of the largest and most environmentally friendly generating facilities of its kind in the



world. The station's air permit is the most stringent in the nation in terms of carbon dioxide emissions, according to the Virginia Department of Environmental Quality.

Construction at the station will create more than 1,000 jobs and about 45 full-time positions once it is online in 2019. In its first year of operation, the station is expected to provide as much as \$8 million in property taxes for Greenville County, near the North Carolina border in Virginia's rural Southside region. During development and construction, the project will provide direct and indirect economic benefits of about \$474 million, which supports on average 460 jobs annually.

The station will have low carbon intensity because it uses clean-burning natural gas, combined cycle technology and best available control technology to reduce emissions. It will also have lower water usage that will minimize the impact to rivers and streams.

Nuclear re-licensing

Dominion Energy Virginia has notified the federal Nuclear Regulatory Commission of its intent to relicense the Surry and North Anna power stations for additional 20-year terms, ensuring Virginia customers will continue to benefit from the safe, reliable, and carbon-free electricity the station produces for decades to come. We expect to file the Surry application in the spring of 2019 and the North Anna application in 2020.

Our nuclear power stations have proven to be among the most-efficient and most-reliable sources of electricity in our fleet. The operation of North Anna and Surry directly supports more than 2,000 high-paying jobs in Virginia and produces additional economic and tax benefits. Their continued operation will go a long way toward maintaining low carbon emission rates in the commonwealth.

The company is reviewing all technical aspects associated with these renewals, and we see no significant barriers that would prevent license renewal submittals. The letter of intent is necessary so the NRC can plan its staffing needs to support the license renewal effort. The company expects to invest up to \$4 billion on upgrades to North Anna and Surry as part of the relicensing process.

Like all U.S. nuclear units, the North Anna and Surry units were originally licensed to operate for 40 years. In 2003, licenses for all four units were renewed for 20 additional years of operation, following a stringent review process required by federal law. An additional extension would extend carbon-free energy until the 2050s.

Looking to the Future

Historically, Dominion Energy’s infrastructure investment strategy has centered around improving reliability—ensuring that

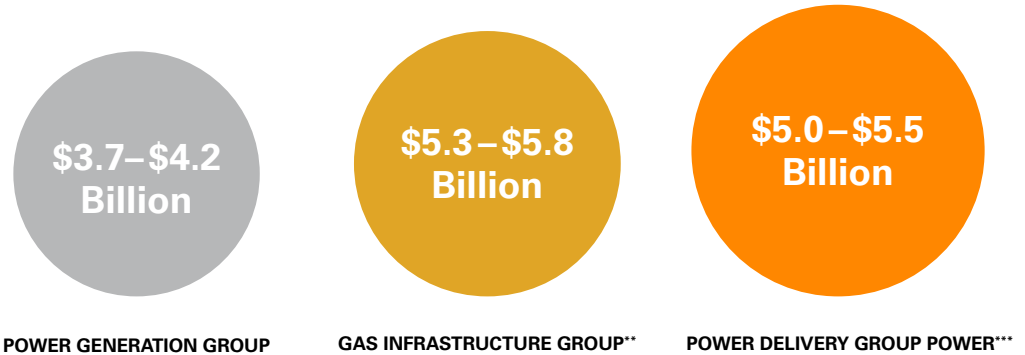
Carbon-free nuclear and renewable energy sources provided 43 percent of the company’s total electricity output in 2016.

customers maintain access to energy in bad weather, and that we restore it quickly after an outage, including storms. But as new threats emerge in a complex and dangerous world, we know we have to do more.

That’s why we aim to harden and modernize the energy grid much further.

\$14-\$15.5 Billion Infrastructure Investments

Cumulative Actual and Planned Growth Capital Expenditures 2017–2020*



* All planned expenditures are preliminary and may be subject to regulatory and/or Board of Directors approvals.
 ** Includes Dominion Energy’s portion of the projected cost of the Atlantic Coast Pipeline project; excludes joint venture financing.
 *** Excludes any planned capital expenditures for Power Delivery’s grid modernization program.

Like bridges and roads, the grid is a critical component of public infrastructure vital to the safety, comfort and prosperity of the public. The grid and its many components must be equipped to meet modern reliability demands, and become more resilient and adaptable to changing physical and cybersecurity challenges.

