

Introduction

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From the Chairman

You expect the room to light up when you flip the switch, and the warmth to embrace you on a chilly autumn evening. You probably don't think about where the energy comes from, or how it got there. You just relax as your home grows more comfortable. I do, too. But like you, I expect even more.

We all rely on energy, and we deserve to feel good about where it comes from and how it was produced. Dominion Energy hired me to give you that confidence.

I am hopeful that you experience this through our customer service, which has hit an all-time high after more than a century of experience. I am deeply proud of the 16,000 men and women across this country who make your comfort possible—and keep the American economy moving. We understand that you expect us to deliver your energy, and to do it in the right way.

This is our 10th annual report designed to show you how we conduct our business. You deserve to know that Dominion Energy operates in a way that respects people, limits our impact on the natural environment, and acknowledges the Earth's changing climate—one of the most important energy and environmental challenges of our time.

We also know your expectations are changing as well, and so are ours. We are reviewing all of our operations, continually looking for ways to improve. Some have been easy, like recycling more in our offices. Some have been harder, like disposing of

the ash that built up after years of powering millions of homes by burning coal with older technology that was once considered state-of-the-art.

This review has identified many reasons to celebrate. My favorite example is right outside my window in our company's headquarters in Virginia's capital city, Richmond. Every day at lunchtime, I see dozens and dozens of people running, swimming, fishing and rafting along the falls of the James River—or photographing the ospreys and occasional bald eagles that now live there again, after years away when the river was too dirty. This dramatic progress comes as Dominion Energy's power stations along the river are cleaner than ever and improving all the time. That's happening everywhere across the 19 states where we do business. We are in an elite group of just three companies that have reduced their carbon emissions rate by more than 40 percent since 2000. We are proud to have the most comprehensive voluntary public disclosures of any peer gas company, showing methane emissions and reductions achieved through best management



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practices. These are dramatic steps forward, and we're going to do more.

This review is identifying more ways to improve, too. We have been looking at all of our work with fresh eyes. What's working well? What needs work? How can we demonstrate our progress? We're looking at diverse and inclusive employment and hiring practices, the challenge of investing in employment and infrastructure while keeping rates low, and the rapid pace of technological advancement. We are re-tooling everything we do, in every part of the company, to operate more sustainably and to deliver energy more reliably than ever before. These are exciting days for energy companies, and Dominion Energy aims to shape the future of energy in America.

We are striving for something simple: You deserve to feel good about where your energy comes from, to know that the people who produce it are treated fairly and respectfully, and to know that you're getting a good deal for your energy dollar. We aim to continue improving the way we demonstrate this.

It's important to know that 2016 and 2017 have brought numerous steps forward:

- **Our employees set a new company record for safety.** Their commitment to teamwork and attention to detail has reduced work-related accidents by more than 30 percent over the past five years.
- **We are promoting accountability by setting targets** for issues important to our stakeholders, including a commitment to **reduce greenhouse gas emissions** and investments in gas

infrastructure improvements that will **reduce methane emissions.**

- Over the past two years, **we have grown our solar fleet** in Virginia and North Carolina from near zero to 1,333 megawatts in service, in construction, or under development. That is enough clean energy to power more than 330,000 homes during peak sunshine, and it's the beginning of a major push into renewable energy in the years ahead. During construction, Dominion Energy-developed projects have created approximately 3,500 jobs in these two states.
- We invested \$450 million in **six natural gas infrastructure projects** in South Carolina and the Appalachian Basin to transport low-carbon natural gas to those regions.
- Our employees gave **nearly 125,000 hours of personal volunteer time**, while also participating in numerous company-sponsored community engagement events across the country.
- The Women's Forum of New York recognized Dominion Energy for accelerating gender parity in the boardroom, with **women holding 25 percent of its seats on the board of directors.**
- **In 2017, the Dominion Energy Charitable Foundation donated \$20 million** to more than 2,000 organizations that are helping communities across America.

- We earned the Defense Department's prestigious "**Extraordinary Employer Support Award**" for supporting the National Guard and Reserves. That's something we take very seriously at Dominion Energy, where one in five of our new hires served in the U.S. armed forces.

We serve many stakeholders—customers, communities, shareholders, investors and many more—all of whom have high expectations of us. Those expectations are changing, and so are we.

You'll see that Dominion Energy is leading the way in the sustainable transition of our assets and many other areas, and we invite you back in 2018 to see even more.

Sincerely



Thomas F. Farrell, II
CHAIRMAN, PRESIDENT AND CEO

About Us

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Nearly 6 million customers in 19 states heat and cool their homes and power their businesses with electricity or natural gas from **Dominion Energy (NYSE: D)**. The company's record of reliable, safe and clean energy regularly places it among America's most-admired utilities. One of the nation's leading operators of solar energy, Dominion Energy is one of just three companies to have reduced carbon intensity by more than 40 percent since 2000. Headquartered in Richmond, Va., Dominion Energy contributes more than \$20 million annually to the community, supports military veterans and their families, and practices responsible environmental stewardship everywhere it operates. To learn more, please visit www.dominionenergy.com, Facebook or Twitter.

