



**Dominion
Energy[®]**

2018 Earnings Guidance Kit

January 29, 2018

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Important Notes to Investors

This 2018 Earnings Guidance Kit contains certain forward-looking statements, including our forecasted operating earnings for the first-quarter and full-year 2018 which are subject to various risks and uncertainties. Factors that could cause actual results to differ include, but are not limited to: unusual weather conditions and their effect on energy sales to customers and energy commodity prices; extreme weather events and other natural disasters; federal, state and local legislative and regulatory developments; changes to federal, state and local environmental laws and regulations, including proposed carbon regulations; cost of environmental compliance; changes in enforcement practices of regulators relating to environmental standards and litigation exposure for remedial activities; capital market conditions, including the availability of credit and the ability to obtain financing on reasonable terms; fluctuations in interest rates; changes in rating agency requirements or credit ratings and their effect on availability and cost of capital; impacts of acquisitions, divestitures, transfers of assets by Dominion Energy to joint ventures or to Dominion Energy Midstream Partners, and retirements of assets based on asset portfolio reviews; the expected timing and likelihood of completion of the proposed acquisition of SCANA Corporation, including the ability to obtain the requisite approvals of SCANA's shareholders and timing, receipt and terms and conditions of required regulatory approvals; receipt of approvals for, and timing of, closing dates for other acquisitions and divestitures; the execution of Dominion Energy Midstream Partners' growth strategy; changes in demand for Dominion Energy's services; additional competition in Dominion Energy's industries; changes to regulated rates collected by Dominion Energy; changes in operating, maintenance and construction costs; timing and receipt of regulatory approvals necessary for planned construction or expansion projects and compliance with conditions associated with such regulatory approvals; the inability to complete planned construction projects within time frames initially anticipated; and the ability of Dominion Energy Midstream Partners to negotiate, obtain necessary approvals and consummate acquisitions from Dominion Energy and third-parties, and the impacts of such acquisitions. Other risk factors are detailed from time to time in Dominion Energy's and Dominion Energy Midstream Partners' quarterly reports on Form 10-Q or most recent annual report on Form 10-K filed with the Securities and Exchange Commission.

The consolidated financial data and statistics in this 2018 Earnings Guidance Kit reflect a projection of the financial position and operating results of Dominion Energy, its operating segments and certain components of its operating segments through 2018. Independent auditors have not audited any of the financial and operating statements. Information about the components of our operating segments is being provided to investors for informational purposes only. We believe such information may be useful to provide investors with a more complete understanding of the financial outlook of Dominion Energy's operating segments. Dominion Energy manages its operations through the operating segments. Information provided in this 2018 Earnings Guidance Kit that relates to the various components of the operating segments is supplemental in nature and should not be considered as an alternative to information provided at the operating segment level.

Certain information provided in this 2018 Earnings Guidance Kit 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, depreciation and amortization (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 document are based on the assumptions listed in this document and 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.

This 2018 Earnings Guidance Kit has been prepared primarily for security analysts and investors in the hope that it will serve as a convenient and useful reference document. The format of this guidance kit may change in the future as we continue to try to meet the needs of securities analysts and investors. This 2018 Earnings Guidance Kit is not intended for use in connection with any sale, offer to sell, or solicitation of any offer to buy securities.

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

2018 Earnings Guidance and Accompanying Schedules

Assumptions

Corporate Finance and Income Taxes

- Average, diluted common shares outstanding of approximately 652 million
- 2018 annual common stock dividend equal to \$3.34 per share
 - All dividend declarations and dividend policy changes are subject to Board of Directors' approval.
- Interest Rate Assumptions on new debt
 - Average Short-Term Interest Rate – 1.8%
 - Average Long-Term Interest Rate – 3.6%
- Consolidated federal and state effective income tax rate range of 18% - 20%

Power Generation

- Regulated Planned Nuclear Refueling Outages:

Unit	2017 Actual	2018 Plan
North Anna 1	0	1
North Anna 2	1	0
Surry 1	0	1
Surry 2	1	1

- Merchant Planned Nuclear Refueling Outages:

Unit	2017 Actual	2018 Plan
Millstone 2	1	1
Millstone 3	1	0

Power Delivery

- Weather normalized electric utility sales growth rate of approximately 1.5%

2018 Operating Earnings Guidance

(millions, except per share amounts)

