

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

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road
August 12, 2011
9:30 A.M.

Approved Minutes

Present were board members Steve Sinclair, Fairfax County; David Baker, Fredericksburg City Schools; Tom Colbert, Prince William County Schools; Matt Groff, Prince William County; Lori Herrick, City of Virginia Beach; Wayne Lassiter, City of Richmond; Rick Raike, Hampton Roads Sanitation District; Tom Reinsel, Fairfax County Schools; Najib Salehi, Loudoun County; and Jerry Spivey, City of Norfolk.

Also present were VEPGA member representatives Paul Braese, Chesterfield County; Sherman Pressey, Hampton Roads Sanitation District; Julia Reynolds, Chesterfield County; and Jerry Riddick, City of Norfolk

Also present were VEPGA counsel Louis Monacell with Christian & Barton and VEPGA Secretary/Treasurer Joe Lerch with the Virginia Municipal League.

I. Call to Order

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

II. Approval of Minutes of Previous Meeting (5/6/11) – Attachment A

A motion to approve the minutes as amended was made by Mr. Lassiter and seconded by Mr. Raike. The motion was passed unanimously.

III. Additions to the Agenda

There were no additions to the agenda.

IV. Appointment of new board member – Attachment B

Mr. Sinclair explained that with the departure of Mr. Morrill from Arlington County that the VEPGA bylaws provide that the remaining members of the board may appoint a replacement to fill the unexpired term. Nominations were received from Bill Eger, City of Alexandria and Lori Herrick, City of Virginia Beach

Ms. Herrick left the meeting while the board discussed and voted on the nominations.

*A motion to appoint Ms. Herrick to the remainder of Mr. Morrill's term was made Mr. Lassiter and seconded by Mr. Colbert. The motion was passed unanimously.
Ms. Herrick rejoined the meeting as the new board member to serve until 2012.*

V. Election of Officers

Mr. Sinclair made a motion to reappointment Mr. Lerch as secretary/treasurer for the current fiscal year. It was seconded by Mr. Raike and approved unanimously. A motion to appoint Mr. Groff as vice-chair was made by Mr. Sinclair, seconded by Mr. Colbert and approved unanimously. Mr. Raike made a motion to reappoint Mr. Sinclair as chair. It was seconded Mr. Salehi and approved unanimously.

VI. Virginia Power's Rate Comparisons - Attachment C

Mr. Monacell referred to the one-line comparisons in the attachment noting that Dominion will be contacting all accounts that are savers. He said that the total account savings is \$3.1 million and mentioned whether there might be some pattern for savers from making rate change based on classification. Mr. Baker asked whether the metering systems will get more precise. Mr. Monacell said that Dominion usually has just one meter on the other side of the property for billing purposes. Mr. Raike said that to get more precise you would have to pay extra for additional meters. Mr. Monacell concurred.

Mr. Monacell noted that VEPGA customers can switch the accounts at anytime through their Dominion rep. He also said that the notices don't always go directly to the energy manager.

Mr. Sinclair noted that there were no schedule 132s on the list. Mr. Monacell said that Dominion is doing the study on 132s and will send to us next week.

Mr. Reinsel noted that switching from schedule 130 to schedule 110 would be appropriate for buildings that are all electric (includes heat).

VII. Committee Updates

Mr. Riddick gave the update on the JAC noting that the March 3rd modifications to procedures are now in effect. Additionally there is now a tracking system for items brought to Dominion. If items are not resolved they can be brought up during the next contract negotiations. The LED lighting task force reports that Dominion is looking at the issue of the price of the fixture up front and will report to the JAC at their September 15th meeting on a firm price schedule. Mr. Groff noted that Dominion provides in kind cost of labor to install. Mr. Riddick said that fixture costs are driving the rates. Mr. Spivey asked whether maintenance and damage were also driving costs. Mr. Riddick responded that Dominion is looking to change that by making localities responsible for maintenance and damage. This in turn would reduce the overall flat rate.

Ms. Herrick noted that DOE has a new website www.lightingfacts.com that is a useful resource on LED lights.

Mr. Reinsel reported an issue with parking lot lighting saying that they were being charged for lighting they don't own. Mr. Salehi said that Loudoun had the same problem with Dominion and resolved it six years ago. He will provide language to Mr. Riddick on how locals can work with Dominion to resolve the issue.

Mr. Riddick said Dominion requested a new subcommittee for the JAC to work on electrical issues on the construction side (everything other than civil). If VEPGA agrees

then three from Dominion and three from VEPGA will be appointed to the committee. Mr. Sinclair instructed Mr. Riddick to tell Mr. Harris to set up the subcommittee with appointments from Arlington and Fredericksburg.

Mr. Lerch gave the update on EECC reporting on the recent committee meeting of July 18th. Hanna Grene with the Cadmus Group gave a presentation on VEPGA Master Account sharing for Energy Star portfolio manager. The VEPGA website will be updated with a link to the VEPGA Master Sharing Account. Mr. Lerch in a recent email from Ms. Grene reported that Cadmus will be holding a local and state government networking webcast in September on Energy Star. Mr. Lerch will send notification, including registration, on the webcast to the membership. Mr. Lerch reported that Mike Barancewicz, committee chair, led a discussion on database purification explaining how Loudoun County schools worked with Dominion to fix their accounts and avoid paying bills that were not theirs. Also at the EECC Mr. Salehi gave a report on the 5 electrical vehicle charging stations that Loudoun County has recently installed. The total cost for the project was \$299,000 and includes 24 LED lights. Mr. Baker said that in the future all local governments may have to provide these stations. Mr. Salehi noted that such stations will increase demand, especially during peak hours. For this reason they installed solar panels at the stations to offset the load. Attending the EECC was Steve Walz the new director for regional energy planning at the Northern Virginia Regional Commission (NVRCC). He gave a presentation on NVRCC's regional energy plan. Last on the agenda for the EECC were preliminary discussions on planning for next year's annual conference. Mr. Barancewicz will explore the possibility of a power plant tour with Dominion as part of the conference. One possibility is to hold the tour on a Thursday afternoon with the conference agenda the next day. Ms. Herrick recommended that the agenda include a session on account purification and how to close and reopen accounts as part of the process.

