

**AMENDED AND RESTATED  
AGREEMENT FOR THE PROVISION OF  
ELECTRIC SERVICE TO MUNICIPALITIES  
AND COUNTIES OF THE  
COMMONWEALTH OF VIRGINIA FROM  
VIRGINIA ELECTRIC AND POWER COMPANY**

**THIS AMENDED AND RESTATED AGREEMENT** (this “Agreement”) is made and entered into ~~this 8th day of March, 2011~~, effective ~~retroactively to January 1, 2011~~ August 1, 2014 (the “Effective Date”), by and ~~between~~ tween the **VIRGINIA ENERGY PURCHASING GOVERNMENTAL ASSOCIATION**, a joint powers association representing member units of political subdivisions of the Commonwealth of Virginia (“VEPGA”), and **VIRGINIA ELECTRIC AND POWER COMPANY**, a Virginia public service corporation (“Dominion Virginia Power” or the “Company”). VEPGA and Dominion Virginia Power may hereafter be referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on ~~June 25~~ March 8, 2007 2011, the Parties entered into the Amended and Restated *Agreement for the Provision of Electric Service to the Municipalities and Counties of the Commonwealth of Virginia from Virginia Electric and Power Company* (the “~~2007-2011~~ Agreement”) wherein VEPGA agreed, among other things, to bind its members to select Dominion Virginia Power as their sole provider of retail electric service for the duration of the ~~2007-2011~~ 2007-2011 Agreement, and to the rates, terms and conditions of the ~~2007-2011~~ 2007-2011 Agreement; and

WHEREAS, the ~~2007-2011~~ 2007-2011 Agreement was set to expire on ~~December 31~~ June 30, 2010 2014; and



WHEREAS, on June 30, 2014, the Parties mutually agreed in Amendment No. 4 to the 2011 Agreement to extend the term of the 2011 Agreement, from June 30, 2014 through and including July 31, 2014. As such, the Parties agreed that all terms of the 2011 Agreement and its Amendment No. 1, Amendment No. 2, and Amendment No. 3 – including all rates of Amendment No. 3 (April 1, 2011 base rates and July 1, 2013 rates for VEPGA’s generation riders, transmission rider, and Fuel Charge Rider A) – would remain in effect through and including July 31, 2014. In addition, Amendment No. 4 included VEPGA’s annualized base, fuel, and other rider revenue requirements to be implemented for usage on and after August 1, 2014 under the provisions of this Agreement; and

~~WHEREAS, on December 29, 2010~~WHEREAS, the Parties signed an Agreement in Principle Letter (the “Agreement in Principle Letter”), dated July 24, 2014, that set forth the basis and terms by which ~~a formal Amended and Restated this~~ Agreement, ~~effective January 1, 2011, is to~~ would be drafted and executed by the Parties by ~~March 8~~July 29, 2014; and

WHEREAS, the Parties thereafter have mutually agreed that it is acceptable to have this Agreement executed no later than July 31, 2014; and

WHEREAS, in the ~~aforementioned~~ Agreement in Principle Letter, the Parties agreed that the provisions and terms set forth therein would be incorporated into ~~the Amended and Restated this~~ Agreement; and

WHEREAS, the ~~aforementioned~~ Agreement in Principle Letter stated the rates and riders that are to be billed to VEPGA from ~~January 1, 2011~~August 1, 2014, through and including ~~March 31~~June 30, 2014 2018, in accordance with this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties contract and agree as follows:

## A. PURCHASE AND SALE

### 1. EXCLUSIVE PROVIDER OF ELECTRIC SERVICE

VEPGA covenants and agrees that it will take all actions necessary to bind its members (a) to select Dominion Virginia Power as their sole provider of retail electric service (as ~~defined in section A.2~~ set forth in Section A.2, below) for the duration of the Term of this Agreement (as defined in ~~section~~ Section B. below), and (b) to the rates, terms and conditions of this Agreement. It is understood and agreed, however, that VEPGA will not bind its members with respect to matters addressed now in any addenda or account-specific subjects under the ~~2007-2011~~ Agreement or in the future in any addenda or account-specific subjects under this Agreement; such addenda or account-specific subjects may include selection of rate schedules, determination of applicable accounts, contract minimum specifications, or terms of service unique to specific connection points.

Any addenda or account-specific subjects addressed in conjunction with the ~~2007-2011~~ Agreement and its Amendments No. 1, No. 2, No. 3, and No. 4 shall remain in effect except that on and after ~~January 1, 2011~~ August 1, 2014, any references to the ~~2007-2011~~ Agreement and its Amendments No. 1, No. 2, No. 3, and No. 4 shall, as appropriate, be deemed to encompass this Agreement. Nothing in this Agreement shall be construed as precluding Dominion Virginia Power or the Customer (as defined in Section 2 of this Agreement) from entering into a separate contract for services of a special nature.

### 2. PURCHASES FROM THE COMPANY

Each of VEPGA's members that have been bound pursuant to Section A.1-, above, of this Agreement ~~above~~ (the "Customer") will purchase from Dominion Virginia Power, and Dominion Virginia Power will sell to the Customer, pursuant to the provisions of this Agreement ~~and, to the Rate Schedules and~~ Terms and Conditions for the Provision of Electric Service to Municipalities and Counties, attached hereto as Attachment A (for ~~riders effective January 1, 2011, through March 31, 2011, and for rate schedules and~~ Terms and Conditions effective ~~July 1, 2007, through March 31, 2011) and~~ August 1, 2014, and to the Rate Schedules attached hereto as Attachment B (for riders- and rate schedules-and Terms and Conditions effective ~~April~~ August 1, 2014), and made a part hereof, the services requested by the Customer (including the service being furnished on the Effective Date) within the territory served by the Company in the Commonwealth of Virginia. VEPGA members as of the Effective Date are listed on Attachment C to this Agreement.

For purposes of this Agreement, "electric service" includes the provision by Dominion Virginia Power to the Customer of electric delivery service, electricity supply service, related utility services, and – where applicable – the interconnection of electric generators with the Company.

### 3. Purchases from the Customer

The Company will purchase electricity from the Customer's generating facilities under a separate agreement in accordance with the Public Utility Regulatory Policies Act of 1978 (PURPA) and the federal and Virginia rules that implement PURPA, if the generating unit qualifies for such treatment. The Customer may participate in any formal Company solicitation for capacity and energy based on the Company's needs. The Customer also may contract for the sale of electricity to the Company in accordance with the availability, pricing, and terms and conditions of the Company's Virginia [Jurisdictional Rate](#) Schedule 19 and applicable terms and conditions of contracts for the sale of electricity to the Company, except that sales of electric service from Dominion Virginia Power to the Customer shall be made in accordance with this Agreement. The Company's Virginia Schedule 19 is on file with the State Corporation Commission of Virginia ("SCC") as part of the Company's Terms and Conditions and Schedules for the Provision of Electric Service.

Notwithstanding the preceding paragraph, if PURPA is repealed, or if other changes or modifications occur (or, prior to the Effective Date, have occurred) to the laws or rules affecting Dominion Virginia Power's obligations to purchase electricity or the conditions of sale related thereto, Dominion Virginia Power shall revise its practices to be consistent with such changes and may, at its option, ~~elect to~~ no longer [elect to](#) enter into agreements for the purchase of electricity from the Customer to the extent permitted by applicable law and rules.

#### B. TERM

~~1.~~ The term of this Agreement (the "Term") shall be from ~~January 1, 2011,~~ [August 1, 2014](#) through [and including](#) June 30, ~~2014~~[2018](#).

~~2. Notwithstanding Section B.1., above, VEPGA may exercise its right to provide notice to Dominion Virginia Power to terminate the Agreement early in accordance with Section K., below.~~

#### C. BASE RATES AND CHARGES, RATE ADJUSTMENT CLAUSE RATES AND CHARGES, AND TERMS AND CONDITIONS

##### 1. BASE [REVENUES, RATES AND CHARGES](#)

The Parties agree to a base ~~rate-revenue~~ increase of ~~\$4.633 million-~~[\\$434,992](#).

a. The base revenue increase is part of an overall "black box" settlement that addresses return on equity ("ROE"), capital structure, allocation, the North Anna 3/off-shore wind write-off adjustment; and revenue migration which is associated with Customers switching between VEPGA's traditional rate schedules, as well as between VEPGA's Rate Schedule 130 and the new Rate Schedule 134.

b. A base revenue increase for VEPGA normally would have become effective on July 1, 2014. However, the 2011 Agreement's Amendment No. 4 extended in full force and effect VEPGA's then current base rate revenues from June 30, 2014 through and including July 31, 2014 (the "Extended Period"). As a result,

the \$434,992 base revenue increase is effective for VEPGA on August 1, 2014. In addition, the base revenue increase is reflected fully through a change only in the Basic Customer Charge of each VEPGA rate schedule. Such rate schedules are effective from August 1, 2014 through and including June 30, 2018, and are included in Attachment B, attached hereto and made a part of this Agreement.

