

Bylaws
of
Virginia Energy Purchasing Governmental Association

Second Amended and Restated Bylaws

Adopted May 17, 2005

1. Purpose

The members (the "Members") of Virginia Energy Purchasing Governmental Association ("VEPGA") are local governments and other political subdivisions of the Commonwealth of Virginia that have formed a joint powers association pursuant to the VEPGA Joint Powers Association Agreement dated February 1, 2002 (the "JPA Agreement"). The Members have formed VEPGA to further their economic interests in the aggregation and procurement of electricity supply, electricity delivery, and other energy-related services. Only an organization that is a political subdivision of the Commonwealth of Virginia may be a member of VEPGA.

The purchase of competitive electricity supply services, including generation, transmission, ancillary, and billing services related to such competitive electricity supply services, ("Electricity Supply Services") on an aggregated basis for accounts whose local electricity distribution company is Virginia Electric and Power Company d/b/a Dominion Virginia Power ("Virginia Power accounts") shall be a core function of VEPGA ("Core Function"), except that Core Functions shall not encompass the purchase of "green power" or "green tags" or any other activity used to address environmental compliance issues (collectively, "Environmental Compliance Activities").

Another Core Function shall be the provision of services previously provided by the Virginia Power Steering Committee of the Virginia Municipal League and the Virginia Association of Counties (the "Steering Committee"). These services shall be referred to herein as the "Steering Committee Services." For those Members whose local electricity distribution company is not Virginia Power, the Steering Committee Services may be structured to accommodate the services to be provided by VEPGA regarding such Member's local electricity distribution company.

The purchase of other energy-related services (including but not limited to Environmental Compliance Activities) shall be non-core functions of VEPGA ("Non-Core Functions"), to the extent Non-Core Functions are permitted by law. All Members must participate in Core Functions on the terms and conditions specified in these Bylaws. Any Member may participate in a Non-Core Function on an opt-in basis.

2. Core Functions

The board of VEPGA (the "Board") shall have the authority to act as each Member's agent for Core Functions relating to all Virginia Power accounts for which a Member is responsible for procuring energy services ("Accounts"). The Board shall

also have authority to undertake the following as each Member's agent for Core Functions:

- (a) evaluation of offers for Electricity Supply Services for some or all of the Accounts (with such assistance from consultants and attorneys as the Board deems appropriate),
- (b) award of one or more contracts for Electricity Supply Services for some or all of the Accounts,
- (c) administration of contracts for Electricity Supply Services for some or all of the Accounts, and
- (d) provision of Steering Committee Services.

VEPGA's procurements shall be in compliance with applicable provisions of the Virginia Public Procurement Act, including any exemptions thereto. During the period in which the Accounts are subject to capped rates or default service under Virginia law, VEPGA shall award contracts to a competitive supplier only when (a) the cost of supply offered by such a supplier is projected to be lower than the projected cost that would otherwise pertain when applying the incumbent utility's or default service provider's supply rate under which an Account would otherwise be served, or (b) the contract would otherwise be projected to lower the Account's costs as compared to alternatives over the reasonably relevant time frame.

Each contract awarded by VEPGA for one or more Accounts of a Member shall constitute a contract between a Member and the supplier of services under that contract, and VEPGA shall not be deemed to be party to such contract. The Chair or the Vice-Chair of VEPGA shall execute each contract on behalf of the Member, and the Member, subject to annual appropriations, shall purchase the services for its Account in accordance with the contract. A copy of each such contract shall be provided by VEPGA to each Member as applicable.

3. Non-Core Functions

The Board shall have the authority to appoint one or more subcommittees to recommend what Non-Core Functions VEPGA will undertake and to determine how Members may elect to participate in such functions and how participating Members will fund such functions. Participation in as well as payment for any Non-Core Function will be done only on an opt-in basis. Such Non-Core Functions may include, but are not limited to, Environmental Compliance Activities, metering services, billing services (except for generation billing services), economic load curtailment services, and efficiency and managing services.

4. Membership Fees

Each Member shall, subject to annual appropriations, submit to VEPGA payment for its pro rata share of VEPGA's budget for the Core Functions applicable to each Member. Such pro rata share shall be based upon each Member's energy consumption or upon such other equitable method of funding as may be determined from time to time by the Board.