Description	2017	Range of 2018	
	Actual	Low	High
Power Delivery Group Adjusted EBITDA	\$1,723	\$1,655	\$1,710
Depreciation, Depletion and Amortization	593	620	630
Power Delivery Group Adjusted EBIT	1,130	1,035	1,080
Power Generation Group Adjusted EBITDA	\$2,670	\$2,550	\$2,720
Depreciation, Depletion and Amortization	747	805	815
Power Generation Group Adjusted EBIT	1,923	1,745	1,905
Gas Infrastructure Group Adjusted EBITDA	\$2,111	\$2,555	\$2,680
Depreciation, Depletion and Amortization	522	645	645
Gas Infrastructure Group Adjusted EBIT	1,589	1,910	2,035
Corporate and Other & Eliminations Adjusted EBIT	(113)	(95)	(95)
Total Adjusted EBIT	\$4,529	\$4,595	\$4,925
Consolidated Interest	1,204	1,385	1,365
Consolidated Income Taxes	915	640	645
Noncontrolling Interests	121	120	110
Operating Earnings	\$2,289	\$2,450	\$2,805
Average Diluted Shares Outstanding	636.0	653	651
Operating EPS Range	\$3.60	\$3.75	\$4.31
2018 Operating EPS Guidance Range		\$3.80	\$4.25

Note: Figures may not add due to rounding

Refer to the GAAP Reconciliation Section of this kit for details related to items excluded from operating earnings

1Q18 Operating Earnings Guidance

(millions, except per share amounts)

Description	1Q17	Range of 1Q18	
	Actual	Low	High
Power Delivery Group Adjusted EBITDA	\$414	\$395	\$435
Depreciation, Depletion and Amortization	145	150	155
Power Delivery Group Adjusted EBIT	269	245	280
Power Generation Group Adjusted EBITDA	\$695	\$650	\$740
Depreciation, Depletion and Amortization	189	200	205
Power Generation Group Adjusted EBIT	506	450	535
Gas Infrastructure Group Adjusted EBITDA	\$582	\$600	\$650
Depreciation, Depletion and Amortization	124	145	145
Gas Infrastructure Group Adjusted EBIT	458	455	505
Corporate and Other & Eliminations Adjusted EBIT	(23)	(25)	(15)
Total Adjusted EBIT	\$1,210	\$1,125	\$1,305
Consolidated Interest	292	330	320
Consolidated Income Taxes	265	175	195
Noncontrolling Interests	42	25	15
Operating Earnings	\$611	\$595	\$775
Average Diluted Shares Outstanding	628.1	651	649
Operating EPS Range	\$0.97	\$0.91	\$1.19
1Q18 Operating EPS Guidance Range		\$0.95	\$1.15

Note: Figures may not add due to rounding

Refer to the GAAP Reconciliation Section of this kit for details related to items excluded from operating earnings

Financial

Cash Flow, Financing and Interest Expenses

(millions, except per share amounts)

Cash Flow Summary	2018 Low	2018 High	
Total Cash Flow Sources	\$6,620	\$7,705	
Cash Flow Uses			
Growth Capital Expenditures	(\$3,800)	(\$3,700)	
Non-Growth Capital Expenditures	(1,950)	(1,450)	
Dividends ¹	(2,184)	(2,171)	
2018 Scheduled Debt Maturities	(3,056)	(3,056)	
Total Primary Cash Flow Uses	(\$10,990)	(\$10,377)	
Total Net Financing Need	(\$4,370)	(\$2,672)	
2018 External Financing Plan	2018 Low	2018 High	
DEI	\$1,800	\$2,300	
VEPCO	\$1,100	\$1,400	
DEGH	\$400	\$600	
Questar Gas	\$150	\$150	
Solar (project-level)	\$0	\$400	
Commercial Paper	(\$775)	(\$475)	
Total Financing	\$2,675	\$4,375	
Average Debt Outstanding	2016	2017	2018
Average ST Debt Outstanding ³	\$5,120	\$6,031	
Average LT Debt Outstanding	\$26,978	\$30,771	
Average Total Debt Outstanding	\$32,098	\$36,802	
Interest and related expenses	\$1,010	\$1,205	\$1,350 - \$1,400
Estimated pre-tax interest rate (%)	3.1%	3.3%	
Schedule of 2018 Debt Maturities	Issuer	Due Date	Amount
1.20% 2013 Series A Senior Notes	VEPCO	01/15/18	\$250.0
2.125% 2016 Series A Private Placement Senior Notes	DEI	02/15/18	500.0
5.31% Series E Medium-term Notes (Questar Gas Co)	Dominion Questar Gas	03/15/18	70.0
6.30% Senior Notes (Questar Gas Co)	Dominion Questar Gas	04/01/18	50.0
5.40% 2008 Series A Senior Notes	VEPCO	04/30/18	600.0
6.40% 2008 Series A Senior Notes	DEI	06/15/18	500.0
1.90% 2015 Series A Senior Notes	DEI	06/15/18	500.0
1.50% 2016 Series E Private Placement Senior Notes	DEI	09/30/18	300.0
1.875% 2016 Series F Private Placement Senior Notes	DEI	12/15/18	250.0
2016 Term Loan (variable) (SBL Holdco)	Other	multiple	19.7
2017 Term Loan (variable) (Dominion Solar Projects III)	Other	multiple	15.9
7.25% Ft Story, Ft Eustis and Ft Lee Promissory Notes	VEPCO	multiple	0.2
Total			\$3,055.8