- ~~a. From January 1 through March 31, 2011, the base rates from the 2007 Agreement (included in Attachment A, attached hereto) continue to be billed to VEPGA, while the Company bills VEPGA the \$4.633 million base rate increase through Rider BR-CM on either a per kilowatt-hour or per kilowatt basis, depending upon the rate schedule.~~
- ~~b. Effective April 1, 2011, new rate schedules, which include the \$4.633 million increase in base rates less the embedded transmission revenues of approximately \$10.155 million replace Rider BR-CM. Such rate schedules are effective from April 1, 2011, through June 30, 2014 (to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below) and which are included in Attachment B that is attached to this Agreement.~~
- c. Effective ~~April~~ August 1, 2014, certain rate schedules include other rate design changes as mutually agreed to by the Parties and as included in Attachment B.
- ~~d. Any use of electric service for which no schedule of charges is shown will be supplied in accordance with Schedule 100 Miscellaneous Light and Power Service.~~

~~e. Prior to this d.~~ As stated in the 2011 Agreement, Dominion Virginia Power kept and VEPGA agreed to keep the nuclear decommissioning revenue requirements for VEPGA and Metropolitan Washington Airport Authority ("MWAA") nuclear decommissioning revenue requirements in separate accounts in separate accounts during the term of the 2011 Agreement. During the Term of this Agreement, the Parties agree to continue to keep the VEPGA and MWAA nuclear decommissioning revenue requirements in separate accounts. As of ~~January 1~~ December 31, 2012, neither VEPGA's nuclear decommissioning status is fully funded; however, nor MWAA's nuclear decommissioning status is was under-funded

~~by the annual revenue requirement, as listed below: Surry 1 — \$ 22,399  
Surry 2 — \$ 25,571  
North Anna 1 — \$ 16,765  
North Anna 2 — \$ 17,104~~

~~TOTAL \$ 81,839.~~

- ~~f. The base rates do not include any nuclear decommissioning costs, since the nuclear decommissioning status of each of the separate VEPGA and MWAA accounts is fully funded. At the termination date of this Agreement, if the Parties do not reach a mutual agreement to extend or replace this Agreement, the Parties agree to develop a mutually agreeable procedure to collect from VEPGA and/or MWAA any under-funded amounts, as determined by a decommissioning funding analysis, as of the end of the Term of this Agreement. The Company will~~

contribute any additional nuclear decommissioning funds collected from VEPGA and/or MWAA to the decommissioning fund under the VEPGA and/or MWAA account, as applicable.

~~when combined is fully funded~~. Future electric service agreements between VEPGA and Dominion Virginia Power will include the separate under-funded amounts in the VEPGA and MWAA nuclear decommissioning accounts until such time that VEPGA authorizes Dominion Virginia Power to combine the VEPGA and MWAA nuclear decommissioning funding levels. Until that notification is received, Dominion Virginia Power will continue to track VEPGA's and MWAA's nuclear decommissioning funds separately.

2. **BIOMASS CONVERSIONS, BRUNSWICK COUNTY, BEAR GARDEN AND, VIRGINIA CITY HYBRID ENERGY CENTER, AND WARREN COUNTY RATE ADJUSTMENT CLAUSES**

~~Rate a.~~ The following VEPGA rate adjustment clauses to, which recover Dominion Virginia Power's costs associated with the Biomass Conversions; the Brunswick County Power Station ("Brunswick County"); the Bear Garden Generating Facility ("Bear Garden") and; the Virginia City Hybrid Energy Center ("VCHC") are effective for VEPGA and are billed to VEPGA by Dominion Virginia Power through the VEPGA riders described below; and the Warren County Power Station ("Warren County"), were established in the 2011 Agreement. Collectively, the aforementioned rate adjustment clauses may be referred to elsewhere in this Agreement as "Generation RAC."

b. In accordance with the 2011 Agreement, VEPGA's updated Generation RAC rates, which were established on January 25, 2014, carry forward and are effective to Customers in this Agreement. Normally, VEPGA's revised Generation RAC rates would have become effective on July 1, 2014. However, the 2011 Agreement's Amendment No. 4 extended in full force and effect VEPGA's then current Generation RAC rates through the Extended Period.

c. There will be no retroactive billing to July 1, 2014 related to the extension of VEPGA's Generation RAC rates through the Extended Period. However, the Parties recognize that the true-up for VEPGA's Generation RACs will include the actual revenues collected for each month, plus any over- or under-recovery resulting from extending the 2011 Agreement, as amended, through the Extended Period, pursuant to Amendment No. 4 to the 2011 Agreement.

d. As a result of the extension of VEPGA's Generation RAC rates, as described above, the initial revised annualized revenue requirements for VEPGA's Generation RACs are effective for VEPGA on August 1, 2014. The VEPGA Generation RACs are billed to VEPGA by Dominion Virginia Power through the following VEPGA riders:

<b><u>AUGUST 1, 2014 INITIAL ANNUALIZED REVENUE REQUIREMENTS FOR THE VEPGA GENERATION RACs</u></b>		

Rider	Description	<del>Initial and Update Effective Dates in 2011</del>	<u>Initial Annualized Revenue Requirement (in Millions)</u>
<u>B-CM</u>	<u>Biomass Conversions</u>	<u>\$ 1.105</u>	
<u>BW-CM</u>	<u>Brunswick County</u>	<u>\$ 5.962</u>	
R-CM	Bear Garden	<del>January 1, 2011 — March 31, 2011</del>	<del>\$\$\$ 3.347 million</del> <u>4.813</u>
		<del>April 1, 2011 — June 30, 2012</del>	<del>\$ 5.336 million</del>
S-CM	VCHEC	<del>January 1, 2011 — March 31, 2011</del>	<del>\$\$\$10.087 million</del> <u>17.051</u>
		<del>April 1, 2011 — June 30, 2012</del>	<del>\$11.307 million</del>
<u>W-CM</u>	<u>Warren County</u>	<u>\$ 7.490</u>	

- ae. VEPGA Riders B-CM, BW-CM, R-CM and S-CM, and W-CM are designed on a per-kilowatt-hour or ~~per~~ per-kilowatt-basis, depending upon the rate schedule.
- bf. The initial rates for VEPGA Riders ~~R-CM and S-CM~~ B-CM, BW-CM, R-CM, S-CM, and W-CM are effective ~~January 1, 2011~~ for usage on and after August 1, 2014, through and including ~~June 30~~ October 31, 2012 2014, and are based on the revenue requirements shown in the above table. On November 1, 2014, the initial VEPGA Riders B-CM, BW-CM, R-CM, S-CM, and W-CM will be revised solely to add a rate to each such VEPGA rider for Rate Schedule 133; accordingly, the effective date of each of these VEPGA riders will be for usage on and after November 1, 2014 through and including June 30, 2015.
- eg. Beginning ~~on July 1, 2012, in 2015~~ and continuing during ~~2013 and 2014~~ (reference to “2013 and 2014” to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below), ~~VEPGA Riders R-CM and S-CM 2016, 2017, and 2018, VEPGA Riders B-CM, BW-CM, R-CM, S-CM, and W-CM~~ shall be determined in accordance with all of the following:
- 1) The revenue requirements for VEPGA Riders B-CM, BW-CM, R-CM and S-CM, and W-CM will be consistent with ~~the Riders R and S~~ revenue requirements for the Company's Riders B, BW, R, S, and W filed with the ~~Virginia State Corporation Commission (“SCC”)~~ SCC for the Company's Virginia Jurisdictional customers and ultimately trued-up using their most recent SCC Final Orders for Riders ~~R and S~~ B, BW, R, S, and W; and
  - 2) The SCC-approved ROE, plus any statutory enhancement, for the Company's Virginia Jurisdictional Riders B, BW, R, S, and W; and

3) The SCC-approved capital structure for the Company's Virginia Jurisdictional Riders B, BW, R, S, and W; and

4) The applicable Average and Excess demand allocation factor, less 0.10%.

~~2) An 11.3 percent ROE without any further adder and a 5.5 percent generation demand allocation factor will be used. Dominion Virginia Power does not agree that the foregoing ROE represents its anticipated or actual cost of equity but accepts such ROE for the purpose of a global settlement of issues in contract negotiations.~~

~~d.~~h. With the exception of VEPGA's Rider BW-CM, the revenue requirements for VEPGA's Generation RACs will be comprised of projected costs for the rate year April 1 through March 31, and an annual deferral and true-up mechanism for the prior calendar year, consistent with the annual update for the Company's Virginia Jurisdictional customers. For VEPGA's Rider BW-CM, the revenue requirement will be comprised of projected costs for the rate year September 1 through August 31, and an annual deferral and true-up mechanism for the prior calendar year, consistent with the annual update for the Company's Virginia Jurisdictional customers.

