



September 24, 2019

Ms. Susan M. Hafeli, Chair,
Virginia Energy Purchasing Governmental Association
Office of Environmental and Energy Coordination
12000 Government Center Parkway, Suite 330
Fairfax, Virginia 22035

Re: Side Letter Agreement

Dear Ms. Hafeli:

Virginia Electric and Power Company (“Dominion Energy Virginia” or the “Company”), a Virginia public service company, and the Virginia Energy Purchasing Governmental Association (“VEPGA”), on July 31, 2019, entered into an Agreement in Principle (“Agreement in Principle”) for an agreement under which Dominion Energy Virginia will provide electric service to the accounts of VEPGA members (“VEPGA Customers”) for a period beyond the Agreement dated August 1, 2014, that has been amended nine times and that, pursuant to a one-year extension and a subsequent one-month extension, is scheduled to terminate on July 31, 2019 (“2014 Contract”).

The Agreement in Principle sets forth matters to be addressed in an agreement under which Dominion Energy Virginia will provide electric service to the accounts of VEPGA members (“VEPGA Customers”) for a period beyond the 2014 Contract. Such agreement shall become effective on August 1, 2019, and shall terminate on June 30, 2022 (“2019 Contract”). In the Agreement in Principle, the Company and VEPGA agreed that the 2019 Contract would be accompanied by a side-letter agreement, and this document constitutes that side letter agreement.

For good and valuable consideration, the Company and VEPGA agree to the following terms of this side-letter agreement:

1. The Company agrees to arrange and host contract refresher meetings in the Northern, Central, and Eastern Regions during the fall of 2019.
2. The Company agrees that it will, in a timely fashion, submit for VEPGA’s consideration prior to the negotiations for the next contract, a comprehensive rate design proposal for base rates that assumes for purposes of the proposal no overall revenue increase or decrease. This proposal will address the following:

- a. a gradual shift in revenues from generation rates to distribution rates;
 - b. gradual movement of classes toward parity; and
 - c. how items a and b will impact VEPGA accounts grouped by each VEPGA member (i.e., impact on Fairfax County Government accounts, impact on Virginia Beach Government accounts, etc.).
3. The Company agrees to work with VEPGA during the terms of the 2019 Contract to establish a mechanism for memorializing Joint Action Committee (“JAC”) agreements.
4. The Company agrees that it will hold discussions with VEPGA during the term of the 2019 Contract regarding pedestrian lighting, distributed antenna systems (“DAS”) income-sharing, and street light banners. This does not imply a position by Dominion Energy Virginia on those items.
5. The parties agree to discuss in future negotiations that the depreciation expense and other costs related to plant that has since been identified as impaired plant was included in the revenue requirement contemplated by the 2019 Contract. In such future negotiations, VEPGA will consider the Company’s proposal for handling its recovery of any remaining unrecovered balance and the recovery of unrecovered balances of any plant that is deemed to be impaired for a future date. This does not imply a position by VEPGA on these items.

NEXT STEPS


Please find enclosed two originals of the foregoing side letter agreement. Kindly signify VEPGA’s agreement to this correspondence by signing it on behalf of VEPGA and returning one fully executed document to my attention, keeping the other for your records.

SIGNATURE PAGE TO FOLLOW

Ms. Susan M. Hafeli
September 24, 2019
Page 3

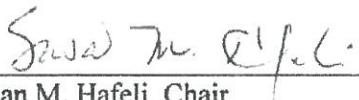
Sincerely,

VIRGINIA ELECTRIC AND POWER COMPANY

By: 
Robert J. Trexler, Director – Regulation

ACCEPTED AND AGREED:

VIRGINIA ENERGY PURCHASING GOVERNMENTAL ASSOCIATION

By: 
Susan M. Hafeli, Chair

cc: Horace P. Payne, Jr.
Robert J. Trexler
Paul B. Haynes
Paul McLeod
Jerri Northedge
Susan J. Hollcroft
Timothy P. Stuller, Jr.
Rick Raike
Glenn Watkins
Louis R. Monacell
Cliona Mary Robb

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