Each Member that participates in Non-Core Functions shall, subject to annual appropriations, submit to VEPGA payment for its fees for such Non-Core Functions, as such fees are determined and billed by the Board.

VEPGA shall normally assess Members for Core Function fees by May 31st of each year, and such fees shall be due and payable by August 1st of each year. VEPGA may assess Members for Core Functions more than once a year only under extraordinary and unanticipated circumstances.

5. Budget and Fiscal Year

The Board shall adopt by May 31st of each year an annual budget for the upcoming fiscal year, including anticipated receipts and expenditures in such detail as the Board may deem appropriate. The fiscal year of VEPGA shall be from the first day of July in each year until the thirtieth day of the following June, both inclusive.

6. Members

(a) Approval of New Members

The Board shall receive applications for membership from prospective new Members of VEPGA and shall consider such applications for membership in accordance with procedures established by the Board for admission of new Members to VEPGA.

(b) Termination of Membership

After 30 days written notice to the Member, the Board may terminate the membership of any Member who fails to pay its membership fees, comply with these Bylaws, the JPA Agreement, or other rules and regulations for Members, as established from time to time by the Board.

(c) Withdrawal of Members

In accordance with the JPA Agreement, a Member may withdraw from VEPGA (a) effective upon July 1 of any calendar year if written notice has been given to VEPGA

by March 1 of that calendar year, or (b) effective upon notice by a Member to VEPGA that the Member is withdrawing on or after the effective date of a Bylaw amendment; provided, however, that any Accounts of a withdrawing Member that are participating in any contract awarded by VEPGA shall continue to participate in such contract until such contract has expired or has been terminated in accordance with the terms of such contract.

(d) Meetings of Members

The Members shall meet annually, on such date and at such time and place as shall be designated by the Board. Special meetings of Members may be held at such time and place as shall be designated in the notice thereof upon call of the Board, the Chair of the Board, or not less than 10% of Members.

(e) Notice of Meetings

Notice of the annual meeting and any special meeting of Members shall be posted in the office of the Chair of the Board and shall be given at least 5 days in advance by any means reasonably calculated to convey such notice to the designated representative ("Designated Representative") of each Member identified on the Member list maintained by the VEPGA Secretary/Treasurer (the "Member List"), including distribution of such notice via first class mail, facsimile, e-mail, or as otherwise may be required by law. For each Member, the Member List shall set forth name and contact information for the principal Designated Representative of each Member and may also contain such information for individuals that may serve as the alternate Designated Representatives in the absence of the principal Designated Representative. Whenever a Member designates an alternate Designated Representative to represent the Member at a meeting and such alternate is not set forth in the Member List, the Member shall be responsible for ensuring that the Chair or the Secretary/Treasurer (or their designees) are informed of this designation.

(f) Voting by Members

Each Member shall have one vote which shall be cast by such Member's Designated Representative. Such Designated Representatives shall register with the Secretary/Treasurer or the Secretary/Treasurer's designee prior to any Members' meeting.

(g) Conduct of Meeting

The Chair of the Board shall preside over all meetings of the Members, except that in his absence, the Vice-Chair or another member of the Board shall preside. The

Secretary/Treasurer of the Board or the Secretary/Treasurer's designee shall act as secretary for all meetings of the Members.

At each annual meeting, the Chair or his designee shall report on the financial position of VEPGA. The Members shall also elect Board members as provided in Section 7(b) of these Bylaws.

(h) Quorum

Attendance by the lesser of (i) a simple majority of the Members or (ii) eight Designated Representatives shall constitute a quorum and when a quorum is present at any meeting, a majority of the Designated Representatives present may decide any question brought before such meeting except as otherwise provided by law or these Bylaws; provided, however, in the event a quorum shall not be present at an annual meeting of the Members, vacancies on the Board may be filled by vote of those Designated Representatives present.

7. Board

(a) Powers

The VEPGA shall be managed by a Board which may exercise all the powers of VEPGA except as otherwise provided by law or by these Bylaws. The Board may retain the services of such consultants, legal counsel, administrators, and others as the Board deems necessary or advisable in exercising such powers.