~~ei.~~ Beginning in ~~2012-2015~~ and continuing during ~~2013 and 2014~~ (reference to "2013 and 2014" to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below) 2016, 2017, and 2018, Dominion Virginia Power agrees to notify VEPGA in writing by January 25 of each year of the updated revenue requirements for VEPGA ~~Rider R-CM and VEPGA Rider S-CM Riders B-CM, BW-CM, R-CM, S-CM, and W-CM~~ to become effective for billing to VEPGA at the same levels on the following July 1, pursuant to the provisions of Section L., below. Such riders shall go into effect subject to any adjustment, consistent with ~~the this~~ Agreement, ~~based on~~ and based upon agreement of the Parties resulting from changes identified from an audit by VEPGA should VEPGA choose to perform such an audit.

~~fj.~~ Page 1 of Attachment D shows the specifics of future filings for Riders ~~R-B, BW, R, S, and SW.~~

~~gk.~~ Costs for VEPGA's Riders R-B-CM, BW-CM, R-CM S-CM, and S-W-CM will be allocated among VEPGA-'s rate schedules using VEPGA's choice of the following methods:

~~an-1)~~ An allocation methodology of fifty percent (50%) energy and fifty percent (50%) demand to spread such costs among VEPGA rate classes, or

2) An across-the-board percentage change in each of the VEPGA Generation RACs.

~~as~~ In lieu of the methodologies in Sections C.2.k.1) and C.2.k.2), above, the Parties may use a methodology that is mutually agreeable to the Parties.



l. Beginning on January 25, 2015 and continuing each January 25 thereafter during the Term of this Agreement, Dominion Virginia Power will provide VEPGA with workpapers showing the derivation of the Average and Excess Cost Allocation Factor that is used in determining the revenue requirements for VEPGA's Generation RACs.

### 3. TRANSMISSION RATE ADJUSTMENT CLAUSE

A rate adjustment clause to recover Dominion Virginia Power's costs associated with transmission ("~~Transmission~~") ~~is effective for VEPGA- RAC~~) was established in the 2011 Agreement and is billed to VEPGA by Dominion Virginia Power through ~~the VEPGA~~ Rider T-CM, as described below:

a. In accordance with the 2011 Agreement, the updated VEPGA Transmission RAC rates, which were established on January 25, 2014, carry forward and are effective to VEPGA in this Agreement. Normally, VEPGA's revised Transmission RAC rates would have become effective on July 1, 2014. However, the 2011 Agreement's Amendment No. 4 extended in full force and effect VEPGA's then current Transmission RAC rates through the Extended Period.

b. There will be no retroactive billing to July 1, 2014 related to the extension of the VEPGA Transmission RAC rates through the Extended Period. However, the Parties recognize that the true-up for the VEPGA Transmission RAC will include the actual revenues collected for each month, plus any over- or under-recovery resulting from extending the 2011 Agreement through the Extended Period, pursuant to Amendment No. 4 to the 2011 Agreement.

c. As a result of the extension of VEPGA's Transmission RAC rates, as described above, the initial revised annualized revenue requirement of \$21,127,678 for the VEPGA Transmission RAC is effective for VEPGA for usage on and after August 1, 2014.

a.d. VEPGA's Rider T-CM is designed on a per-kilowatt-hour or a per-kilowatt-basis, depending on the rate schedule.

~~b. Rider T for Virginia jurisdictional customers is updated and approved for billing beginning with the usage on and after September 1 of each year. However, the Parties agree to defer the VEPGA Rider T CM update for September 1, 2011, until January 1, 2012.~~

ee. The VEPGA Rider T-CM revenue requirement is consistent generally in methodology with the ~~Rider T~~ combination of the revenue requirements for the Company's Virginia Jurisdictional former Rider T, which is now "combined" with the Company's Virginia Jurisdictional base rates, and the Company's Virginia Jurisdictional Rider T-1 revenue requirement to be filed with the SCC each year during the Term of ~~the~~ this Agreement.

ef. The allocation factors for VEPGA Rider T-CM shall be, during the Term, ~~the ICP method currently in use in allocating~~ consistent with the allocation of the Network Integrated Transmission Service ~~costs and the Transmission Enhancement costs.~~

~~Other allocators are used to allocate other types of costs or~~ NITS costs, regional transmission facility upgrade costs, and other costs as approved by the SCC for the Company's Virginia Jurisdictional Rider T-1 and former Rider T.

- eg. The Parties agree to capture any differences between the VEPGA Rider T-CM rates and the annual update approved by the SCC for the Company's Virginia Jurisdictional ~~in the~~ Customers in VEPGA's Rider T-CM deferral mechanism.
- f. ~~The revenue requirements for Rider T-CM from January 1, 2011, through and including December 31, 2011, are as shown in the table below:~~

<b>Rider</b>	<b>Description</b>	<b>Initial and Update Effective Dates in 2011</b>	<b>Annualized Revenue Requirement</b>
T-CM	Transmission	<del>January 1, 2011 — March 31, 2011</del>	<del>\$ 4.527 million<sup>†</sup></del>
		<del>April 1, 2011 — December 31, 2011</del>	<del>\$14.682 million</del>

~~<sup>†</sup>This approximate revenue requirement of \$4.527 million is the full Transmission revenue requirement of \$14.682 million offset by the embedded Transmission revenue of approximately \$10.155 million.~~

- gh. Beginning in ~~2012~~ 2015 and continuing during ~~2013 and 2014~~ (reference to “2013 and 2014” to be modified should VEPGA provide Early Termination Notice in accordance with Section K., below) 2016, 2017, and 2018, Dominion Virginia Power agrees to notify VEPGA in writing by January 25 of each year of the updated revenue requirement for VEPGA Rider T-CM to become effective for billing to VEPGA at the same level on the following July 1, pursuant to the provisions of Section L., below.
- ~~h. For Rider T-CM that will be effective January 1, 2012, the revenue requirement will be comprised of projected costs for the rate year September 1, 2011, through August 31, 2012, and an update of certain costs incurred for the period January 1, 2011, through August 31, 2011, consistent with the annual update for Virginia Jurisdictional Rider T.~~
- ~~i. For VEPGA Rider T-CM that will be effective July 1, 2012, and later, the~~ i. During the Term of this Agreement the VEPGA Rider T-CM revenue requirement will be comprised of projected costs for each rate year September 1 through August 31; an update of certain costs incurred for each period January 1 through August 31; and an annual deferral and true-up mechanism for the prior calendar year, consistent with the annual update for the Company's Virginia ~~jurisdiction~~ Jurisdictional customers. ~~In addition, VEPGA Rider T-CM effective July 1, 2012, will include an update reflecting the recovery of deferred costs from the September 1, 2011, through December 31, 2011, period.~~
- j. Page 2 of Attachment D shows the specifics of the Company's future Virginia Jurisdictional Rider T-1 filings.

#### ~~4. FINANCIAL TRANSMISSION RIGHTS CREDIT~~

~~Dominion Virginia Power agrees to provide VEPGA with a \$7.4 million credit associated with Financial Transmission Rights (“FTR Credit”) from the period of July 1, 2007, through and including June 30, 2009.~~

- ~~a. For the period of January 1, 2011, through and including March 31, 2011, the FTR Credit is offsetting the increases in billing associated with Riders BR-CM, R-CM, S-CM, and T-CM.~~
- ~~b. Dominion Virginia Power is providing the FTR Credit offset to VEPGA through Rider FTR-CM, which is designed on a per kilowatt-hour or a per kilowatt basis, depending on the rate schedule. For each rate schedule, the Rider FTR-CM rate is equal to the negative of the sum of the corresponding rates included in Riders BR-CM, R-CM, S-CM, and T-CM.~~
- ~~c. After sufficient time to determine the difference between the FTR Credit and the actual amount credited to VEPGA Members through Rider FTR-CM during the period of January 1, 2011, through and including March 31, 2011, Dominion Virginia Power agrees to credit the remaining balance to VEPGA’s current period fuel balance for Fuel Charge Rider A.~~

~~**5. JANUARY 1, 2011, THROUGH AND INCLUDING MARCH 31, 2011 RIDERS**~~

~~Included in Attachment A, attached hereto, is a tariff entitled *Selected Riders for Billing from January 1, 2011, Through and Including March 31, 2011, Municipal and County*,” which includes VEPGA Riders BR-CM, R-CM, S-CM, T-CM, and FTR-CM, as described above.~~

**64. FUTURE RATE ADJUSTMENT CLAUSES**

In the event the Company receives SCC approval for any new rate adjustment clauses during the ~~term of the~~ Term of this Agreement, a comparable rate adjustment clause will be implemented in a similar manner for VEPGA, except as provided below:

- a. After SCC approval of any future rate adjustment clauses, the Company agrees to provide notice to VEPGA prior to the next January 25 of the revenue requirement for VEPGA that will become effective for billing to VEPGA at this same level on the following July 1, pursuant to the provisions of Section L., below.
- b. Future VEPGA-specific rate adjustment clauses will be updated in the same manner approved by the SCC for the Company’s Virginia Jurisdictional customers.
- c. The ROE for any future VEPGA-specific rate adjustment clause to become effective during the ~~term of the Agreement shall be based, during the Term of the Agreement, on an 11.3 percent ROE without any further adder and a 5.5 percent generation demand allocation factor for the respective~~ Term of this Agreement shall be the SCC-approved ROE, plus any SCC-approved statutory enhancement, for the Company’s corresponding Virginia Jurisdictional rate adjustment clause. ~~(Note: some~~
- d. The capital structure for any future VEPGA-specific rate adjustment clause to become effective during the Term of this Agreement shall be the SCC-approved capital structure for the Company’s corresponding Virginia Jurisdictional rate adjustment clause.
- e. The applicable allocation factors for any future VEPGA-specific rate adjustment

clause to become effective during the Term of this Agreement are shown in the table below:

<u>Future VEPGA RAC Allocation Methodology</u>	
<u>Type of RAC</u>	<u>Allocation Factors</u>
<u>Generation</u>	<u>Average and Excess – 0.10%<sup>1</sup></u>
<u>Transmission</u>	<u>Same as the SCC approves for the Company’s corresponding Virginia Jurisdictional RAC</u>
<u>Other</u>	<u>Same as the SCC approves for the Company’s corresponding Virginia Jurisdictional RAC</u>

(Note: Some rate adjustment clauses may have an allocation factor other than a generation demand allocation factor that will be used.) ~~Dominion Virginia Power does not agree that the foregoing ROE represents its anticipated or actual cost of equity but accepts such ROE for the purpose of a global settlement of issues in contract negotiations.~~

~~ef.~~ Dominion Virginia Power and VEPGA mutually agree that, except for advanced metering infrastructure (“AMI”) or replacement /supplement PJM (or successor RTO) Demand Response Programs as specified in Section G.2.c of this Agreement, VEPGA chooses to opt-out of ~~a~~ and will not be subject to rate adjustment clauses related to the Company’s renewable portfolio standard program and ~~the~~ its demand-side management programs, during the Term of ~~the~~ this Agreement. Should Dominion Virginia Power receive SCC approval to deploy AMI and associated programs, Dominion Virginia Power will develop, as appropriate, a similar rate adjustment clause(s) applicable to VEPGA in the same manner as approved by the SCC for the Company’s Virginia Jurisdictional customers. The Company will provide written notice to VEPGA prior to the next January 25 of the revenue requirement-(s) for any VEPGA-~~similar~~ specific rate adjustment clause-(s) that will become effective for billing to VEPGA at the same level on the following July 1, pursuant to the provisions of Section L., below. However, any such rate adjustment clause-(s) will take into account any special circumstances and/or arrangements that may be unique to VEPGA.

~~eg.~~ Costs for any future generation rate adjustment clauses will be allocated among VEPGA rate schedules using VEPGA’s choice of the following methods:

~~an-1)~~ An allocation methodology of fifty percent (50%) energy and fifty percent (50%) demand to spread such costs among VEPGA rate classes, or

2) An across-the-board percentage change in each of the VEPGA Generation RACs.

~~as~~ In lieu of the methodologies in Sections C.5.g.1) and C.4.g.2), above, the Parties may use a methodology that is mutually agreeable to the Parties.

<sup>1</sup> If the SCC approves a § 56-585.1 A 6 RAC for Virginia Jurisdictional customers that is not related to a Dominion Virginia Power generating facility, such RAC shall be considered to fall within the “Other” category in the above table. As such, VEPGA’s allocation methodology for such § 56-585.1 A 6 RAC will be the same as the SCC approves for the corresponding Virginia Jurisdictional RAC.

- ~~fh.~~ All rate adjustment clauses shall go into effect subject to any adjustment, consistent with ~~the this~~ Agreement, ~~based on~~ and based upon agreement of the Parties resulting from changes identified from an audit by VEPGA, should VEPGA choose to perform such an audit.
- ~~i.~~ Beginning on January 25, 2015 and continuing each January 25 thereafter during the Term of this Agreement, Dominion Virginia Power will provide VEPGA with workpapers showing the derivation of the Average and Excess Cost Allocation Factor that is used in determining the revenue requirements for any future VEPGA generation rate adjustment clause(s).

~~7. TERMS AND CONDITIONS~~

~~The Terms and Conditions of service applicable from April 1, 2011, through and including June 30, 2014 (to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below) are included in Attachment B that is attached hereto.~~

**D. FUEL RATES AND CHARGES**

1. In accordance with the 2011 Agreement, the updated VEPGA fuel rate, which was established on January 25, 2014, carries forward and is effective to VEPGA in this Agreement. Normally, VEPGA's revised fuel rate would have become effective on July 1, 2014. However, the 2011 Agreement's Amendment No. 4 extended in full force and effect VEPGA's then current fuel rate through the Extended Period.
2. There will be no retroactive billing to July 1, 2014 related to the extension of VEPGA's fuel rate through the Extended Period. However, the Parties recognize that the true-up for VEPGA's fuel rate will include the actual revenues collected for each month, plus any over- or under-recovery resulting from extending the 2011 Agreement through the Extended Period, pursuant to Amendment No. 4 to the 2011 Agreement.
3. As a result of the extension of VEPGA's July 1, 2013 fuel rate, as described above, the initial revised fuel rate is effective for VEPGA on August 1, 2014. VEPGA's initial fuel rate normally would be based on the Company's January 25, 2014 notification to VEPGA. However, subsequent to such Company notification, VEPGA requested to modify the fuel rate – as established by the Company on January 25, 2014 and which would become effective for usage on and after August 1, 2014 – to the minimum level necessary to offset the sum of the August 1, 2014 VEPGA revenue requirement increases associated with VEPGA's base revenues, Transmission RAC, and Generation RACs. Accordingly, VEPGA's fuel rate for usage on and after August 1, 2014 shall be 2.516 cents per kWh.
- ~~14.~~ A zero-base annual fuel factor recovers VEPGA's fuel expenses and is subject to deferred accounting. Annual true-ups of any over- or under-recovery of the prior year's expenses are done during the next annual period for any over- or under-recovery balance.
- ~~2. The annual fuel factor for fiscal years runs from July 1 through June 30. The annual fuel factor existing as of December 31, 2010, that was established pursuant to the 2007 Agreement, continues to be in effect through June 30, 2011.~~

35. Beginning in ~~2012-2015~~ and continuing during ~~2013 and 2014 (reference to “2013 and 2014” to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below)~~ 2016, 2017, and 2018, Dominion Virginia Power agrees to notify VEPGA by January 25 of each year of the fuel rate to be included in VEPGA’s Fuel Charge Rider A at this same level on the following July 1, pursuant to the provisions of Section L., below.
46. ~~The VEPGA’s~~ annual fuel factor is established pursuant to the SCC’s Definitional Framework for Virginia Electric and Power Company Fuel Expenses (as it may change from time to time). ~~The and as it is applied to the Company’s Virginia Jurisdictional customers).~~ VEPGA’s annual fuel factor is adjusted to account for differences between Customers and ~~jurisdictional the Company’s Virginia Jurisdictional~~ customers due to differences in loss factors when determining allocation factors.
57. ~~The VEPGA’s~~ annual fuel factor is subject to adjustment based on adjustments to the ~~jurisdictional Company’s Virginia Jurisdictional~~ fuel factor pursuant to review by the SCC of ~~the such~~ jurisdictional fuel factor. ~~The VEPGA’s~~ annual fuel factor is subject to adjustment based ~~on adjustments pursuant to~~ upon agreement of the Parties resulting from changes identified from an annual audit of the VEPGA fuel factor consistent with past practices, should VEPGA choose to perform such an annual audit.
68. Dominion Virginia Power ~~provides will continue to provide~~ monthly data to VEPGA consistent as feasible with past practices, which includes actual fuel cost allocated to VEPGA members for the prior month, as well as the current amount in the local government deferral fuel account.

## **E. JOINT ACTION COMMITTEE**

1. Dominion Virginia Power and the VEPGA Board agree to address a number of issues through a joint action committee (“JAC”). The JAC shall be composed of employees of local governments who represent the collective interests of local governments under the direction of the VEPGA Board and Dominion Virginia Power employees. The Parties agree to undertake involvement in the JAC in good faith, with the overall objective of effecting positive changes in the related procedures of Dominion Virginia Power and the Customers that improve service to the Customers while improving the Company’s ability to provide good service.
2. The parties to the JAC agree to assign representatives who are knowledgeable in the various areas addressed and are in a position to bring about change within their organizations. Neither the VEPGA Board nor the Company is committed to bring members to the table that are not matched by the faithful attendance of commensurate resources from the other. It is understood that the VEPGA representatives cannot mandate changes that VEPGA members are committed to follow. Nonetheless, the VEPGA representatives shall be empowered to commit with Dominion Virginia Power to a standardized set of procedures whereby problems encountered by Customers arising from their failure to follow the standardized procedures established by the JAC shall be interpreted by the VEPGA Board as problems incumbent on the particular Customer to correct.