Note: Figures may not add due to rounding and excludes cash flows related the SCANA transaction.

1) Common stock dividend based on an annual rate \$3.34 / share. All dividend declarations are subject to Board of Directors' approval.

2) In addition to Sr Note / Bond issuances, could include private placements, asset level loan financing, hybrid securities, etc.

3) Includes current portion of long-term debt.

4) Excludes Dominion Energy Midstream & Dominion Energy Questar Pipeline maturities.

Planned Capital Expenditures 2018 - 2020

Summary*

(millions)

	Growth	Maintenance	Environmental	Nuclear Fuel	Total
2018					
Power Delivery					
Electric Distribution	\$474	\$296	\$0	\$0	\$770
Electric Transmission	933	21	0	0	954
Total	\$1,407	\$317	\$0	\$0	\$1,725
Gas Infrastructure					
Gas Distribution	\$433	\$286	\$0	\$0	\$719
Gas Transmission	1,197	290	8	0	1,495
Total	\$1,630	\$576	\$8	\$0	\$2,214
Power Generation					
Utility Generation	\$644	\$345	\$99	\$181	\$1,268
Merchant Generation	50	86	3	132	271
Total	\$693	\$431	\$101	\$313	\$1,539
Corporate					
	\$0	\$0	\$0	\$0	\$0
Dominion Energy Consolidated	\$3,731	\$1,324	\$109	\$313	\$5,477
2019					
Power Delivery					
Electric Distribution	\$517	\$331	\$0	\$0	\$848
Electric Transmission	800	21	0	0	821
Total	\$1,317	\$352	\$0	\$0	\$1,669
Gas Infrastructure					
Gas Distribution	\$486	\$309	\$0	\$0	\$795
Gas Transmission	924	253	7	0	1,185
Total	\$1,411	\$562	\$7	\$0	\$1,980
Power Generation					
Utility Generation	\$575	\$444	\$121	\$167	\$1,306
Merchant Generation	73	169	2	44	289
Total	\$648	\$613	\$123	\$211	\$1,595
Corporate					
	\$0	\$0	\$0	\$0	\$0
Dominion Energy Consolidated	\$3,375	\$1,527	\$130	\$211	\$5,243
2020					
Power Delivery					
Electric Distribution	\$516	\$324	\$0	\$0	\$840
Electric Transmission	800	21	0	0	821
Total	\$1,316	\$345	\$0	\$0	\$1,661
Gas Infrastructure					
Gas Distribution	\$500	\$203	\$0	\$0	\$703
Gas Transmission	359	241	7	0	607
Total	\$859	\$444	\$7	\$0	\$1,309
Power Generation					
Utility Generation	\$1,025	\$308	\$86	\$207	\$1,625
Merchant Generation	131	178	6	116	431
Total	\$1,156	\$486	\$92	\$322	\$2,056
Corporate					
	\$0	\$0	\$0	\$0	\$0
Dominion Energy Consolidated	\$3,331	\$1,274	\$99	\$322	\$5,027

*Schedule does not reflect \$1 billion of non-growth capital reductions during 2018 and 2019.