(b) Composition and Election of Board Members

The initial Board shall be composed of those individuals listed in Schedule A to the JPA Agreement, who shall serve initial terms of approximately one, two, or three years as indicated on such schedule. Thereafter the Board shall be elected in accordance with these Bylaws at annual meetings of the Members during which approximately one-third of the Board shall be elected each year to serve for a term of three years, or until such Board member's successor is elected and qualified. For example, if the initial Board consists of fifteen members, then (unless the Members adopt a resolution revising the size of the Board) at the annual meeting following the expiration of the initial one-year term for five Board members, the Members shall elect five Board members to serve three year terms.

The Members may, pursuant to a resolution adopted at their annual meeting or at a special meeting, decrease the size of the Board to as little as two Board members or increase the size of the Board to as many as fifteen Board members. If the resolution decreases the size of the Board in a manner that would require the term of currently

serving Board members to be shortened, then the resolution shall identify those Board members whose terms are shortened. If the resolution revises the size of the Board to a number that is not divisible by three, then the resolution shall identify how the election of approximately one-third of the Board on an annual basis will proceed.

In the event the Members fail to elect Board members pursuant to this Section 7(b) or to fill vacancies as specified in Section 6(h) of these Bylaws, Board members currently serving whose terms have not at such time expired shall as soon as practical fill all vacancies on the Board for the ensuing year.

Not less than 30 days prior to each annual meeting, the Board shall solicit the names of candidates from the Members for Board members to be elected at the annual meeting of the Members. Such candidates shall be considered by the Board in making its nominations for new Board members. Nominations may also be made by Members from the floor of the annual meeting of the Members.

(c) Resignation or Termination of a Board Member

A Board member may resign from all duties and responsibilities as a Member of the Board at any time by written notice delivered to the Chair or Secretary/Treasurer of the Board. Such notice shall state the date said resignation shall take effect and such resignation shall automatically take effect on such date unless a successor Board member shall have been selected at an earlier date in which event such resignation shall take effect immediately upon the selection of the successor Board member.

The term of a Board member selected by the Members pursuant to Section 7(b) of these Bylaws or appointed by the Board pursuant to Section 7(d) of these Bylaws shall be terminated by the Board if such Board member no longer represents a local government or other political subdivision which is a Member of VEPGA, or may be terminated by the Board if such Board member misses one half of the meetings held during VEPGA's fiscal year.

Board members, upon resignation or termination for any reason, shall forthwith turn over and deliver to the Chair of the Board or his designee any and all records, books, documents or other property in the possession or under the control of such Board member which belongs to VEPGA.

(d) Vacancies

Any vacancy occurring on the Board other than a vacancy caused by an expired term (except as otherwise may be expressly provided herein) may be filled by the affirmative vote of a majority of the remaining Board members present and voting at a meeting at which a quorum is present. In cases where vacancies are filled by the

remaining Board members, the Board may, but need not, solicit nominations from the Members.

(e) Meetings

Regular meetings of the Board shall be held at least once a year at such location as is acceptable to a majority of the Board. The Board may provide, by resolution, the time and place for holding the regular meetings.

Special meetings of the Board shall be held on the call of the Chair, Vice-Chair, or any two other Board members. The Chair of the Board or his designee shall set the date, time and location of each meeting so that the meeting will take place within 60 days of receipt of such call.

The Secretary/Treasurer of the Board or the Secretary/Treasurer's designee shall act as secretary for all meetings of the Board.

(f) Quorum

At any meeting of the Board, a majority of the Board members then in office shall constitute a quorum.

(g) Action at Meeting

At any Board meeting at which a quorum is present, the vote of a majority of the Board members present shall be sufficient to decide any matter, unless a different vote is specified by law or by these Bylaws.

(h) Committees

The Board may create one or more committees and fix the number of Board members to serve on them. Each committee may have one or more members, who serve at the pleasure of the Board. Committees may have such powers and duties as may be designated by the Board, except that they may not fill vacancies on the Board or any of its committees; may not adopt, amend or repeal these Bylaws; and may not authorize or approve distribution of any of the funds of VEPGA, except according to formula or method previously prescribed by the Board.

(i) Liability of Members

In accordance with the JPA Agreement, the Board shall not create or incur any liability for the Members, jointly or severally, other than in the following instances, which shall be subject to annual appropriation: (i) the costs incurred by any Member

for payments under contracts signed by the Chair or Vice-Chair on behalf of VEPGA as the Member's agent or (ii) the pro rata share of the budget or the membership fees or, if applicable, the fees for non-Core functions, imposed for a Member's participation in VEPGA. No Member shall be liable or responsible for any payments owed under any contracts by any other Member.