At a Glance*



Richmond, Va.
Headquarters



644.6 million
Common shares
outstanding



50% Carbon
intensity
reduction target
(2000-2030)



6th Largest
solar fleet in U.S.



238
Fortune
500 Rank



\$76.5 billion
Assets



Nearly 125,000
hours of
volunteer service



2017
Best year
in safety



\$48.7 billion
Market
capitalization



\$20 million donated
to more than
2,000 charitable
organizations



\$3.60
Operating
EPS



40% emission
rate reduction
since 2000



\$3.035
Dividends
per share



\$12.5 billion
Operating
Revenue



More than
16,000
employees



\$70.87-\$85.30
Common stock
price range

Operating Groups



Power Generation Group

- Utility power production
- Merchant power production



Power Delivery Group

- Electric distribution
- Electric transmission

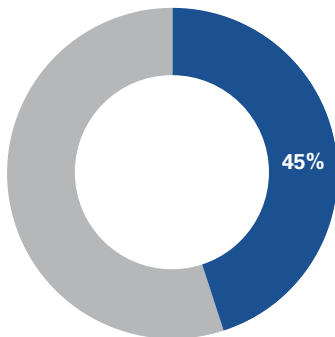


Gas Infrastructure Group

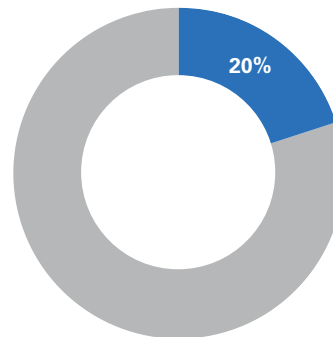
- Gas distribution
- Gas transmission & storage
- Liquefied gas services
- Retail energy marketing

2017 Primary Operating Segment Earnings Percentages

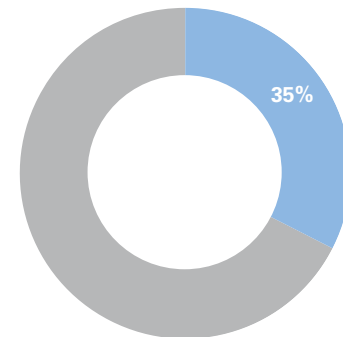
Power Generation Group



Power Delivery Group



Gas Infrastructure Group



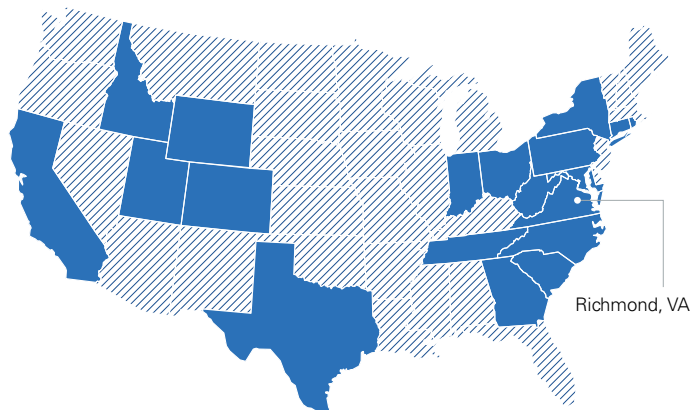
Portfolio of Assets

| | |
|---|--|
| Electric Generating Capacity | Approximately 26,000 Mw |
| Electric Transmission And Distribution Lines | 64,500 Miles |
| Natural Gas Transmission, Gathering, Storage and Distribution Pipelines | 66,600 Miles |
| Underground Natural Gas Storage Capacity | 1,000 Bcf |
| Liquefied Natural Gas Import/Export & Storage | 1.8 Bcf daily send-out capacity 14.6 Bcf storage capacity |

As of Dec. 31, 2017.

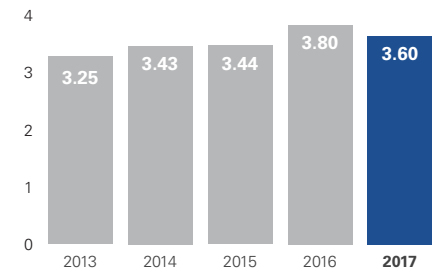
Where We Work

More than 16,000 employees in the 19 states where Dominion Energy operates



Operating Earnings*

(Dollars per share)



*Based on non-GAAP Financial Measures.

