DOMINION RESOURCES INC /VA/
Form 11-K
June 29, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

(Mark One):

x **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2006

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission File Number 333-85094

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

DOMINION EAST OHIO GAS UNION SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

DOMINION RESOURCES, INC.

120 Tredegar Street

Richmond, VA 23219

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DOMINION EAST OHIO GAS UNION SAVINGS PLAN

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee and Compensation, Governance and Nominating

Committee of the Board of Directors of Dominion Resources, Inc. and the

Trustee and Participants of the Dominion East Ohio Gas Union Savings Plan

Richmond, Virginia

We have audited the accompanying statements of net assets available for benefits of the Dominion East Ohio Gas Union Savings Plan (the Plan) as of December 31, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of (1) assets (held at year end) as of December 31, 2006, and (2) reportable transactions for the year ended December 31, 2006, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan s management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2006 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

As discussed in Notes 2 and 3 to the financial statements, the 2006 and 2005 financial statements include securities valued at $82,952,307 (50% of net assets) and $85,275,013 (52% of net assets), respectively, whose values have been estimated by the Plan s management in the absence of readily ascertainable market values. We have examined the procedures used by the Plan s management in arriving at its estimate of the value of such securities and have inspected underlying documentation, and in the circumstances, we believe that such procedures are reasonable and the documentation appropriate. However, because of the inherent uncertainty of valuation, those estimates and values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material.

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As discussed in Note 2 to the financial statements, the Plan adopted FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* in 2006, and, retrospectively, adjusted the 2005 financial statements for the change.

/s/ Deloitte & Touche LLP

Richmond, Virginia

June 28, 2007

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DOMINION EAST OHIO GAS UNION SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2006 AND 2005

	2006	2005
ASSETS:		
Investments at Fair Value:		
Participant-directed investments	$ 156,643,570	$ 158,116,855
Nonparticipant-directed investments	7,956,704	6,571,657
Total investments	164,600,274	164,688,512
Receivables:		
Accrued investment income	1,141	958
Receivables for securities sold	1,359,842	621,388
Participant contributions	200,599	392,260
Employer contributions	63,503	121,166
Total receivables	1,625,085	1,135,772
Cash	1,271,876	
Total assets	167,497,235	165,824,284
LIABILITIES:		
Accrued administrative expenses	120,012	94,358
Payables for securities purchased	2,631,888	2,231,783
Other liabilities	489,653	415,393
Total liabilities	3,241,553	2,741,534
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	164,255,682	163,082,750
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	780,310	484,417
NET ASSETS AVAILABLE FOR BENEFITS	$ 165,035,992	$ 163,567,167

The accompanying notes are an integral part of the financial statements.

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DOMINION EAST OHIO GAS UNION SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2006

ADDITIONS:	
Contributions:	
Participants contributions	$ 5,349,567
Employer contributions	1,875,770
Total contributions	7,225,337
Investment income:	
Interest	257,479
Dividends	2,430,709
Net appreciation in fair value of investments	9,458,297
Income from Master Trust	2,976,163
Total investment income	15,122,648
Total additions	22,347,985
DEDUCTIONS:	
Benefits paid to participants	19,913,461
Administrative expenses	149,934
Total deductions	20,063,395
NET INCREASE IN NET ASSETS BEFORE TRANSFERS	2,284,590
TRANSFER OF PARTICIPANTS ASSETS FROM THE PLAN TO OTHER PLANS	(815,765)
NET INCREASE IN NET ASSETS	1,468,825
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	163,567,167
End of year	$ 165,035,992

The accompanying notes are an integral part of the financial statements.

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DOMINION EAST OHIO GAS UNION SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2006 AND 2005, AND FOR THE YEAR ENDED DECEMBER 31, 2006

1. DESCRIPTION OF PLAN

The following description of the Dominion East Ohio Gas Union Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

a. ***General*** The Plan is a defined contribution plan covering union-eligible employees of Dominion East Ohio Gas represented by The Natural Gas Workers Union, Local 555, SEIU AFL- CIO (the Employer) who are 18 years of age or older. Dominion Resources, Inc. (Dominion or the Company) is the designated Plan sponsor. The Plan administrator is Dominion Resources Services, Inc., a subsidiary of Dominion. Mellon Bank, N.A. serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

b. ***Contributions*** Under the Plan, participants may contribute not less than 2% and not more than 50% of their eligible earnings , all of which may be on a tax-deferred basis or up to 20% on an after-tax basis. Employee contributions are subject to certain Internal Revenue Code (IRC) limitations. The Employer contributes a matching amount equivalent to 50% of each participant s contributions (up to a maximum of 6%), not to exceed 3% of the participant s eligible earnings. For participants who have 20 or more years of service with Dominion or its subsidiaries, the Participating Companies matching contribution is 66.7% of each participant s contributions (up to a maximum of 6%), not to exceed 4% of participant s eligible earnings.