A smart energy grid uses digital technologies to be more efficient, reliable, secure, and better able to accommodate renewable energy. It means progress toward our goal of always-on power. We expect that the reliability and resiliency improvements of the smart energy grid will result in fewer power outages and faster response to those that do occur.

It also means a grid that can be even more environmentally friendly and adaptive to expanding renewable power. Our customers will have the flexibility to choose

\$200 million
 Annual spending to replace aging pipelines in Ohio and West Virginia

clean, renewable energy like solar and wind, thereby exercising greater control over their own carbon footprint.

And it means an overall improvement in the customer experience. A smart energy grid will provide customers with new tools to access timely, accurate information about their energy use, and create additional pricing options and service enhancements.

Innovation

While Dominion Energy enjoys success today, we know that a proud history alone will not guarantee future success. Our future will be shaped not by the strength of our legacy, but by how well we embrace a commitment to innovation. We feel a sense of urgency as technology, customer expectations, and new competitors are rapidly changing our industry. As the pace of change accelerates, new technology and fresh ideas are upending industries across the globe. Dominion Energy is moving aggressively to foster innovation, creativity and development among the company's people, processes and strategies.



Our innovation strategy is to aggressively seek ways to foster an even more innovative culture, while highlighting and rewarding the successes we've already had.

Here's how we performed. In 2016, we welcomed the company's first chief innovation officer to lead the cultural change needed to drive innovation. We launched the Chairman's Excellence Award, which encourages employees to advance innovative ideas to be considered and evaluated by leaders and peers.

Here's where we're going in the future. We will continue to reward innovation to create a culture in which employees are encouraged to experiment. Retaining the

attributes that have made us successful, we will place even more emphasis on innovation and customer focus. We are committed to looking out for disruptions to our industry and partnering with start-ups to infuse energy into our employees and processes.

Chief Innovation Officer

Inside the company, we are seeking operational improvements that continue to drive safety and reliability, while reducing costs in our core businesses. Externally, we are exploring new business models to anticipate the major shifts occurring now.

Innovation requires changing our culture. The future will be marked by a greater focus on customers than ever before. We aim to empower the creativity and energy

of all employees, and to shape an agile organization that rewards prudent risk-taking. We know we must act fast.

Dominion Energy Innovation Center

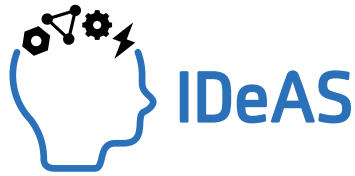
Entrepreneurship and business incubation is often the key to the next big idea, and we are continually looking for new ways to shape the future. Dominion Energy is a founder of an advanced technology business incubator that provides start-up companies with collaborative workspaces, mentoring, guidance on business strategy, and other business support services.

The Innovation Center, located north of Richmond in Ashland, Va., offers entrepreneurs access to teams of people and resources to develop early stage concepts into financially

viable and freestanding ventures. The Innovation Center also hosts special events and classes to foster creativity and entrepreneurship in the community.

The business incubator has fostered the launch of nearly 15 new companies. These include a developer of cutting-edge electric motors and generators; a solar energy development company; and a biotechnology start-up creating new products based on a novel recycling technology.

IDEAS Program



The Dominion Energy IDEAS program (short for *Innovation, Development and Solutions*) encourages our employees to channel their creativity toward the development of marketable products and services.

From concept to prototyping, market assessment, intellectual property protection and licensing, employee inventors receive step-by-step support and coaching from an IDEAS team member. Successful inventions qualify for a mix of recognition and rewards, including a share in any revenues that may result from commercialization.

In 2016, we launched a new Dominion Energy IDEAS employee innovation

“We need to be faster, better and smarter every day as the pace of change in our industry continues to accelerate. That spirit should be driven to every corner of Dominion Energy.”

—Chairman, President and CEO Tom Farrell

competition called the Chairman’s Excellence Award. The primary purpose of this annual award is to drive higher levels of innovation at the company. (See the “Engagement & Recognition” section for additional information.)