(j) Liability of Board members and Officers

VEPGA may provide officers and directors insurance for its Board members and officers, and will also indemnify such officers and Board members for any deductibles associated with such insurance coverage.

8. Officers

(a) Number, Election, and Term

As soon as practical after the annual meeting of Members and the election of Board members, the Board members shall elect a Chair, Vice-Chair, and Secretary/Treasurer.

Each officer shall hold office for one year and until such officer's successor is duly elected and qualified, or until such officer's death, resignation, or removal. Each officer shall perform the duties set forth in these bylaws and shall comply with such other conditions as from time to time may be required by the Board.

(b) Removal

Any officer elected by the Board may be removed, with or without cause, by the Board.

(c) Vacancies

A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board for the unexpired portion of the term.

(d) Chair

The Chair shall direct the operations of VEPGA and shall perform all other duties incident to such office.

(e) Vice-Chair

The Vice-Chair shall have the powers and duties incident to that office and shall have such other powers and duties as may be prescribed from time to time by the Board.

(f) Secretary/Treasurer

The Secretary/Treasurer shall be responsible for insuring the recordation of the minutes and for preparing and maintaining custody of the minutes of all meetings of the Members, the Board, and when required, of all standing committees. The Secretary/Treasurer shall also serve and give all notices of VEPGA and shall be responsible for responding to Freedom of Information Act requests. The Secretary/Treasurer shall be the custodian of the records and such other books, records, and papers as the Board may direct; authenticate the records of VEPGA; and perform such other duties as may be incident to such office or as prescribed by the Board.

The Secretary/Treasurer shall see that regular and full accounts are maintained and that proper financial reports are made to the Board. The Secretary/Treasurer shall have such other powers and perform such other duties as are assigned to the Secretary/Treasurer by these Bylaws or as may be assigned to the Secretary/Treasurer by the Board or the Chair. The Board may require that the Secretary/Treasurer give bond to VEPGA, with sufficient sureties, conditioned on the faithful performance of the duties of the Secretary/Treasurer.

9. Contracts, Loans, Checks, and Deposits

(a) Contracts

Either the Chair or the Vice Chair may execute contracts on behalf of and in the name of VEPGA. The Board may authorize any other officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of VEPGA, and such authority may be general or confined to specific instances.

(b) Loans

No loans shall be contracted on behalf of VEPGA and no evidence of indebtedness shall be issued in its name unless authorized by the Board.

(c) Checks, Drafts, etc.

All checks, drafts, bills of exchange and other negotiable instruments (except promissory notes) of VEPGA connected therewith shall be signed by the Chair, Vice-Chair, the Secretary/Treasurer, or by such other officer or agent of VEPGA as may be authorized so to do by the Board.

(d) Deposits and Investments

All funds of VEPGA not otherwise employed shall be deposited from time to time in such banks or other depositories as the Board may select or invested as allowed under state law.

10. Termination of Association

In accordance with the JPA Agreement, VEPGA may be terminated at any time upon the concurrence of all Members at the time of such termination.

In the event of termination of VEPGA, the remaining funds available to VEPGA, after providing for all outstanding obligations, shall be distributed to Members at the time of such termination through a formula determined by the Board.

11. Notices

Unless otherwise provided for in these Bylaws, any notices, approvals, requests, consents and other communications required by these Bylaws shall be deemed to have been given when delivered in person, by fax, by E-mail or by first class mail, addressed to the principal Designated Representative of a Member on the Member List maintained by the Secretary/Treasurer. In addition, the Board may utilize a website or similar method to inform Members of VEPGA meetings, Board nominations, requests for proposals, contract awards, and other matters of interest to Members.

12. Amendments

These Bylaws may be amended at any time by the concurrence of two-thirds of the Board or two-thirds of the Members as long as (a) such amended Bylaws are consistent with the JPA Agreement and (b) Members shall have the right to withdraw from VEPGA prior to the effective date of such amendment. The Board, at least 30 days prior to the adoption of amended Bylaws, shall make a copy of such proposed amended Bylaws available to Members.

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