c. ***Participant Accounts*** Individual accounts are maintained for each Plan participant. Each participant s account includes the effect of the participant s contributions and withdrawals, as applicable, and allocations of the Employer s contributions, Plan earnings or losses, and administrative expenses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the vested portion of the participant s account.

d. ***Participants*** Each employee is eligible to participate in the Plan on an entirely voluntary basis. Participation by an employee becomes effective immediately upon enrollment in the Plan.

e. ***Vesting*** Participants become vested in their own contributions and the earnings on these amounts immediately, and in the Employer s matching contribution and related earnings thereon after three years of service.

f. ***Forfeited Accounts*** At December 31, 2006 and 2005, forfeited non-vested accounts totaled $365 and $94, respectively. These accounts are used to reduce future Employer contributions. During the year ended December 31, 2006, Employer contributions were reduced by $94 from forfeited nonvested accounts.

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g. ***Investment Options***

Employee Contributions Upon enrollment in the Plan, a participant may direct his or her contributions in any option (except the loan fund) in 1% increments totaling to 100%. Changes in investment options may be made at any time and become effective with the subsequent pay period. Participants can make unlimited transfers among existing funds. The Plan provides for employee contributions to be invested in the following:

Dominion Stock Fund

Interest in Master Trust:
Large Cap Growth Fund (RCM Fund)

Stable Value Fund (Standish Mellon Fund)

Common/Collective Trusts:
Growth Balanced Fund

Conservative Balanced Fund

Moderate Balanced Fund

Large Cap Value Fund

Wilshire 4500 Index Fund

Intermediate Bond Fund

S&P 500 Index Fund

Mutual Funds:
Real Estate Fund

Small Cap Value Fund

Small Cap Growth Fund

International Equity Fund

Company Contributions Employer s matching contributions are automatically invested in the Dominion Stock Fund. However, participants may transfer 100% of the value of their company match account into another investment option at anytime.

h. ***Participant Loans*** Participants are eligible to secure loans against their plan account with a maximum repayment period of 5 years. The minimum loan amount is $1,000 and the maximum loan amount is the lesser of:

- 50% of the vested account balance, or

- $50,000 (reduced by the maximum outstanding loan balance during the prior 12 months)

Loan transactions are treated as a transfer between the respective investment fund and the loan fund. The loans are interest-bearing at 1% point above the prime rate of interest. The rate is determined every quarter; however, the rate is fixed at the inception of the loan for the life of the loan.

Participants make principal and interest payments to the Plan through payroll deductions. Any defaults in loans result in a reclassification of the remaining loan balances as taxable distributions to the participants.

i. ***Payment of Benefits*** On termination of service, a participant may elect to receive either a lump sum amount equal to the value of the participant s vested interest in his or her account, or defer the payment to a future time no later than the year in which the participant attains age 70 1/2. If the participant retires from the Company, he or she may also elect to receive installment payments. There were no amounts payable to participants at December 31, 2006 and 2005.

j. ***Flexible Dividend Options*** Participants are given the choice of (1) receiving cash dividends paid on vested shares held in their Dominion Stock Fund or (2) reinvesting the dividends in the Dominion Stock Fund.

k. ***Excess Contributions Payable*** The Plan is required to return contributions received during the Plan year in excess of the IRC limits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Basis of Accounting*** The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

b. ***Use of Estimates*** The preparation of financial statements in conformity with GAAP, requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits, and changes therein. Actual results could differ from those estimates.

c. ***Risks and Uncertainties*** The Plan utilizes various investment instruments, including mutual funds and investment contracts. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

d. ***Valuation of Investments***

(1) *Dominion Stock Fund* Investments in Dominion common stock are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the Plan year.

(2) *Mutual Funds* Investments in mutual funds are stated at fair value using quoted market prices, which represent the net asset values of shares held by the Plan at year-end.

(3) *Common/Collective Trusts* Investments in common/collective trust funds are stated at estimated fair values, which have been determined based on the unit values of the funds. Unit values are determined by the bank sponsoring such funds by dividing the fund s net assets by its units outstanding at the valuation dates.

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(4) *Investment in Standish Mellon Fund (Investment Contracts)* The Standish Mellon Fund invests primarily in benefit-responsive guaranteed investment contracts (GICs), which are stated at estimated fair value and then adjusted to contract value. The fair value of traditional GICs is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations. The fair value of synthetic GICs is based on the fair value of the underlying investments as determined by the issuer of the synthetic GICs based on quoted market prices and a fair value estimate of the wrapper contract. Fair market value of the wrapper is estimated by converting the basis points assigned to the wrap fees into dollars.