3. The JAC (and/or any subcommittees as the JAC may establish) shall address the following issues:
  - a. The process of estimating, communicating cost, receipt of payment, scheduling, and constructing new services, primarily new street lights.
  - b. The adequate and timely maintenance of street lights.
  - c. The establishment of monthly billing or adjustments to billing in relation to items a. and b., above. This also will include discontinuation of billing for removed street lights.
  - d. The process of estimating, communicating cost, making payment, scheduling, communicating change orders, and constructing private work projects such as line relocations and the conversion of overhead lines to underground. This also will include initiatives to improve the information available to local governments regarding the actually incurred cost of projects where the local government's final charges depend on the actual project cost incurred by Dominion Virginia Power.
  - e. Other initiatives as the JAC may collectively decide to undertake.

**F. REVISIONS TO ~~AGREEMENT, RATES, TERMS AND CONDITIONS~~<sup>1</sup>. REVISIONS TO THE THIS AGREEMENT**

**1. VEPGA May Perform Work on Two New Construction Projects Where Each Project is Valued at More Than \$250,000, Excluding the Tax Effect Recovery Factor**

In 2013, a pilot program was established through the JAC to include two new VEPGA construction projects, valued at more than \$250,000, less the Tax Effect Recovery Factor ("TERF"). This pilot program grants VEPGA the ability to use Dominion Virginia Power-approved contractors for construction purposes not previously allowed by the 2011 Agreement. During this pilot program, Dominion Virginia Power and VEPGA will test reliability and safety, related to VEPGA's performing such new construction work. During the Term of this Agreement, Dominion Virginia Power and VEPGA will agree to form a joint working group with equal Dominion Virginia Power and VEPGA representatives (a) to assess the results of the pilot program and (b) to determine whether or not this Agreement should be amended to broaden this pilot program either to a finite number or to all of VEPGA's qualifying construction projects.

**2. Light Emitting Diode ("LED") Fixture and Operation and Maintenance ("O&M") Costs in Rate Schedules SSL**

The Parties mutually agree that in June 2016, Dominion Virginia Power will compare its then-existing (a) standard LED fixture costs and (b) LED streetlighting O&M expenses to the corresponding levels, which were utilized in VEPGA's Rate Schedule SSL, effective for usage on and after August 1, 2014. The purpose of such comparison will be to determine if the Company's 2016 LED fixture and/or LED streetlighting O&M cost levels are sufficiently lower than the levels used in Rate Schedule SSL, such that the total installed cost of the LED fixture used by the

Company in 2016 is less than the total installed LED fixture cost that was used in VEPGA's Rate Schedule SSL, effective for usage on and after August 1, 2014, which would cause the Parties to amend this Agreement. Any such amendment to this Agreement will be limited to decreasing, as necessary, the rates in VEPGA's Rate Schedule SSL.

### **3. Streetlight Repair Enhancement**

The Company will work closely with its local employees and streetlight contractors to provide – on an as-needed basis – proper communication, education, and training regarding the placement and removal of streetlight pole wraps. In addition, the Company will request and receive audit reports from its streetlight contractors on a monthly basis for the first three months of this Agreement. VEPGA counsel will contact a member of the Company's negotiating team should the streetlight repair issue persist at a systemic level. Should it become necessary to do so, the Company's negotiating team will elevate the issue to the Company's director - Electric Distribution Operations for resolution.

### **4. Standby Charges for Parallel or Standby Service**

If the net metering of Customers' accounts is expanded during the Term of this Agreement and such expansion results in the Company's electing to implement new standby charges which shall be applicable to Customers' net metering accounts, the following shall occur:

- a. The Company will have the right to re-open this Agreement and the Parties will mutually agree to amend this Agreement to implement new standby charges applicable to Customers who operate an electric generator in parallel with the Company, including those Customers who request standby service;
- b. Such standby charges either will be in addition to or in lieu of this Agreement's Schedule C - Miscellaneous and Standby Charges (included in Attachment A, attached hereto and made a part of this Agreement.), standby minimum charges which apply to Customers who operate an electric generator in parallel with the Company, including those who request standby service.

### **5. Solar Power Purchase Agreement Pilot**

a. Effective August 1, 2014, the Company will provide VEPGA access to the SCC's third-party power purchase agreement pilot program ("PPA Pilot") for solar- or wind-powered renewable fuel generators ("RFG") on a first-come, first-served basis. In accordance with Chapter 382 of the 2013 Virginia Acts of Assembly, the following conditions shall exist:

- 1) The aggregated capacity of the PPA Pilot shall not exceed 50 MW;
- 2) VEPGA's capacity under the PPA Pilot shall be limited to the available capacity remaining under the 50 MW-cap applicable to all PPA Pilot participants, which shall be available on a first-come, first-served basis to all of the Company's participating customer(s);
- 3) The capacity of any individual RFG shall not exceed 1 MW;



- 4) VEPGA agrees to abide by the SCC-approved guidelines for the PPA Pilot (refer to the SCC's Final Order in Case No. PUE-2013-00045);
  - 5) Any third-party power purchase agreement under the PPA Pilot shall serve only one Customer and shall not serve multiple Customers;
  - 6) All accounts for a Customer participating under one power purchase agreement in the PPA Pilot must be on contiguous property, as defined in Paragraphs XII.A and XII.B of VEPGA's Terms and Conditions, which are included in Attachment A, attached hereto and made a part of this Agreement;
  - 7) The SCC's currently approved *Regulations Governing Interconnection of Small Electrical Generators* (20 VAC 5-314), as may be revised from time to time, shall apply to the RFG;
  - 8) ~~During the Term of the Agreement, VEPGA and Dominion Virginia Power mutually agree that the Agreement may be amended for the sole purpose of incorporating a light emitting diode ("LED") lighting rate schedule that is mutually agreeable to VEPGA and to Dominion Virginia Power. Dominion Virginia Power and VEPGA agree to form a LED joint task force of equal Dominion Virginia Power and VEPGA representatives to develop a LED lighting rate schedule. The task team will initially consider whether it is necessary to choose a standard LED fixture at this~~ The PPA Pilot shall be subject to SCC modification from time to time.
- b. Any Customer with a RFG having a capacity greater than one (1) MW will not be eligible to participate in the PPA Pilot. However, the Company will provide such Customer with other renewable options under this Agreement.

## 6. Renewable Options

- a. Effective November 1, 2014, the Company will provide VEPGA with Rate Schedule RG-CM – Renewable Energy Supply Service (Experimental), as discussed in the "Rate Schedule Issues" section, below.
- b. During the Term of this Agreement, at a mutually agreed time, the Company will offer VEPGA Rate Schedule SP-CM – Solar Purchase (Experimental) on a pilot basis, provided there is sufficient funding to cover the price offered for solar generation over and above the Company's avoided cost.
- c. These new VEPGA renewable options, which are identified in Sections F.6.a and F.6.b, above, are in addition to the following renewable options that currently are available to VEPGA Customers in accordance with this Agreement: Rate Schedule 19 for renewable energy purchases; the Solar Partnership Program; Rider G-CM; and net metering in accordance with the applicable sections of the SCC's currently approved *Regulations Governing Net Energy Metering* ("20 VAC 5-315 Rules") and Future Net Metering Regulations, as defined in Section H.2.a, below. See the section entitled "Net Metering" for more details on net metering.

d. Dominion Virginia Power will endeavor to provide VEPGA with any new renewable options that the SCC may approve for the Company's Virginia Jurisdictional customers during the term of this Agreement.

**7. Distributed Generation Option**

The Company will provide VEPGA with a new distributed generation option, Schedule DG-CM, on a pilot basis. Schedule DG-CM will become effective to eligible VEPGA Customer accounts on June 1, 2015 and will terminate on May 31, 2018. PowerSecure International, Inc. will be the vendor providing services in accordance with VEPGA's Schedule DG-CM.

**8. VEPGA Class Cost of Service Study for Use in the 2018 VEPGA Contract Negotiations**

In Dominion Virginia Power's proposal for the 2018 VEPGA contract negotiations, the Company will provide VEPGA with a VEPGA class cost of service study for the following customer classes: (a) Miscellaneous Light & Power – Low Load Factor; (b) Miscellaneous Light & Power – High Load Factor; (c) Street; and (d) Traffic.