The Chairman’s Excellence Award recognizes employee creativity in all forms. An employee-led Business Innovation Council selects eight finalists from the pool of entries. The executive team selects the grand prize winner, and employees choose a “Peer Choice Award” winner. All of the finalists are honored by the company at an annual banquet and ceremony.

Innovation Partnerships

Partnerships and collaborative ventures are widespread in all areas of our business, and innovation is no exception.

Dominion Energy has teamed up with two other utilities in a venture capital fund that targets innovation and late-stage start-ups in the energy sector. Participation in the fund keeps us abreast of technological advances that could benefit our customers or improve our operational efficiency. The fund has successfully supported the development and commercialization of clean energy technologies, including equipment that boosts the productivity of renewable resources, energy management systems, smart grid data analytics, and cyber/physical security.

We also participate in many industry, government, and university-sponsored innovation partnerships. For example, in conjunction with the Edison Foundation Institute for Innovation, the Electric Power Research Group, Smart Electric Power Alliance, and the Gas Technology Institute, we are evaluating emerging technologies and new business model trends that could influence the future of our company and industry. We also collaborate with the U.S. Department of Energy, NASA, and government-backed national labs to stay current with the latest research and development initiatives in the energy industry.

Research Partnerships

Dominion Energy partners with about a dozen Virginia colleges and universities, providing \$1.7 million in funding for a variety of renewable energy and alternative technology research projects. The projects include high-efficiency solar cells, advanced offshore wind technologies, and the integration of battery storage with solar distributed generation, among others.

Smart Meters

Smart metering and other smart grid applications are opening doors to increased efficiency and energy-management tools and savings for our customers.

Smart metering technology provides a wireless, two-way communication path between Dominion and its customers. Once installed, homeowners and commercial facility managers have the ability to monitor

and more precisely control their energy use and costs. And Dominion can better detect problems on the grid and operate it more efficiently.

At the end of 2016, we had installed more than 370,000 smart meters at various customer locations in Virginia and North Carolina.



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Micro-grid: Kitty Hawk, N.C.

A micro-grid is a small-scale power grid that can operate independently or in conjunction with the area's main electrical grid. Any small-scale, localized station with its own power resources, generation, electrical loads and definable boundaries qualifies as a micro-grid.

The Kitty Hawk micro-grid project includes renewable energy resources and energy storage technologies in use at Dominion Energy's Kitty Hawk District Office in North Carolina:

- Four types of wind turbines producing up to 13-kilowatts of energy;
- A 6-kilowatt solar photovoltaic array;
- A 25-kilowatt lithium-ion battery;
- Two 1.5-kilowatt fuel cells;
- A back-up diesel generator;
- Metering and monitoring equipment for data collection; and
- An on-site kiosk supplying real-time data on the operation of the micro-grid.



Farrell Joins Innovation Council

Dominion Energy Chairman, President and CEO Tom Farrell joined Bill Gates and eight other prominent business leaders earlier this year on The American Energy Innovation Council. The AEIC was formed in 2010 by the Bipartisan Policy Center. Its mission is to promote strong economic growth, create jobs in new industries, and re-establish America's energy technology leadership through robust public and private investment.

The Chairman's Excellence Award seeks to acknowledge and recognize employee creativity in all forms across our company.

Cybersecurity

As cyber threats expand around the world, we take very seriously our responsibility to protect the energy grid and to preserve the privacy of customer information. Our customers deserve that, and America's national security depends on it—especially in Virginia, which is home to the world's largest naval base, 29 military installations, and much of the country's critical military and industrial infrastructure.

Our strategy is to stretch beyond simply complying with security regulations. We have one goal: to protect the critical infrastructure that our customers rely on for their health and safety, that our country relies on for national security, and that our economy relies on to drive business operations and growth. If the energy grid goes down, people can lose their livelihood. That's why we employ more than 150 people working directly in protecting against cyber attacks. We plan to invest approximately \$50 million in the next five years to further enhance protections.

Here's how we performed. We implemented controls to protect the credentials of our administrators. We made changes to our email system to make it easier for employees to spot malicious emails. We implemented controls to better prevent unauthorized access to personally identifiable information. We conducted multiple penetration tests and remediated the critical findings. We implemented additional network monitoring tools to detect and block malware.

