

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

County Manager's Conference Room
Henrico County Administration Building
4301 East Parham Road
December 11, 2015
9:30 A.M.

Approved Minutes

Present were board members Jerry Walker (chair), Henrico County; Susan Hafeli (vice chair), Fairfax County; Bill Eger, City of Alexandria; Lori Herrick, City of Virginia Beach; Wayne Lassiter, City of Richmond; Cathy Lin, Arlington County Public Schools; John Morrill, Arlington County; Jim Morris, Virginia Beach Public Schools; Rick Raike, Hampton Roads Sanitation District; Najib Salehi, Loudoun County; Jerry Spivey, City of Norfolk; and Mark Tschirhart, York County Schools.

Also present were VEPGA members Tom Alford, Henrico County; Jessica Lavender, Fairfax County Jennifer Privette, City of Newport News; Julia Reynolds, Chesterfield County; Kristel Riddervold, City of Charlottesville; Jerry Riddick, City of Norfolk; David Sattler, Fairfax County Public Schools

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

I. Call to Order

Jerry Walker called the meeting to order at 9:34 a.m.

II. Approval of Minutes of Previous Meetings (8/7/15)

Joe Lerch noted that Louis Monacell provided several clarifying amendments none of which included changes to official actions or votes. A motion to approve the minutes from the August 7, 2015 meeting with amendments was made by Rick Raike and seconded by Jim Morris. The motion passed unanimously.

III. Additions to the Agenda

Jerry Walker confirmed that Susan Hafeli would discuss preparations for the 2016 annual meeting, including development of an agenda, under the report of the EECC in committee updates. With that there were no additions to the agenda.

IV. Appointment of New Board Members to fill vacant unexpired terms

Joe Lerch noted that they are three vacancies on the board for terms that will expire on June 30, 2016. According to the bylaws the board can appoint members to fill these vacancies. With the recommendation from John Morrill, Najib Salehi made a motion to appoint Cathy Lin from Arlington County Schools to fill one of the vacancies. The motion was seconded by Jim Morris and approved unanimously.

It was decided to solicit from the membership - via email –recommendations to fill the remaining vacancies prior to the next quarterly board meeting.

V. Committee Updates

A. Energy Efficiency & Conservation

Susan Hafeli reported that the committee met on September 10th. Will Cleveland from the Southern Environmental Law center gave a presentation on the EPA Clean Power Plan noting two significant aspects: (1) focus on maximizing flexibility for compliance; and (2) that it is state-friendly in developing compliance plans. Mike Myer from the USDOE gave a presentation on efficient lighting strategies for parking lots and garages. Lastly, Francis Hodsoll, from E&E Frontiers gave a presentation on the challenges and opportunities for VEPGA members in developing solar installations.

The committee will meet sometime in January to plan for the VEPGA annual meeting. Cathy Lin has already volunteered to give a presentation on Arlington's NetZero Schools initiative. Other topics could include behind the meter energy storage and the Supreme Court review of the FERC demand/response ruling.

Jerry Walker said that following this year's annual meeting a new chair for the EECC will be needed.

B. Budget & Finance

Referring to the balance and income statements, Wayne Lassiter reported that revenues look good and that for the year VEPGA was well under budget for legal and consulting services.

Cliona Robb reported that Glenn Watkins had taken up-to-date account information from VEPGA and determined that Dominion was applying VEPGA rates to 160 non-paying VEPGA members compared to the current roster of 174 paying members. The 174 members account for approximately 80 percent of the local government load within the Dominion service territory. Of the 160 non-paying members four account for the majority of electric service load.

It was decided that the Budget & Finance committee will examine the data and develop recommendations for the board on (1) readjusting the pro-rata share assessments based on most recent kWh usage; and (2) how to increase the pool of paying members.

C. Joint Action Committee

Jerry Riddick reported that the committee will meet on Dec 17th and take up rates for pedestrian LED light fixtures and electronic billing.

Jerry Walker noted that Jerry Riddick will be retiring soon and a new chair for the committee will be needed.

VI. Legal Update

A. SCC Final Order on Dominion's 2015 Biennial Review

Referring to the attachment Louis Monacell noted that this item is a follow up to an email sent to VEPGA members earlier in the month. A significant aspect of this final order is the dissent by Judge Dimitri who opined that SB 1349 adopted by last year's general assembly was a constitutional infringement on the powers of the SCC to set electric rates. Specifically, Judge Dimitri distinguished between setting rates versus procedures for setting rates. Christian & Barton does not know of any party that is going to raise a petition for reconsideration based on the findings in the dissent.