**2G. REVISIONS TO ~~THE~~ VEPGA'S RATE SCHEDULES AND RIDERS**

1. Dominion Virginia Power and VEPGA mutually agree to the following changes to the rate schedules included in Attachment B, attached hereto and made a part of this Agreement, effective for usage on and after ~~April 1, 2011~~: August 1, 2014:

**a. Increase in Basic Customer Charges**

~~a. To withdraw Rate Schedule CSCM;~~

~~b. To add language to Rate Schedule 151 to stop billing under this rate schedule if the mercury vapor luminaire needs to be replaced with a sodium vapor luminaire;~~

~~c. To refer to Rate Schedules 150 and SMH in Schedule 153;~~

~~d. To delete from any rate schedule or other schedule all references to the inclusion of the base fuel of 1.247 cents per kWh in the Excess of Four Years Revenue calculation, pursuant to Section III of the Terms and Conditions;~~

~~e. To add language to each rate schedule to clarify that each applicable kWh or kW shall be subject to all applicable riders.~~

**3. ~~REVISIONS TO THE TERMS AND CONDITIONS~~**

Dominion Virginia Power and VEPGA mutually agree that the \$434,922 base revenue increase, effective August 1, 2014, is reflected fully through a change only in Basic Customer Charge for each rate schedule, effective for usage on and after August 1, 2014.

**b. Rate Schedule 102**

- 1) Stand-alone school flashing lights and other similar installations, which are not located at an intersection and are not connected to the electric service package at the intersection, may remain unmetered.
- 2) A definition for the term “Reconfiguration” and new language, related to changes in kWh usage to be billed to Customer accounts in accordance with Rate Schedule 102, are added:
- 3) Effective for usage on and after November 1, 2014, Rate Schedule 102 will be modified to bill the Rate Schedule 102 Unmetered Basic Customer Charge – to an otherwise metered Customer account – when such Customer account’s monthly usage for the current and previous 11 billing months is 49 kWh or less. However, if a Rate Schedule 102 metered Customer account has monthly usage of 50 kWh or more during the current and previous 11 billing months, the Rate Schedule 102 Metered Basic Customer Charge will apply.

**c. Rate Schedule 122**

Rate Schedule 122 is withdrawn from this Agreement.

**d. Rate Schedule 132**

- 1) The Parties mutually agree that the Rate Schedule 132 cap of 100 active accounts will remain during the Term of this Agreement. Rate Schedule 132 Customers cannot elect to participate, either directly or indirectly through a third-party curtailment service provider, in any PJM Interconnection, LLC (“PJM”), or any successor regional transmission organization, Demand Response Program, or any Company-sponsored peak-shaving demand response program.
- 2) However, the Company will offer a one-time option (“One-time Option”) to existing Rate Schedule 132 Customers to allow them to remain on Rate Schedule 132 and complete the term of their current curtailable service provider (“CSP”) contract, provided that such Customers qualify for the Company’s One-time Option. The Company will notify affected Customers by letter of the One-time Option and the eligibility criteria (eligibility criteria will include but not be limited to an active Rate Schedule 132 account as of June 1, 2014, the CSP contract became effective on or prior to June 1, 2014, and the CSP contract term is for no more than five PJM delivery years). Eligible Customers will be allowed to remain on Rate Schedule 132 and complete their current CSP contract terms. Customers who do not choose explicitly to participate in the Company’s One-time Option or whose documentation does not meet the above eligibility criteria will be removed from Rate Schedule 132 after a grace period, ending May 31, 2015. Currently, Rate Schedule 132 is applicable for an initial one-year term and, thereafter, in increments of one year (“Anniversary Date”). For Customers who do not choose explicitly to participate in the Company’s One-time Option or who are not eligible for the Company’s One-time Option, the

Company will remove such Customer's from Rate Schedule 132 when their Anniversary date is on or after June 1, 2015. Effective with the first billing month, following such Customer's Anniversary Date, such Customer's account will begin billing on VEPGA's Rate Schedule 100.

**e. Rate Schedule 134**

New VEPGA Rate Schedule 134 is available to qualifying Customers, as more fully described in this paragraph. Rate Schedule 134 is available to Customers who receive Electric Service from the Company at primary voltage and who have at least three measured demands of 1,500 kW or more during the preceding consecutive 12-month period, which occurs immediately prior to taking service under Rate Schedule 134. Any prospective Rate Schedule 134 Customer, who has an active account with a peak measured average 30-minute demand of 1,500 kW or more as of August 1, 2014, will not be allowed to purchase the Company's transformation or to install their own transformation on such account in order to qualify for service on Rate Schedule 134. The soonest any new Customer (as distinct from an existing Customer) could take service under Rate Schedule 134 would be the fourth billing month due to the need to establish a peak measured average 30-minute interval demand of 1,500 kW or more in each of the first three billing months.

**f. Rate Schedules SGCM and SGCM-1**

Rate Schedule SGCM and SGCM-1 Customers will not be allowed to participate, either directly or indirectly through a third-party CSP, in any PJM Demand Response Program, or any Company-sponsored peak-shaving demand response program.

**g. Rate Schedule SSL**

- 1) VEPGA's Rate Schedule SSL per-unit rates reflect the lower of the Company's current costs or the Company's costs that were included in Rate Schedule SSL from the 2011 Agreement. Pricing for Tiers 9 and 10 is added to Rate Schedule SSL.
- 2) Effective for usage on and after January 1, 2015, the per-unit rates for the additional unit on the same pole will be available for conversions to a LED luminaire from an existing mercury vapor or high pressure sodium vapor Type 1 open vertical or enclosed (drop or flat lens) luminaire, which is billed in accordance with Paragraph II.A.1. – Roadway, Directional and Area Lighting Service in the applicable of VEPGA's Rate Schedule 150 or VEPGA's Rate Schedule 151. However, the Rate Schedule SSL per-unit rates will not change on January 1, 2015.

**h. Rider L**

Effective August 1, 2014, the minimum efficiency standards are increased for

Customers electing Rider L – Geothermal Heating and Air Conditioning. Existing Rider L Customers are “grandfathered” on the existing Rider L efficiency standards.

**i. Miscellaneous Service Charges in VEPGA Schedules A, C, and E**

Revisions are made to VEPGA’s Minimum Temporary Service Charge in Schedule A, VEPGA’s Service Connection Charge in Schedule B, and to VEPGA’s Streetlight Patrol Hourly Rate in Schedule E.

2. Dominion Virginia Power and VEPGA mutually agree to the following changes to the ~~Terms and Conditions included in Attachment B, attached hereto, effective April 1, 2011;~~ rate schedules included in Attachment B, attached hereto and made a part of this Agreement, effective for usage on and after November 1, 2014:

**a. Rate Schedule 133**

- 1) Rate Schedule 133, which is a new dynamic-pricing tariff, will be applicable to Customers as a voluntary rate schedule on a pilot basis. To be eligible for Rate Schedule 133, a Customer must have at least one peak demand of 500 kW or more in the current and previous eleven (11) billing months immediately prior to the Customer’s effective date for service on Rate Schedule 133.
- 2) In addition to the 500 kW or more demand restriction, described above, Rate Schedule 133 is available only to new Customers, as of August 1, 2014, or to existing VEPGA Rate Schedule 132 Customers, who according to the Company’s sole determination through the Company’s billing analyses, would not find Rate Schedule 133 to be more economical without making modifications to the way in which Electric Service is used at the service location.
- 3) Primary notification of Rate Schedule 133 “A” days and critical pricing events will be through a webpage on www.dom.com. A Customer who volunteers for Rate Schedule 133 will be able to receive secondary telephone and/or email notifications for Rate Schedule 133 “A” days and and/or critical pricing events. In order to receive such secondary notifications, it is the Customer’s responsibility to provide and keep current the telephone number and/or email address for such Customer’s account participating on Rate Schedule 133.
- 4) Rate Schedule 133 Customers will not be allowed to participate, either directly or indirectly through a third-party CSP, in any PJM, or successor regional transmission organization, Demand Response Program, or any Company-sponsored peak-shaving demand response program.
- 5) Rate Schedule 133 will be available for up to 25 active Customer accounts. The Parties mutually agree that Dominion Virginia Power will notify VEPGA no later than July 1, 2017, if the Company decides to terminate the Rate Schedule 133 pilot at the end of this Agreement. In that case, the last date to begin service on Rate Schedule 133 would be July 1, 2017.

6) More information about Rate Schedule 133 may be found in Attachment B, attached hereto and made a part of this Agreement.

**b. Rate Schedule RG-CM**

1) VEPGA's Rate Schedule RG-CM will be available on an experimental basis as a companion rate schedule to VEPGA Rate Schedule 130 and 134 Customers. Rate Schedule RG-CM will be subject to annual planned supply and aggregate kWh restrictions, as stated in Rate Schedule RG-CM and will not be available to Customers who net meter, pursuant to Section H.2, below.

2) Rate Schedule RG-CM will be limited to no more than 20 active Customer accounts. The effective date of the Customer's contract under Rate Schedule RG-CM must be on or before June 30, 2017.

3) More information on Rate Schedule RG-CM is available in Attachment B, attached hereto and made a part of this Agreement.