VIII. Legal Update

A. 2011 Virginia Power Rider Filings

Mr. Monacell reported that he requested an estimate from Dominion on the five riders. Riders T, S, R are already approved. Rider T approved to go up to a 47% increase. The increase for Rider T will take effect on January 1, 2012. Rider S - Wise County plant – is 84% completed or funded. Rider R - Bear Garden – is completed and online, and Mr. Monacell predicts the impact on local governments will be relatively small. Two proposed new riders, W - Warrenton plant to come on line in 2014, and B - for biomass conversion of coal peaking units are predicted to have very modest impact on rates.

Mr. Baker asked about the North Anna nuclear reactor number three. Mr. Monacell responded that Dominion has not made a decision to build yet. They maybe are getting ready to file a rider. The statute allows them to collect costs even though it may not be built.

B. Reductions to Fuel Factor for FTRs and [PBS coal issue]

Mr. Monacell reported that after the SCC approved 2-year period, Dominion agreed to the original estimate of 3.391 cents per kilowatt hour provided to VEPGA. This will help cover the cost of under recovery. He also reported that Dominion has credited VEPGA an under recovery of \$1.7 million.

In regards to the PBS Coal issue, Mr. Monacell said that our consultants at TAI researched and found that Dominion as part of the settlement received two cash payments and coal (which they sold for a profit). At the SCC, Dominion argued that they didn't owe jurisdictional customers, but did agree to owe VEPGA. The result is a credit of more than \$500,000 to VEPGA's fuel factor and there is the potential for more credit. Mr. Reinsel acknowledged the work of TAI in researching this issue to the benefit of VEPGA.

C. Virginia Power Pilot for Electric Vehicles (Attachment D)

Mr. Monacell reported that Dominion will seek an additional rider for electric vehicle charging. They will begin a pilot program October 3rd for residential customers who own or rent or rent an EV (region not chosen). Mr. Monacell said that VEPGA could ask Dominion for separate rate schedule for EV. Mr. Sinclair noted no down side for asking Dominion. This will be a slow roll out and it would be advantageous for VEPGA to pursue. Mr. Monacell suggested that this be jointly studied with Dominion as possibly a subcommittee of JAC. Mr. Riddick will ask Johnny Harris about the possibility. Mr. Lerch said that the Virginia Municipal League, the Virginia Association of Counties, and the Virginia School Board Association recently conducted a survey of its members of the use of alternative fueled vehicles, including EV. He will share the results with Mr. Riddick. Mr. Sinclair said that time of day rates will be an issue.

D. Virginia Power and Distributed Solar Generation

1. Net Energy Metering: Section XXV of Virginia Power's tariffs and SCC Regulations 20 VAC 5-315-10 *et seq.*
2. Alternatives to Net Energy Metering: Chapter 771 of 2011 General Assembly Session (Attachment E)

Mr. Monacell recommends that these documents be provided on the website to which the board agreed. He will email them to Mr. Lerch. Ms. Herrick also recommended including a copy of the sales contract to Dominion.

E. TERF: IRS Treatment of Street Light Depreciation (Attachment F)

Mr. Monacell referred to the attachment noting the recent IRS ruling that raises the question of whether there should be 7-year depreciation for street lights. Does this mean that VA Power does not need to pay TERF rates for street lights? Christian & Barton after reviewing the ruling does not think it will apply to TERF.

F. Future Action under 2011-2014 Virginia Power Agreement

1. RECs: by December 31, 2011, notify Virginia Power that VEPGA would like to consider changing its Rider G pricing option for RECs. Virginia Power would provide a quote by January 15, 2012, and VEPGA would choose between a flexible pricing option or a fixed pricing option by February 1, 2012.

Mr. Reinsel asked if any local governments have purchased RECs. Mr. Lerch said that Loudoun County Schools has purchased them and counted them towards their Go Green Schools certification.

2. LED street lighting schedule: when JAC has worked out a proposal, the VEPGA contract will need to be amended.
3. Rider estimates: VEPGA distributes estimates provided by Virginia Power around January 25, 2012 for fuel plus Riders T, R, S and any new riders, to be effective July 1, 2012 (to be used for budgeting but kept confidential)
4. Early termination: notify Virginia Power by December 31, 2012 if VEPGA intends to terminate contract effective July 1, 2013 (one year early)
5. Terms and conditions: if resolution of service issues is not being done to VEPGA's satisfaction, revision of Terms and Conditions should be proposed well in advance of the contract termination date.

IX. The Governor's Conference on Energy (formerly COVES), October 17th to 19th

Mr. Lerch asked if the Board wanted to provide an exhibit booth as it had the last two years of the conference. Mr. Colbert made a motion seconded by Mr. Baker to approve up to \$1,000 to be an exhibitor for the conference. The motion passed unanimously. It was noted by Mr. Sinclair that the VEPGA brochures will need to be updated. Mr. Lerch will work with Christian & Barton in consultation with Mr. Sinclair to do so.

X. Financial Statements (7/31/11) (Attachment G)

Mr. Lerch referring to the attachment gave the financial position of VEPGA

X. Next Meeting Date(s)

The next meeting of the Board will be November 18th in the County Manager's Conference Room of the Henrico County Administration Building

XI. Adjournment.

The meeting adjourned at 11:55 am.

Respectfully submitted,

Joe Lerch
Secretary