Here's where we're going in the future.

Employees will complete annual training to educate them in their role as the first defense in cybersecurity. In addition, internal and third party-led exercises to evaluate cybersecurity defenses will be performed.

We will conduct four cyber security drills in 2018. These are conducted with both internal resources and external parties, including other utilities, regulatory agencies and law enforcement. We will conduct four Independent Vulnerability Scans in 2018. These scans are conducted by third parties to identify any public facing cyber vulnerabilities. We will conduct six Penetration Tests in 2018. These tests are targeted testing of vulnerabilities of our external and internal systems. We target enterprise and industrial control systems, with remediation of any issues found as a high priority. We will conduct NERC CIP Cyber Vulnerability Assessments at 65 locations in 2018, according to the North American Electric Reliability Critical Infrastructure Protection program.

We aim to remain in the top quartile of BitSight assessments, a third party organization that conducts external cyber assessment and scoring of major companies. We revise the cyber security strategic plan and prioritize cyber security investments based on these external assessments, threat intelligence and our assessment of risk.

Our "beyond compliance" culture starts with regular and ongoing training for all employees. It includes extensive in-depth defenses against attacks, where our security teams continuously monitor the company's computer networks and electronic devices, shutting down any device or applications that threaten to introduce security risks. We regularly practice incident response scenarios, drilling against simulated attacks on our networks and energy infrastructure.

Our Commitments: Here's Where We're Going in the Future

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RELIABLE ELECTRICITY

To ensure reliability, we plan to rebuild 120 miles of electric transmission lines in 2018 and 300 miles of distribution lines will be placed underground to enhance reliability and safety. We also will annually inspect 25 percent of Dominion Energy electric equipment housed in customer-owned vaults to ensure it is working properly. If not, it could impact reliability for the customers and could result in a release of oil, so the inspection makes sure that these structures have the appropriate oil spill-prevention measures in place.

AFFORDABLE ELECTRICITY

To ensure affordability, we will grow EnergyShare, which has provided bill payment assistance to Virginia residents since 1982. The program helps all customers, with a special focus on older people, individuals living with disabilities, and military veterans. Our 2018 target is to invest \$4.6 million to help 16,000 families or individuals in Virginia. To reach them, Dominion Energy employees travel around the commonwealth, hosting, coordinating and attending community events to educate customers on low-cost or no-cost ways to save, weatherization, and assistance options. Real change happens when customers understand what they can do to make an impact, so our 2018 target is to participate in 440 outreach events around Virginia. And we aim to weatherize 1,500 homes of electric customers who are elderly, live with a disability.

RELIABLE NATURAL GAS

Our western gas distribution company will invest \$95 million in 2018 to replace aging infrastructure in Utah, Wyoming, and Idaho, including high-pressure mains, distribution mains and service lines. We began initiatives in 2015 to enhance pipeline integrity, which will replace 50 miles of pipe and install 20 additional mainline valves by 2020, as well as install 250 additional remotely controlled valves by 2022. In West Virginia, plans call for an additional \$58 million investment over the next two years.

AFFORDABLE NATURAL GAS

To ensure affordability, ThermWise has filed for a total 2018 budget for Energy Efficiency of \$24.5 million, forecasting that more than 81,000 customers will participate in the program in 2018. ThermWise is forecasting 1.15 million dekatherms of natural gas savings from 2018 programs, which equates to the annual usage of nearly 14,500 customers. We are planning to invest \$200 million or more annually over the next two decades to upgrade about 5,600 miles of aged bare steel, cast iron, wrought iron and copper pipe in our Ohio pipeline system—and reducing atmospheric methane emissions at the same time.

ENGAGING COMMUNITIES

In 2018, we aim to work with stakeholders to identify and implement improvements to our community engagement. We also will continue to work closely with landowners to minimize impact to their property as we expand both electric and gas infrastructure. By the end of 2019, we aim to inspect 125,000 wood poles to ensure they meet Dominion Energy's safe design standards.