**c. Additional Demand Response Programs**

1) Dominion Virginia Power will endeavor to provide Customers with any new demand response programs that (a) the SCC may approve for the Company's Virginia Jurisdictional customers during the Term of this Agreement and (b) replace or supplement PJM, or a successor regional transmission organization, Demand Response Programs; provided, however, that VEPGA's participation in such programs will be subject to similar limitations as those imposed on the Company's Virginia Jurisdictional customers.

2) If cost recovery for such programs continues to be through the Company's Virginia Jurisdictional "A4" transmission rate adjustment clause, the Company will allocate appropriate costs for such programs to VEPGA's Rider T-CM and VEPGA agrees to pay such cost recovery through VEPGA's Rider T-CM rates. If, however, the Company's Virginia Jurisdictional cost recovery for such programs will be through a different mechanism, the Parties agree to amend this Agreement with a mutually agreeable cost recovery methodology for Customers, prior to the Company's providing such programs to Customers.

**d. Rider J-CM**

Rider J-CM will be withdrawn and no longer available to Customers. The Company will notify affected Customers in writing at least 60 days prior to withdrawing Rider J-CM that the monthly credit will end. In addition, the Company's correspondence with affected Customers will advise such Customers to contact the Company to make arrangements for the water heater control device to be disabled or removed.

**H. REVISIONS TO THE TERMS AND CONDITIONS**

Dominion Virginia Power and VEPGA mutually agree to the following changes to the Terms and Conditions included in Attachment A, attached hereto, effective August 1, 2014:

## **1. New Electric Line Extensions Plan**

All of the non-residential portions of the Company's new Electric Line Extensions Plan, which were approved by the SCC in the Company's 2013 Biennial Review proceeding (Case No. PUE-2013-00020), will apply to VEPGA.

## **2. Net Metering**

- a. With the following exceptions, the Company will continue to provide net metering to Customers in accordance with (i) the existing SCC's *Regulations Governing Net Energy Metering* (the "20 VAC 5-315 Rules"), as may be changed from time to time, during the Term of this Agreement and (ii) such other law or regulation as may govern net metering for the Company's Virginia Jurisdictional customers ("Future Net Metering Regulations") on the same date as the specific Future Net Metering Regulations become effective for the Company's Virginia Jurisdictional customers under the Company's *Virginia Jurisdictional Terms and Conditions and Schedules for the Provision of Electric Service*.
- b. A Customer, who net meters ("VEPGA Net Metering Customer") will receive the benefits of and will be responsible for the costs imposed by the 20 VAC 5-315 Rules and Future Net Metering Regulations. However, the 20 VAC 5-315 Rules and Future Net Metering Regulations for which a VEPGA Net Metering Customer logically cannot qualify (e.g., being an agricultural net metering customer, as defined in the 20 VAC 5-315 Rules or receiving residential standby charges) shall not be applicable to the VEPGA Net Metering Customer. However, the appropriate standby charges that are included in Schedule C - Miscellaneous and Standby Charges, which is attached hereto and is a part of this Agreement, shall continue to be applicable to the Customer and to the VEPGA Net Metering Customer.
- c. As such, the Company will provide net metering for "totalized" accounts only for a VEPGA Net Metering Customer's accounts which are located on contiguous property, as described in Paragraphs XII.A and XII.B of VEPGA's Terms and Conditions, which are included in Attachment A, attached hereto and made a part of this Agreement. In the event that the SCC approves modifications to the Company's *Virginia Jurisdictional Terms and Conditions and Schedules for the Provision of Electric Service* Section IV, Paragraphs IV.E.1., and IV.E.2., either Party shall have the right to open this Agreement for the Parties to agree mutually to make corresponding modifications to VEPGA's Terms and Conditions Paragraphs XII.A. and XII.B., which are included in Attachment A, attached hereto and made a part of this Agreement.

## **3. Dominion Virginia Power Design Errors**

It can be difficult to determine during a cost-plus project, which equipment items need to be added because of unforeseen circumstances versus design omissions. As such, the Company will provide Customers with an explanation for any necessary equipment additions, during the course of the project. In addition, a flat charge is an alternative for VEPGA construction projects.

## **4. Rate Comparisons**

- a. During the Term of this Agreement, Dominion Virginia Power will endeavor to provide rate comparisons for Customer accounts at least once every 14 months in accordance with the same criteria used for rate comparisons in the 2011 Agreement.
- b. In addition, during the Term of this Agreement, the Company will track actual revenue migration to determine the basis for revenue migration to be used in setting the change in VEPGA's distribution and generation base revenues in the subsequent agreement between VEPGA and the Company (i.e., the VEPGA electric service agreement that follows this Agreement).

## 5. Tax Effect Recovery Factor

The Company and VEPGA mutually agree that VEPGA's Tax Effect Recovery Factor will remain at 1.29 during the Term of this Agreement.

## 6. Excess Facilities Charge Percentages

- a. Dominion Virginia Power and VEPGA mutually agree that, during the Term of this Agreement, the Company will provide Customers with the Company's current SCC-approved Virginia Jurisdictional Excess Facilities Charge percentages, which are included in Sections IV.E.3. and IV.E.4 of the Company's Virginia Jurisdictional Terms and Conditions and Schedules for the Provision of Electric Service on file with the SCC.
- b. VEPGA will receive any SCC-approved revisions to the Company's Virginia Jurisdictional Excess Facilities Charge percentages at the same level and on the same date that such changes become effective for the Company's Virginia Jurisdictional customers.
- ~~a. To exclude the credit for the base fuel of 1.247 cents per kWh from the calculation for Additional Annual Revenue, as defined in Section III of the Terms and Conditions;~~
- ~~b. To add a new Section III.N., entitled "Third Party Funding" to modify, as of July 1, 2011, the previous paragraphs of Section III. addressing when a third party and not the Customer (as defined in the Terms and Conditions included in Attachment B, attached hereto) provides funding for the installation of facilities in accordance with Section III. Such modifications include the following:
  - ~~1) Dominion Virginia Power only accepts payments from the Customer and not from a third party;~~
  - ~~2) Easements; and~~
  - ~~3. Issues during installation.~~~~
- ~~c. To add language to Section III.H. to clarify when the Tax Effect Recovery Factor does not apply.~~
- ~~d. To add language to Section IX.B stating that in cases of streetlight vandalism, Dominion Virginia Power has the right to remove the streetlight (1) if the VEPGA Member does not agree to the innovative solution(s) offered by the Company to reduce the vandalism and (2) if the VEPGA Member does not agree to accept financial responsibility for the material costs associated with replacing the luminaire.~~



- e. ~~To increase the streetlight patrol charge, included in Schedule E, from \$37.75 to \$114.90.~~

## ~~G. USE OF CONTRACTORS~~

~~1. The general criteria used in evaluating the acceptability of contractors to perform work under Paragraph III.E.5 of the Terms and Conditions (included in Attachment B, attached hereto) are as set forth below. Dominion Virginia Power may change these criteria as it may deem appropriate, but shall not do so either unreasonably or without such prior written notice to the VEPGA Board or its successor as may be appropriate under the circumstances.~~

- a. ~~Have a person or persons designated for safety and training.~~
- b. ~~Assure there is a written safety program that is followed.~~
- c. ~~Assure there is a documented training program in place that is used to train workers appropriately.~~
- d. ~~Have an Experience Modification Rate (EMR) of less than one (1). For purposes of this paragraph 1.d, an "EMR" is an insurance industry factor used to adjust workers' compensation premiums based upon an insured's past loss history and to evaluate a contractor's safety performance.~~
- e. ~~Assure compliance with all applicable federal, state and local regulations including, in particular, the following regulations and standards of the Occupational Safety and Health Administration (OSHA) of the United States Department of Labor: Part 1910, Subpart R, 29 CFR § 1910.269 (Occupational Safety and Health Standards for Electric Power Generation, Transmission and Distribution) and Part 1926 (Safety and Health Regulations for Construction) Subpart V (Power Transmission and Distribution), 29 C.F.R. §§ 1926.950 *et seq.*~~
- f. ~~Inspect credentials and otherwise ensure that employees are qualified to work on voltages of fifty (50) volts and above.~~

~~Any disagreement in the field as to whether a particular contractor either (i) satisfies the foregoing criteria, or (ii) is acceptable to Dominion Virginia Power for the performance of work under Paragraph III.E.5 of the Terms and Conditions (included in Attachment B, attached hereto) shall be presented to and resolved by the Company's Manager—Electric Distribution Construction, Contractor Management (and/or such Managers or business units as the Company may designate in writing from time to time), whose decision shall be final and conclusive. It is further understood and agreed that, in any and all events, the Company has the right, in its sole discretion, to decide that a particular contractor is unacceptable to perform work under Paragraph III.E.5 of the Terms and Conditions (included in Attachment B, attached hereto) for reasons not set forth in the foregoing criteria.~~