GAAP Reconciliation

Reconciliation of 2017 Reported Earnings to Operating Earnings

2017 Earnings (Twelve months ended December 31, 2017)

The \$235 million pre-tax net effect of the adjustments included in 2017 reported earnings, but excluded from operating earnings, is primarily related to the following items:

- \$158 million of impairment charges associated with our equity method investments in wind-powered generation facilities.
- \$72 million of transaction and transition costs, primarily associated with the Dominion Energy Questar combination.
- \$46 million net gain related to our investments in nuclear decommissioning trust funds.

The Tax Cuts and Jobs Act, enacted in December 2017, reduced the corporate income tax rate from 35% to 21%. Dominion Energy recognized \$988 million of tax benefits resulting from the re-measurement of deferred income taxes to the new corporate income tax rate.

<i>(millions, except per share amounts)</i>	1Q17	2Q17	3Q17	4Q17	YTD 2017 ²
Reported earnings	\$632	\$390	\$665	\$1,449	\$3,136
Adjustments to reported earnings ¹ :					
Pre-tax loss (income)	(31)	47	12	207	235
Income tax	10	(16)	(5)	(1,071)	(1,082)
	(21)	31	7	(864)	(847)
Operating earnings	\$611	\$421	\$672	\$585	\$2,289
Common shares outstanding (average, diluted)	628.1	629.2	642.5	643.9	636.0
Reported earnings per share	\$1.01	\$0.62	\$1.03	\$2.25	\$4.93
Adjustments to reported earnings (after-tax)	(0.04)	0.05	0.01	(1.34)	(1.33)
Operating earnings per share	\$0.97	\$0.67	\$1.04	\$0.91	\$3.60

¹⁾ Adjustments to reported earnings are reflected in the following table:

	1Q17	2Q17	3Q17	4Q17	YTD 2017
<u>Pre-tax loss (income):</u>					
Impairments of equity method investments				158	158
Merger-related transaction & transition costs	3	20	16	33	72
Net gain on NDT funds	(34)	(3)	(4)	(5)	(46)
Other		30		21	51
	(\$31)	\$47	\$12	\$207	\$235
<u>Income tax expense (benefit):</u>					
Tax effect of above adjustments to reported earnings *	10	(16)	(5)	(83)	(94)
Re-measurement of Deferred Tax Balances **				(988)	(988)
	\$10	(\$16)	(\$5)	(\$1,071)	(\$1,082)

* Income taxes for individual pre-tax items include current and deferred taxes using a transactional effective tax rate. For interim reporting purposes, such amounts may be adjusted in connection with the calculation of the Company's year-to-date income tax provision based on its estimated annual effective tax rate.

** The Tax Cuts and Jobs Act reduced the corporate income tax rate from 35% to 21%, effective 1/1/2018. Deferred taxes are required to be measured at the enacted rate in effect when they are expected to reverse. As a result, deferred taxes were re-measured to the 21% rate. For regulated entities, where the reduction in deferred taxes is expected to be recovered or refunded in future rates, the adjustment was recorded to a regulatory asset or liability instead of income tax expense.

²⁾ YTD EPS may not equal sum of quarters due to share count differences

Unaudited, Operating Segments*(millions, except per share amounts)*

Description	2017 Reported	Adjustments	2017 Operating
Power Delivery Adjusted EBITDA	\$1,723		\$1,723
DD&A	593		593
Power Delivery Adjusted EBIT	1,130		1,130
Power Generation Adjusted EBITDA	2,670		2,670
DD&A	747		747
Gas Infrastructure Adjusted EBIT	1,923		1,923
Gas Infrastructure Adjusted EBITDA	2,111		2,111
DD&A	522		522
Power Generation Adjusted EBIT	1,589		1,589
Corporate and Other & Eliminations Adjusted EBIT	(347)	234	(113)
Total Adjusted EBIT	\$4,295	\$234	\$4,529
Consolidated Interest	1,205	(1)	1,204
Consolidated Income Taxes	(167)	1,082	915
Noncontrolling Interests	121	0	121
Earnings	\$3,136	(\$847)	\$2,289
Average Diluted Shares Outstanding	636.0	636.0	636.0
Reported EPS	\$4.93	---	---
Adjustments to reported earnings	---	(\$1.33)	---
Operating EPS	---	---	\$3.60

Note: Totals may not add due to rounding**Adjustments to Reported Earnings**

- (a) Merger-related transaction and transition costs, primarily associated with the Dominion Energy Questar combination.
- (b) Impairment of equity method investments.
- (c) Other miscellaneous items.
- (d) Net gain/loss of our investment in nuclear decommissioning trust funds.
- (e) Income tax provisions associated with adjustments to reported earnings.
- (f) Remeasurement of deferred tax balances.

