September 8, 2009

Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Re: File No. S7-11-09 (Money Market Fund Reform Proposals)

Dear Ms. Murphy:

Currently our firm, Dominion Resources, Inc. and its subsidiary, Virginia Electric and Power Company, Inc., issue Tier 2 commercial paper in order to raise needed capital for financing its capital projects and day-to-day working capital. We are an active market participant and have been an issuer of Tier 2 commercial paper for the past 18 years.

In response to the Commission’s recommendation that Tier 2 Commercial Paper issuers be excluded from 2a-7 Money Market Funds, there are several points that should be noted in the commission’s recommendations. First, by excluding Tier 2 paper, the Commission may create unintended consequences through what might be called the “sheep” effect of other groups of investors besides 2a-7 funds following suit. In a recent study of Tier 2 commercial paper by Bank of America / Merrill Lynch, it was found that insurance companies hold 50%, banks 13%, and corporates 14% of the Tier 2 paper in their portfolios. Should an organization such as the NAIC (National Association of Insurance Commissioners) recommend to State Public Utility Commissioners that they should follow the SEC guidelines for 2a-7 Funds to not hold Tier 2 commercial paper, it would have a significantly negative impact on a company’s ability to raise working capital. Further, if commercial paper were not an available funding source to us, the next best alternative would be to borrow from our banks, but it would be more costly and could force the banks to increase their required reserves to support our credit.

Further, to the findings that Tier 2 credit spreads widened during the credit crisis last year, since the government did not extend credit support to Tier 2 paper as they did for Tier 1 paper, an unintended consequence occurred where Tier 1 issuers were seen as safer credits than previously was the case and hence spreads widened relative to Tier 2 issuers.
Another point to be considered is that not all Tier 1 issuers have dedicated bank lines supporting their issuance as Tier 2 issuers are required to have, thus creating more risk in some Tier 1 issuers than is evident on the surface.

The proposed action appears to be in direct opposition of adding or maintaining existing liquidity in the system. We hope you give strong consideration to allowing 2a-7 money funds to continue to hold up to 5% of their assets in Tier 2 commercial paper.

Should you have any questions regarding any of these points or wish to discuss our thoughts on this proposal in any way, you can reach me at 804-819-2113. Thank you in advance for your consideration of this important issue.

Sincerely,

G. Scott Hetzer

Senior Vice President – Tax and Treasury