(5) *Investment in RCM Fund* The RCM Fund invests primarily in corporate stocks, which are stated at fair value based on the closing sales price reported on the New York Stock Exchange on the last business day of the Plan year.

(6) *Loans to Participants* Participant loans are valued at the outstanding loan balances.

e. ***Investment Income*** Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is recognized on the ex-dividend date.

Realized gains and losses on the sale of investments are determined using the average cost method.

Net investment income from mutual fund holdings includes dividend income and realized and unrealized appreciation/depreciation.

Management fees and operating expenses charged to the Plan for investments in mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

f. ***Adoption of New Accounting Guidance*** The financial statements reflect the retroactive adoption of Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (FSP). As required by the FSP, the statements of net assets available for benefits present investment contracts at fair value as well as an additional line item showing an adjustment of fully benefit-responsive contracts from fair value to contract value. Prior year balances have been adjusted retrospectively. The statement of changes in net assets available for benefits is presented on a contract value basis and was not affected by the adoption of the FSP. The adoption of the FSP did not impact the amount of net assets available for benefits at December 31, 2005.

g. ***Administrative Expenses*** The Plan s expenses are accrued as incurred and are paid by the Plan, as provided by the Plan document.

h. ***Payment of Benefits*** Distributions from the Plan are recorded on the valuation date when a participant s valid withdrawal request is processed by the recordkeeper.

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i. ***Transfers*** Along with the Plan, Dominion also sponsors several other savings plans for employees of its subsidiaries. If participants change employment to a different covered subsidiary during the year, their account balances are transferred into the corresponding plan. For the year ended December 31, 2006, transfers to other plans were $815,765, and there were no transfers from other plans.

j. ***Concentration of Investments*** Included in the Plan s net assets available for benefits at December 31, 2006 and 2005, are investments in Dominion Common Stock amounting to approximately $59 million and $60 million, respectively, whose value could be subject to change based upon market conditions and company performance.

3. INVESTMENTS

The Plan s investments that represented 5% or more of the Plan s net assets available for benefits as of December 31, 2006 and 2005, are as follows:

	2006	**2005**
Dominion Stock Fund:	$ 59,195,717	$ 60,417,246
Participant-directed Represented 5% or more of the Plan s net assets 2006: $51,250,924 and 611,295 shares; and 2005: $53,984,987 and 700,962 shares		
Nonparticipant-directed none represented 5% or more of the Plan s net assets 2006: $7,944,793 and 94,761 shares; and 2005: $6,432,259 and 83,519 shares		
Interest in Standish Mellon Fund, 3,353,058 and 3,675,833 units, respectively*	63,404,971	66,830,360

* The Standish Mellon Fund invests primarily in benefit-responsive GICs, which are stated at estimated fair value.

During the year ended December 31, 2006, the Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Investments at Fair Value:	
Mutual funds	
Real Estate Fund	$ 793,843
Small Cap Value Fund	496,275
Small Cap Growth Fund	68,334
International Equity Fund	631,435
	1,989,887
Dominion Stock Fund	5,059,604
Investments at Estimated Fair Value:	
Common/Collective Trust Funds	2,408,806
Net appreciation in fair value of investments	$ 9,458,297

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4. NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments as of December 31, 2006 and 2005, and for the year ended December 31, 2006, is as follows:

	December 31, 2006	December 31, 2005
ASSETS:		
Investments at Fair Value:		
Dominion Stock Fund	$ 7,944,793	$ 6,432,259
Common/Collective Trusts	11,911	139,398
Total investments	7,956,704	6,571,657
Receivables	346,985	157,805
Total Assets	8,303,689	6,729,462
LIABILITIES:		
Accrued administrative expenses		5
Payables for securities purchased	194,372	174,586
Other liabilities	(207,451)	96
Total liabilities	(13,079)	174,687
NET ASSETS	$ 8,316,768	$ 6,554,775

	Year Ended December 31, 2006
Changes in Net Assets:	
Interest	$ 367
Dividends	56,037
Net appreciation in fair value of investments	127,570
Employer contributions	1,875,770
Benefits paid to participants	(130,196)
Administrative expenses	(261)
Transfers to participant-directed investments	(114,595)
Transfers of participants assets to other plans	(52,699)
Net change	1,761,993
Beginning of year	6,554,775
End of year	$ 8,316,768

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5. PLAN TERMINATION

Although it has not expressed any intention to do so, the Employer has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

6. PLAN INTEREST IN MASTER TRUST

The Plan s investment in the Standish Mellon Fund and the RCM Fund are held in a Master Trust that was established for the investment of assets for the Plan and other employee benefit plans of Dominion and its subsidiaries. Mellon Bank, N.A. holds the assets of the Master Trust.

