

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

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

November 6, 2009
9:30 A.M.

Minutes

Present were board members Paul Proto, Henrico County, Steve Sinclair, Fairfax County, David Baker, Fredericksburg City Schools; Ricky Bowers, City of Chesapeake; Matt Groff, Prince William County; Wayne Lassiter, City of Richmond; John Morrill, Arlington County; Jim Morris, Virginia Beach City Schools; Rick Raike, Hampton Roads Sanitation District; Tom Reinsel, Fairfax County Schools; Najib Salehi, Loudoun County; Dave Simmons, Gloucester County Schools and Jerry Spivey, City of Norfolk.

Also present were Dominion Virginia Power representatives John Sharer, Richard Walden, Jim Browder, David Koogler, Carl Zatkulak and Phil Powell; Joe Lerch, VML; Jeff Gore, Hefty & Wiley; VEPGA member representatives Susan Hafeli Fairfax County; Kelly Zonderwyk, Arlington County; Jerry Walker, Henrico County; VEPGA counsel Louis Monacell and Cliona Robb with Christian & Barton and VEPGA Secretary, Steve Craig with Virginia Municipal League.

I. Call to Order

Chairman Sinclair called the meeting to order at 9:38 a.m.

II. Approval of Minutes of Previous Meetings (7/10/09) – Attachment A

Chairman Sinclair called for a motion to approve the minutes of the previous meeting.

A motion to approve the minutes of the July 10, 2009 was made by Mr. Salehi and seconded by Mr. Raike. The motion was passed unanimously.

III. Additions to the Agenda

Chairman Sinclair called for any additions to the agenda. There were none.

IV. Smart Meters, voltage reduction and Charlottesville project – Dominion Virginia Power

Messrs. Walden and Powell presented the attached information on Advanced Metering Infrastructure.

V. Distributed Generation Schedule – Jim Browder - Dominion Virginia Power

Mr. Browder presented the attached information on a Distributed Generation option for VEPGA.

VI. Discussion of Preliminary Issues for 2011 Contract Negotiations

Mr. Monacell reminded the board that VEPGA has historically provided the membership with the results of the negotiations in terms of the savings achieved from DVP's proposed rates based on their cost of service study. He reminded the board that the process is for VEPGA's consultant to analyze the DVP rate study and develop VEPGA's proposed rates based on its analysis. Negotiations have historically resulted in rates in between these two proposals.

He noted that it is harder to do a schedule by schedule comparison to jurisdictional rates as the comparison is not apples to apples. Technical Associates is proposing to request data from DVP to conduct a more rigorous analysis for these purposes, but also to consider alternative rate designs.

Mr. Monacell indicates that in addition to requesting data he plans to request an exploratory meeting in 2009 that seeks to determine high level items like desired term of next contract and rate design changes.

He noted that VEPGA needs to decide whether VEPGA wants to consider alternative rate designs. Analysis conducted for Metropolitan Washington Airport Authority comparing the GS-4 rate schedule to VEPGA Schedule 130. The base rates close, but jurisdictional rates can go up while the VEPGA base rate is frozen. Mr. Monacell added that fuel factor savings are currently considerable; however this may be short lived.

Mr. Monacell provided an overview of what is happening on the jurisdictional rate side with respect to the current rate case before the SCC. He noted that the Richmond Times Dispatch has reported the past two days that decreases are a possibility and are being advocated for by the Attorney General's office, which assumes in its review an 11.12% return on equity in lieu of the 14% Dominion is seeking. That return on equity was what the SCC approved in a southwest Virginia rate case. Mr. Monacell indicated that a short term contract may be desirable given rate uncertainty and the potential for a base rate decrease in the short term.

VII. Fuel Factor Update

Mr. Monacell distributed and reviewed the attached comparison of VEPGA time differentiated fuel costs. He noted that Technical Associates full report would be distributed electronically after the meeting.

Dominion Virginia Power allocates system fuel costs on a monthly basis. VEPGA averages 5.47% of total system cost. Dominion's system typically has highest use in July-Aug; however this is not the case for VEPGA. VEPGA gets the advantage due to a monthly allocation. Technical Associates calculates a \$500,000 savings over the past year for this.

Ms. Robb distributed and reviewed the attached memorandum related to a reduction in fuel factor beginning November 1, 2009 through June 30, 2010. She explained that this results from a determination that actual fuel costs are lower than projected since July 1 and an order by the SCC for a reduction for jurisdictional customers. DVP came to us and proposed to update VEPGA's fuel factor in similar fashion. At July 1, 2010 the fuel factor will be reset based on forward projections. She noted that we don't yet know how that will compare to the current fuel factor.

VIII. Update on REC Rider

Ms. Robb distributed and reviewed the attached Dominion Green Power program for VEPGA members, which would count for LEED compliance, but not for SIP credit. The proposed pricing would be for January 1, 2010 – June 30, 2010. By June 1, 2010 we would get pricing for the July 1, 2010 – June 30, 2011.

Mr. Sinclair noted that 4 localities are riding a wind contract that ends 3/31/2010. Ms. Robb noted that we have asked DVP for a SIP compliance rider by March 31, 2010 and that SIP REC's count toward LEED. Ms. Robb suggests sending a notification to VEPGA members and post on the VEPGA website.

IX. Consideration of sending VEPGA members updates on federal energy matters

Ms. Robb reported on an inquiry from a member about whether or not VEPGA planned to provide any report to members on federal updates that impact VEPGA members. She noted that historically we have only followed and reported on state issues. Do we want to expand that to include federal issues? She can provide a topical list of various items currently going on at the federal level and VEPGA could decide. Reporting would not be detailed but a high level summary with where to go for more information. By consensus the board agreed.

X. Discussion of Possible 2010 Virginia General Assembly Action

Ms. Robb presented the attached Commission on Energy and Environment meeting in Danville, which highlights potential legislative activity for the 2010 General Assembly.

XI. Committee Reports (if any)

Mr. Sinclair announced that a meeting of the Energy Efficiency & Conservation Committee meeting was scheduled for December 14 in the Henrico General Services Conference Room to consider energy related legislation.

Mr. Bowers announced that the Joint Action Committee's effort to work with Dominion Virginia Power to improve streetlight service was paying off. He noted that DVP's streetlight outage report system pilot program was live in Fairfax County, City of Chesapeake and City of Norfolk and should be on line for all VEPGA members by January.

Mr. Baker announced a meeting of the Budget & Finance Committee on January 13, 2010 in Fredericksburg.

VI. Financial Statements (9/30/09)

Mr. Craig presented the attached financial statements.

VII. Next Meeting Date(s)

The next meeting of the board was scheduled for Friday, February 12, 2010.

VIII. Adjournment

The meeting was adjourned at 2:00 p.m.