~~2. The following provides additional guidelines as to the general situations in which the Company would not require the use of Company approved contractors. Irrespective of whether the contractor must be on the Company's approved contractor list, all work involving facilities to be turned over to the Company must pass the quality and inspection requirements specified under such Paragraph III.E.5:~~

- a. ~~Any work performed on non-electrical facilities (e.g., conduit, duct, manholes, vaults, pads, etc.), so long as the work is done on the facilities at a time when they are not owned by the Company.~~
- b. ~~Customer cleared right of way, where the Customer removes trees, vegetation, debris, and other obstructions from the path of new overhead or underground lines.~~

- ~~c. Customer dug trench where the Company installs cable and backfills the trench. This will require close logistical coordination to avoid leaving the trench open for extended periods.~~
  - ~~d. Customer dug trench where the Company installs the cable but the Customer backfills the trench. This arrangement will require both logistical coordination and inspection fees for Company personnel to observe the backfilling operation to assure appropriate backfill composition and backfilling methods.~~
  - ~~e. Repairs and restoration to sidewalks, streets, landscape, and other similar items.~~
  - ~~f. Other situations of a similar nature in which the Company agrees the work is of such limited scope and impact as to not require approval of the Customer's contractors. The Company will require all work on electrical facilities to be performed by Company-approved contractors if such facilities are either owned by the Company, or will later be turned over to the Company.~~
- ~~3. If, after working in good faith with the Company's local personnel, any Customer encounters a perceived unreasonable denial of Customer performed construction under Paragraph III.E.5. of the Terms and Conditions (included in Attachment B, attached hereto), such Customer shall contact the appropriate Electric T&D Projects Manager for that region, who shall investigate the Customer's concern and report back to the Customer in an expeditious manner with either (a) confirmation of the denial, with a general explanation of the reasons for denial, or (b) authorization for Customer performed construction, as the Company's management may deem appropriate.~~

#### **HI. PUBLIC PROCUREMENT ACT**

To the extent that the Virginia Public Procurement Act, Va. Code §§ 2.2-4300 *et seq.*, is applicable to this Agreement, the Company shall comply with Va. Code §§ 2.2-4311, 2.2-4312 and 2.2-4354. Failure to comply with these provisions shall not constitute grounds for termination of this Agreement.

#### **IJ. GENERAL**

1. Subject to Section A.1 of this Agreement, and except as otherwise specifically agreed to in writing, this Agreement supersedes as of its effective date both the ~~2007-2011~~ Agreement and the Agreement in Principle, effective ~~December 29~~ July 24, 2010 ~~2014~~, between VEPGA and the Company. This Agreement shall inure to the benefit of and be binding upon the successors or assigns of each of the Parties hereof.
2. This Agreement shall be binding upon the Customer and the Company and shall not be modified by any promise, agreement or representation of any agent or employee of the Company or VEPGA except in writing and executed by such a duly authorized official or officer.
3. The obligations of the Company and the Customer for service under this Agreement are subject to appropriations by Customer's governing body to pay for such service.
4. In the event any provision, or any part or portion of any provision of this Agreement shall be declared by a court of competent jurisdiction to be unlawful, invalid, void or otherwise unenforceable, the remainder of this Agreement shall be severable and remain

enforceable. Only the provision (or part or provision thereof) so declared shall be considered unlawful, invalid, void or otherwise unenforceable.

#### **JK. ACCOUNTING METHODOLOGY**

~~For the purpose of a global settlement of issues in contract negotiations,~~ VEPGA accepts that for the Term of this Agreement, Dominion Virginia Power is ~~including~~ continuing to include Construction Work in Progress (“CWIP”) as a component of rate base for ratemaking purposes and has discontinued the accrual of Allowance for Funds Used During Construction (“AFUDC”) with the exception of AFUDC ~~accrual~~ accruals related to riders prior to the implementation of new riders, as per Virginia ~~jurisdictional~~ Jurisdictional rider methodology.

#### ~~**K. EARLY TERMINATION NOTICE**~~

~~Notwithstanding Section B.1., above, on or before December 31, 2012, VEPGA shall have the right at its sole option to provide Dominion Virginia Power with a one-time early termination notice of this Agreement to become effective on July 1, 2013 (“Early Termination Notice”).~~

~~Should VEPGA provide Dominion Virginia Power with Early Termination Notice, the Parties agree the Term shall be modified to January 1, 2011, through June 30, 2013.~~

#### **L. CONFIDENTIALITY OF UPDATED RIDER AND FUEL REVENUE REQUIREMENTS**

The Parties understand and mutually agree that the updated riders and fuel revenue requirements information (“Riders and Fuel Information”) to be provided by Dominion Virginia Power annually by January 25 of each year, as referenced in various sections, above, is being provided to VEPGA for its members to utilize for budgetary planning purposes. It is further understood and agreed that VEPGA and its members will treat the Riders and Fuel Information as confidential and that neither VEPGA nor its members will divulge the Riders and Fuel Information to a third party, unless required by law, until such time that the Riders and Fuel Information becomes public.

#### **M. RIDERS CARRY FORWARD TO NEXT AGREEMENT**

Provided VEPGA and Dominion Virginia Power agree to either extend ~~the~~ this Agreement or execute a new agreement, the VEPGA Fuel Charge Rider A and the VEPGA rate adjustment clauses, which include Rider B-CM, Rider BW-CM, Rider R-CM, Rider S-CM, Rider T-CM, Rider W-CM, and any other rate adjustment clause(s) that may become effective for VEPGA (in accordance with Section ~~6C.4.~~, above) at the beginning of a new agreement will be as established on January 25, ~~2014~~ 2018, until such riders are subsequently updated.

At the termination date of this Agreement, if the Parties do not mutually agree to either extend this Agreement or execute a new agreement, the Parties agree to develop a mutually agreeable procedure to credit or charge for any over- or under-recoveries as of the ending date of this Agreement for VEPGA Fuel Charge Rider A and the VEPGA rate adjustment clauses, which include Rider B-CM, Rider BW-CM, R-CM, Rider S-CM, Rider T-CM, Rider W-CM, and any other rate adjustment clause(s) that may be effective for VEPGA in accordance with Section ~~6C.4.~~, above.

## N. RENEWABLE ENERGY PROGRAM

~~Effective April 1, 2011, the Parties mutually agree to change the Monthly Rate for Renewable Energy Certificates (“MRR”) in Rider G-CM (included in Attachment B attached hereto) and to provide Dominion Virginia Power with the right to change the MRR at any time with two month’s notice to the Customer and VEPGA (“Flexible Pricing”).~~

~~In addition, the Parties mutually agree that by January 1, 2012, VEPGA either will (a) request to continue with Flexible Pricing, pursuant to Rider G-CM for the twelve month period beginning April 1, 2012, or (b) request a quote for a fixed price (“Fixed Pricing”) from Dominion Virginia Power for the purchase of renewable energy certificates, pursuant to Rider G-CM, for the twelve-month period beginning April 1, 2012. If VEPGA requests Rider G-CM Fixed Pricing, Dominion Virginia Power will provide to VEPGA by January 15, 2012, a quote for Fixed Pricing for the twelve month period beginning April 1, 2012. For the Rider G-CM Fixed Pricing to become effective on April 1, 2012, VEPGA must accept Fixed Pricing by February 1, 2012. The applicable of Flexible Pricing or Fixed Pricing, as elected by VEPGA, will become effective for the twelve-month period beginning April 1, 2012.~~

~~Beginning in 2013 and continuing in 2014 (reference to “2013 and 2014” to be modified should VEPGA provide Early Termination Notice in accordance with Section K., above), by January 1, VEPGA either will request, pursuant to Rider G-CM, to continue with the applicable of Flexible Pricing or Fixed Pricing or request a quote for the alternate of Flexible Pricing or Fixed Pricing. If VEPGA requests a quote, Dominion Virginia Power will provide the quote by the following January 15. If VEPGA wants to change the pricing method, pursuant to Rider G-CM, VEPGA must accept the quote by the following February 1. The applicable of Flexible Pricing or Fixed Pricing, as elected by VEPGA, will become effective for the twelve-month period beginning the following April 1.~~

As Dominion Virginia Power’s renewable energy program supplier contract terminates on July 31, 2015, it may be necessary for the Company and VEPGA to re-negotiate a new fixed price for renewable energy certificates to become effective on and after August 1, 2015, under Rider G-CM. The Parties mutually agree to address any need for a revised Rider G-CM fixed price at the appropriate time during the Term of this Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

**SIGNATURE PAGE TO FOLLOW**

**VIRGINIA ELECTRIC AND POWER COMPANY**

**BY:** \_\_\_\_\_

Thomas P. Wohlfarth

Senior Vice President – ~~State Electric Regulation~~ [Regulatory Affairs](#)

**VIRGINIA ENERGY PURCHASING GOVERNMENTAL ASSOCIATION**

**BY:** \_\_\_\_\_

Stephen D. Sinclair

Chair