B. Update on Clean Power Plan

1. Stakeholder Process

Louis Monacell reported that John Morrill was one of fourteen members appointed by the Governor to serve on a stakeholder advisory group to assist the Virginia Dept. of Environmental Quality (DEQ) in developing a state plan.

John Morrill said that he was representing the Virginia Association of Counties (VACo) on the advisory group. One of the first tasks of the group is to determine whether to use a rate-based method or mass-based method in achieving compliance. The mass-based method would require the state to give, or auction off, allowances to achieve an overall Virginia cap of CO₂.

2. SCC Report to General Assembly on impact on rates of CPP compliance

Louis Monacell explained that the SCC report the General Assembly concluded they could not determine the impact of compliance on rates because the utilities have not incorporated the final rule into their integrated resource plans (IRPs).

C. APN Information on Estimated Market Savings

At 10:27 a.m. Susan Hafeli made a motion seconded by Jerry Walker to enter into a closed meeting under Code of Va. § 2.2-3711(A)(7) to consult with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. The motion passed unanimously.

Susan Hafeli made another motion seconded by Jerry Walker to permit non board member VEPGA member representatives to attend, as their presence will reasonably aid the board in its consideration of the bargaining position and negotiating strategy as allowed under Code of Va. § 2.2-3712(F).

The board came out of executive session at 10:49 a.m. and took a voice vote certifying that (i) only business matters lawfully exempted from open meeting requirements under these chapters and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting of the public body.

D. Chmura Report on the jobs created by Dominion's capital investment

Referring to the attachment, Louis Monacell gave an overview of a recent report issued by Dominion Virginia Power estimating more than \$10 billion in economic benefits for Virginia for its capital investments in generation. Some of the assumptions include (1) \$800 million in development costs for North Anna unit 3; (2) undergrounding of utilities beyond current Rider U submission to SCC; and (3) \$378 million in an off-shore wind pilot project. Mr. Monacell noted that the \$800 in development costs for North Anna are incurred prior to making a decision to build.

E. Legislative Update

1. Bills Filed for 2016 General Assembly Session

Referring to the attachment Cliona Robb reported on HB 2 and SB 21 which if passed would require General Assembly approval of Virginia's Clean Power Plan prepared by DEQ. Louis Monacell noted that the legislation requires DEQ to address stranded costs due to the retirement of coal plants. This means the ratepayer will likely be the hook for stranded costs. He also noted that Virginia will likely file for a two-year extension to submit its plan.

2. Meeting of the House and Senate Commerce & Labor Committees with SCC

Referring to the recently posted meeting agenda, Cliona Robb noted that the two committees will be receiving a presentation from SCC on its role in Virginia's compliance with the Clean Power Plan. Louis Monacell said that it is important that the SCC play a role because that is where the expertise resides. He also noted that DEQ has been conferring with SCC.

F. Recent Rider Filings by Dominion

Louis Monacell reported on Dominion's application for Rider U to pay for the undergrounding of distribution lines. He noted that in 2014 a bill was passed by the General Assembly to allow for this rider - rather than include this cost in base rates - which, subsequent to the passage of SB 1349, are now frozen until 2023.

The Attorney General's office offered testimony in opposition to the filing. The AG did not think the benefit to rate payers was worth \$6 billion in investment.

The SCC asked Dominion to resubmit the application with a cost-benefit analysis for a portion of the overall project. Dominion responded with a \$140 million application for investment in undergrounding.

The board adjourned for lunch at 11:24 a.m.

The board reconvened at 11:35 a.m.

VII. 2016 Calendar of VEPGA meetings

The board agreed to meet in 2016 on February 19th, May 12th, August 5th, and November 4th. With the exception of May 4th, to coincide with the annual meeting in Virginia Beach, all the meetings will be held in Henrico.

VIII. Current Roster of VEPGA Members

Joe Lerch reported that the City of Falls Church has rejoined VEPGA since the last meeting.

IX. Adjournment

Prior to adjourning Jerry Walker appointed Lori Herrick to replace Jerry Riddick as chair of the JAC. Additionally he asked for volunteers to serve on the EECC including a new chairperson.

The meeting adjourned at 12:06 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Joe Lerch". The signature is fluid and cursive, with the first name "Joe" and last name "Lerch" clearly distinguishable.

Joe Lerch
Secretary