INVESTING IN COMMUNITIES

In 2018, we plan to invest more than \$20 million to support community needs, in addition to encouraging and supporting employee volunteerism. Our goal is to exceed 100,000 hours of employee volunteer time. In support of our partnerships with small, local and diverse businesses, we will conduct matchmaking events, pairing local businesses with our own employees, to discuss upcoming opportunities. We will continue to cultivate relationships with local businesses and advocacy organizations to encourage economic growth in our communities.

Environmental Stewardship

Addressing Climate Change

Reducing Methane Emissions

We will continue a comprehensive methane strategy that would further reduce methane emissions over the next five years at an even more rapid pace.

Reducing carbon intensity

The company intends to further increase our reliance on cleaner generating technologies, and when combined with continued operation of our three nuclear power stations, should result in an additional reduction of our carbon intensity to 50 percent by 2030.

Increasing disclosure

We are proud to have the most comprehensive public disclosures of any peer gas company. Dominion Energy will increase disclosures around greenhouse gases by participating in the CDP (formerly the Carbon Disclosure Project) reporting on greenhouse gases in 2018.

Reducing Water Use

Dominion Energy has already reduced water withdrawal by using low water-use technologies (such as drycooled condensers, for example) for new generation, and we will further reduce water use in the future as we continue to add to our portfolio of renewable power generation.

In 2018, Dominion Energy Wexpro will install a produced water treatment system at the Canyon Creek Unit Produced Water Evaporation Facility. This system will allow an estimated 21,000,000 gallons of produced water to be reused over the next five years at the Canyon Creek Unit Central facility and operations.

Reducing Waste

We will continue our zero landfill policy of Information Technology equipment by responsibly recycling IT equipment that we no longer use.

Protecting Habitats and Wildlife

We will continue implementing new design standards that include increased spacing on distribution lines to protect birds, animal guards on exposed equipment, and other deterrents to animals coming near equipment.

Our Culture

Ethics & Compliance

To continue to reinforce the importance of ethics, employees will complete annual training in ethics and compliance. In addition, employees will certify annually that any potential compliance items have been reported or are already being addressed.

Corporate & Sustainability Governance

Beginning in 2018, the Board of Directors will receive an annual report on our sustainability targets, strategy and progress.

Attracting, Developing & Retaining Talent

Leaders and employees will complete training in diversity and inclusion. To provide a positive work environment for employees, Dominion Energy strives to complete all new office building construction at LEED-design construction standards.

Employee Safety

We will maintain and enhance programs to ensure zero work-related fatalities and lead the industry in eliminating serious injuries. We will achieve and maintain first-quartile performance in the Southeastern Electric Exchange peer utility benchmark.

Our Business for the Future

Cleaner Generation

The company has announced plans to continue increasing our reliance on cleaner generation technologies.

Investing in Infrastructure

We plan to begin construction of the 600-mile Atlantic Coast Pipeline, fully operationalize the Cove Point liquefaction project in Maryland, pursue re-licensing of our carbon-free nuclear fleet, and continue investing in renewable energy. We plan to rebuild 120 miles of electric transmission lines in 2018.

Innovation

We will continue to reward innovation to create a culture in which employees are encouraged to experiment. Retaining the attributes that have made us successful, we will place even more emphasis on innovation and customer focus. We are committed to looking out for disruptions to our industry and partnering with startups to infuse energy into our employees and processes.

Cybersecurity

Employees will complete annual training to educate them in their role as the first defense in cybersecurity. In addition, internal and third party-led exercises to evaluate cybersecurity defenses will be performed. We will conduct four cyber

security drills in 2018. These are conducted with both internal resources and external parties, including other utilities, regulatory agencies and law enforcement. We will conduct four Independent Vulnerability Scans in 2018. These scans are conducted by third parties to identify any public facing cyber vulnerabilities. We will conduct six Penetration Tests in 2018. These tests are targeted testing of vulnerabilities of our external and internal systems. We target enterprise and industrial control systems, with remediation of any issues found as a high priority. We will conduct NERC CIP Cyber Vulnerability Assessments at 65 locations in 2018, according to the North American Electric Reliability Critical Infrastructure Protection program. We aim to remain in the top quartile of BitSight assessments, a third party organization that conducts external cyber assessment and scoring of major companies. We revise the cyber security strategic plan and prioritize cyber security investments based on these external assessments, threat intelligence and our assessment of risk.