Reconciliation of 1Q17 Reported Earnings to Operating Earnings

Unaudited, Operating Segments*(millions, except per share amounts)*

Description	1Q17 Reported	Adjustments	1Q17 Operating
Power Delivery Adjusted EBITDA	\$414		\$414
DD&A	145		145
Power Delivery Adjusted EBIT	269		269
Power Generation Adjusted EBITDA	695		695
DD&A	189		189
Gas Infrastructure Adjusted EBIT	506		506
Gas Infrastructure Adjusted EBITDA	582		582
DD&A	124		124
Power Generation Adjusted EBIT	458		458
Corporate and Other & Eliminations Adjusted EBIT	8	(31) (a), (b)	(23)
Total Adjusted EBIT	\$1,241	(\$31)	\$1,210
Consolidated Interest	292	0	292
Consolidated Income Taxes	275	(10) (c)	265
Noncontrolling Interests	42	0	42
Earnings	\$632	(\$21)	\$611
Average Diluted Shares Outstanding	628.1	628.1	628.1
Reported EPS	1.01	---	---
Adjustments to reported earnings	---	(0.04)	---
Operating EPS	---	---	0.97

Note: Totals may not add due to rounding**Adjustments to Reported Earnings**

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

(b) Other miscellaneous items.

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

2018 Earnings Expectations

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

1Q 2018 Operating Earnings (estimate):	\$0.95 - \$1.15
FY 2018 Operating Earnings (estimate):	\$3.80 - \$4.25
1Q 2018 Reported Earnings (estimate):	See Note 1 below
FY 2018 Reported Earnings (estimate):	See Note 1 below

1. In providing its first-quarter and full-year 2018 operating earnings guidance the company notes that there could be differences between expected reported (GAAP) earnings and estimated operating earnings for matters such as, but not limited to, divestitures or changes in accounting principles. At this time, Dominion Energy management is currently not able to estimate the aggregate impact, if any, of these items on 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 first-quarter and full-year 2018 earnings are subject to various risks and uncertainties. Factors that could cause actual results to differ include, but are not limited to: unusual weather conditions and their effect on energy sales to customers and energy commodity prices; extreme weather events and other natural disasters; federal, state and local legislative and regulatory developments; changes to federal, state and local environmental laws and regulations, including proposed carbon regulations; cost of environmental compliance; changes in enforcement practices of regulators relating to environmental standards and litigation exposure for remedial activities; capital market conditions, including the availability of credit and the ability to obtain financing on reasonable terms; fluctuations in interest rates; changes in rating agency requirements or credit ratings and their effect on availability and cost of capital; impacts of acquisitions, divestitures, transfers of assets by Dominion Energy to joint ventures or to Dominion Energy Midstream Partners, and retirements of assets based on asset portfolio reviews; the expected timing and likelihood of completion of the proposed acquisition of SCANA Corporation, including the ability to obtain the requisite approvals of SCANA's shareholders and timing, receipt and terms and conditions of required regulatory approvals; receipt of approvals for, and timing of, closing dates for other acquisitions and divestitures; the execution of Dominion Energy Midstream Partners' growth strategy; changes in demand for Dominion Energy's services; additional competition in Dominion Energy's industries; changes to regulated rates collected by Dominion Energy; changes in operating, maintenance and construction costs; timing and receipt of regulatory approvals necessary for planned construction or expansion projects and compliance with conditions associated with such regulatory approvals; the inability to complete planned construction projects within time frames initially anticipated; and the ability of Dominion Energy Midstream Partners to negotiate, obtain necessary approvals and consummate acquisitions from Dominion Energy and third-parties, and the impacts of such acquisitions. Other risk factors are detailed from time to time in Dominion Energy's and Dominion Energy Midstream Partners' quarterly reports on Form 10-Q or most recent annual report on Form 10-K filed with the Securities and Exchange Commission.