Standish Mellon Fund As of December 31, 2006 and 2005, the Plan s interest in the net assets of the Standish Mellon Fund was approximately 10% and 11%, respectively. Investment income and administrative expenses relating to the Standish Mellon Fund are allocated to the individual plans based upon average monthly balances invested by each plan. The Standish Mellon Fund invests primarily in three types of benefit-responsive GICs described below, which are stated at estimated fair value and then adjusted to contract value. Contract value represents contributions made to the fund, plus earnings, less participant withdrawals and administrative expenses.

(1) *Guaranteed Investment Contracts* Traditional GICs are unsecured, general account obligations of insurance companies. The obligation is backed by the general account assets of the insurance company that writes the investment contract. The crediting rate on this product is typically fixed for the life of the investment.

Separate account GICs are investments in a segregated account of assets maintained by an insurance company for the benefit of the investors. The total return of the segregated account assets supports the separate account GICs return. The crediting rate on this product will reset periodically and it will have an interest rate of not less than 0%.

(2) *Fixed Maturity Synthetic Guaranteed Investment Contracts* General fixed maturity synthetic GICs consist of an asset or collection of assets that are owned by the fund and a benefit responsive, book value wrap contract purchased for the portfolio. The wrap contract provides book value accounting for the asset and assures that book value, benefit responsive payments will be made for participant directed withdrawals. The crediting rate of the contract is set at the start of the contract and typically resets every quarter. Generally, fixed maturity synthetic GICs are held to maturity. The initial crediting rate is established based on the market interest rates at the time the initial asset is purchased and it will have an interest crediting rate not less than 0%.

Variable synthetic GICs consist of an asset or collection of assets that are managed by the bank or insurance company and are held in a bankruptcy remote vehicle for the benefit of the fund. The contract is benefit responsive and provides next day liquidity at book value. The crediting rate on this product resets every quarter based on the then current market index rates and an investment spread. The investment spread is established at time of issuance and is guaranteed by the issuer for the life of the investment.

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(3) *Constant Duration Synthetic Guaranteed Investment Contracts* Constant duration synthetic GICs consist of a portfolio of securities owned by the fund (or plan) and a benefit responsive, book value wrap contract purchased for the portfolio. The wrap contract amortizes gains and losses of the underlying securities over the portfolio duration, and assures that book value, benefit responsive payments will be made for participant directed withdrawals. The crediting rate on a constant duration synthetic GIC resets every quarter based on the book value of the contract, the market yield of the underlying assets, the market value of the underlying assets and the average duration of the underlying assets. The crediting rate aims at converging the book value of the contract and the market value of the underlying portfolio over the duration of the contract and therefore will be affected by movements in interest rates and/or changes in the market value of the underlying portfolio. The initial crediting rate is established based on the market interest rates at the time the underlying portfolio is first put together and it will have an interest crediting rate of not less than 0%.

Certain Plan-initiated events, such as plan termination, bankruptcy, and mergers, may limit the ability of the Plan to transact at contract value. In general, issuers may terminate the contracts and settle at other than contract value if the qualification status of the Plan changes, breach of material obligations under the contract and misrepresentation by the contract holder, or failure of the underlying portfolio to conform to the pre-established investment guidelines. The Plan Sponsor does not believe that any events that may limit the ability of the Plan to transact at contract value are probable.

Average yields:

	2006	**2005**
Based on annualized earnings*	4.67%	4.50%
Based on interest rate credited to participants**	4.37%	4.49%

* Computed by dividing the annualized one-day actual earnings of the contract on the last day of the Plan year by the fair value of the investments on the same date.

** Computed by dividing the annualized one-day earnings credited to participants on the last day of the Plan year by the fair value of the investments on the same date.

The following tables present the value of the undivided investments (and related investment income) in the Standish Mellon Fund:

	December 31, 2006	**December 31, 2005**
GICs (estimated fair value)	$ 582,257,192	$ 606,035,114
Short-term investment fund (estimated fair value)	32,228,526	18,297,536
Registered investment companies (fair value)	1,550,628	7,420,613
Interest receivable	2,277,750	2,205,651
Receivable for securities purchased	2,505,430	
Total at estimated fair value	620,819,526	633,958,914
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	7,640,280	4,595,223
Total at contract value	$ 628,459,806	$ 638,554,137

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Investment income for the Standish Mellon Fund is as follows:

	Year Ended December 31, 2006
Net Investment Appreciation:	
Registered investment companies	$ 137,658
Interest	27,803,819