

**Virginia Energy Governmental Purchasing Association
(VEPGA)**

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road

July 10, 2009
9:30 A.M.

Minutes

Present were board members Paul Proto, Henrico County, Steve Sinclair, Fairfax County, David Baker, Fredericksburg City Schools; Mike Barancewicz, Loudoun County Schools; Ricky Bowers, City of Chesapeake; Tom Colbert, Prince William County Schools; Matt Groff, Prince William County; Wayne Lassiter, City of Richmond; Rick Raike, Hampton Roads Sanitation District; Tom Reinsel, Fairfax County Schools; Dave Simmons, Gloucester County Schools and Jerry Spivey, City of Norfolk. Also present were VEPGA counsel Louis Monacell and Cliona Robb with Christian & Barton and VEPGA Secretary, Steve Craig with Virginia Municipal League.

I. Call to Order

Chairman Proto called the meeting to order at 9:30 a.m..

II. Approval of Minutes of Previous Meetings (2/27/09 & 4/17/09) – Attachment A

Chairman Proto asked if anyone had any revisions to the minutes of the prior two meetings. There were none.

A motion to approve the minutes of the February 27, 2009 and April 17, 2009 meetings was made by Mr. Simmons and seconded by Mr. Raike. The motion was passed unanimously.

III. Additions to the Agenda

Chairman Proto called for any additions to the agenda. Ms. Robb asked to add Deadlines for Applying for Energy Grants under the legal report.

IV. Election of Officers

Chairman Proto noted that the bylaws require that officers be elected to serve an annual term at the first meeting of the board following the annual meeting. He further indicated that he had served as chairman for many years and believed it was time to turn that responsibility over to someone else. Chairman Proto noted that he intended to move the election of Mr. Sinclair who has served as vice chair for many years.

A motion to elect Mr. Sinclair as chairman was made by Mr. Proto and seconded by Mr. Baker. The motion was passed unanimously.

Chairman Sinclair thanked Mr. Proto for his many years of dedicated service to VEPGA and its predecessor organization, the VML/VACo Virginia Power Steering Committee. Mr. Proto indicated his intent to continue to serve in an active role.

Chairman Sinclair called for nominations for vice chairman.

A motion to elect Mr. Proto as vice chairman was made by Mr. Raike and seconded by Mr. Barancewicz. The motion was passed unanimously.

V. Ratification of New Members – Attachment B

Mr. Craig presented the attached list of new members.

A motion to ratify the new members was made by Mr. Raike and seconded by Mr. Colbert. The motion was passed unanimously.

VI. Legal Report

Mr. Monacell informed the board that there was to be a 2010 SCC staff audit of Dominion Virginia Power purchases from affiliate companies and that Christian & Barton would monitor that for any potential VEPGA savings.

Next Mr. Monacell discussed developments that could impact VEPGA related to the Dominion Virginia Power's jurisdictional fuel factor rate case pending before the State Corporation Commission. He explained that PJM calculates and collects congestion cost (i.e., when more power is available than can go through the system) from providers including Dominion Virginia Power. Mr. Monacell further noted that because PJM is non profit those costs are returned to those providers with firm transmission rights. He indicated that Dominion Virginia Power received approximately \$170M in 2007. Mr. Monacell explained that Christian & Barton was monitoring the rate case on behalf of large industrial customers and that he was hopeful that local governments would share in that as a reduction to future fuel factor costs. He opined that local government's share could be as much as \$9M going back two years and \$4.5M annually going forward or the equivalent of 1.3% on rates. Mr. Monacell noted that the SCC was scheduled to meet in late July.

Ms. Robb presented the attached state energy program update.

Ms. Robb began a discussion with the board about VEPGA filing comments with the State Corporation Commission with respect to the development of energy conservation public policy. She distributed and reviewed the attached handouts concerning which tests should be used to measure cost effectiveness of energy efficiency. Ms. Robb asked the board for guidance on whether or not VEPGA wanted to be involved on these type of very specific issues or rather take positions on overall issues. By consensus, the board indicated a desire to limit VEPGA's comments to broad conceptual issues rather than very specific or technical issues.

Ms. Robb next presented draft testimony for review by the board. After considerable discussion, the board by consensus reiterated its desire to limit VEPGA's participation by providing broad based comments.

A motion to file comments based on the conceptual revisions to the draft discussed subject to final review by the board was made by Mr. Simmons and seconded by Mr. Colbert. The motion passed unanimously.

Ms. Robb next reported that the VEPGA Executive Committee met in May to discuss getting the fuel factor in the stand by generator tariff. She noted that Dominion Virginia Power wants to go to a distributed generation credit and lieu of the stand by generator credit. Ms. Robb indicated that an analysis is expected in mid August at which time VEPGA will need to decide how to respond.

Ms. Robb next referred to the attached presentation from Secure Futures regarding prepaid solar contracts and their desire for VEPGA involvement. Ms. Robb noted that the financial projections used by Secure Futures are dependent on very large increases in Dominion Virginia Power's rates over the next five years. The board decided by consensus after a brief discussion that it had no interest in the project.

Lastly, Ms. Robb reminded the board that at its April meeting, the board had asked her to determine whether there were more experienced consultants than GDS to conduct a study about the feasibility of bidding into the PJM capacity market. She indicated that she had not found any, but was going to contact PJM to see if they could recommend someone.

VII. Committee Reports

Mr. Bowers reported that the Joint Action Committee was meeting periodically with Dominion Virginia Power representatives and that they had seen some improvement in the streetlight outage reporting and repair issue that has been an ongoing concern. He indicated that the company had a long way to go, but that this was an encouraging sign.

VIII. Financial Statements (5/30/09)

Mr. Craig presented the attached financial statements.

IX. Next Meeting Date(s)

The next meeting was tentatively scheduled for October 30.

X. Adjournment

The meeting was adjourned at 2:45 p.m.