About This Report

Materiality Analysis

We are in a time of change in our company, both in our businesses and the expectations of our stakeholders. A materiality analysis was conducted in 2017 to help shape our sustainability strategy by understanding the issues important to our investors, employees, customers and communities. The analysis was conducted using both internal and external interviews. In addition to external interviews, external documents that provided stakeholder perspectives were reviewed. The internal interviews focused on those who directly engage with stakeholders on a regular basis. In addition, a targeted employee survey was used to hear directly from employees on issues important to them. With the help of external sustainability experts, an internal team of stakeholders considered the issues that had been identified, and then selected a list of material issues that were then vetted with internal leaders.

The list of material issues has changed significantly since the last report. The issues are focused in four main areas and drive the content and organization of this report: customers and community, environmental stewardship, our culture, and our business for the future. The list of material issues is represented below, in the form of a graph showing how they translate across our value chain.



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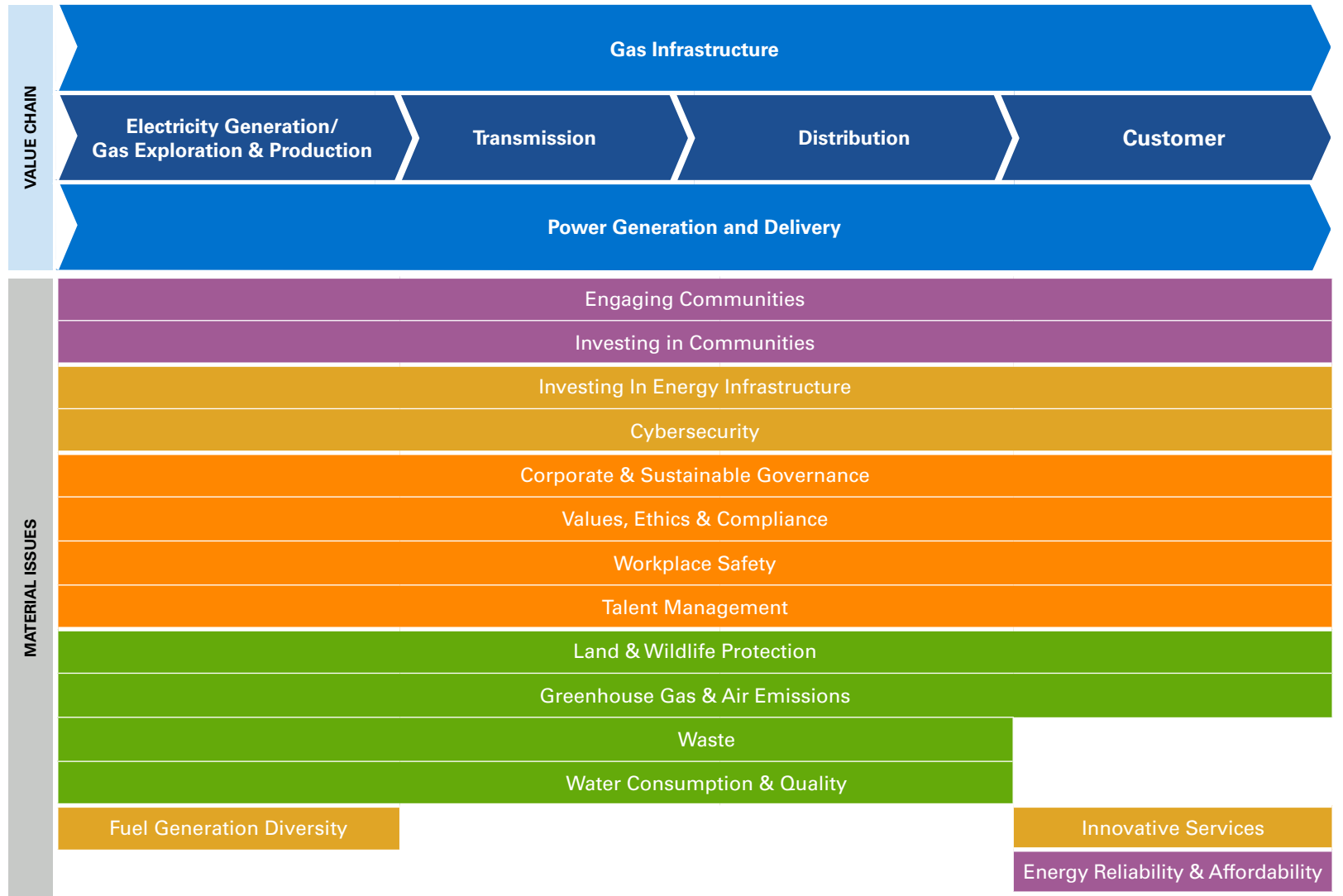
Serving Customers & Communities

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Material Issues



Customer and Community

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