



December 29, 2010

Andrew J. Evans
Managing Director--Cost Allocation and Pricing
Dominion Virginia Power
701 East Cary Street
Richmond, Virginia 23219

Re: Process for Addressing Systemic JAC and Terms & Conditions Issues

Dear Andy:

I am writing as Chair of the Virginia Energy Purchasing Governmental Association ("VEPGA") to establish a process for addressing systemic issues related to the Joint Action Committee (JAC) and the Terms & Conditions related to the *Agreement for the Provision of Electric Service to Municipalities and Counties of the Commonwealth of Virginia from Virginia Electric and Power Company*, to be effective as of January 1, 2011 ("Agreement"). Such Agreement will be effective from January 1, 2011 through June 30, 2014 ("Term"): the Agreement has not yet been finalized, but VEPGA and Dominion Virginia Power have addressed key issues in their Agreement in Principle effective as of December 29, 2010.

As part of the contract negotiations for the Agreement, VEPGA agreed to defer addressing certain issues related to the JAC and the Terms & Conditions on the understanding that these issues would be dealt with during the term of the Agreement and, as necessary, addressed by amending any future agreement between VEPGA and Virginia Power that will be effective after the expiration of the Term ("Future Agreement").

Accordingly, Jerry Riddick on behalf of VEPGA and the JAC and Johnny Harris on behalf of Dominion Virginia Power and the JAC (or other personnel as appropriate) will, during the course of the contract, endeavor to address the following:

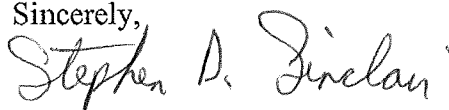
1. consider issues raised by the JAC process that indicate that there is a systemic problem rather than isolated incidents and resolve such issues via the JAC process, where feasible, including Johnny Harris keeping Dominion Virginia Power's subject matter experts and appropriate management informed and Jerry Riddick keeping VEPGA's Policies and Procedure Committee informed,
2. to the extent that such resolution via the JAC pursuant to item 1 above is not satisfactory to VEPGA, Jerry Riddick will bring such issues to the attention of VEPGA's Policies and Procedures Committee, which will be responsible for vetting such issues and determining whether they need to be resolved by the Dominion Virginia Power and VEPGA negotiating team well in advance of the

expiration of the term of the Agreement for implementation in any Future Agreement.

3. other issues deemed beyond the scope of the JAC, that will include but are not limited to the items below, which as necessary would be addressed by VEPGA through its Policy and Procedures Committee and subsequently forwarded directly to Dominion Virginia Power through its contract negotiation team:
 - a. consider whether changes are needed to bring the level of service regarding construction matters provided to VEPGA's Northern Virginia members (e.g., Fairfax County, Arlington, Loudoun County) up to the level of service provided to VEPGA's members in the Hampton Roads area (e.g. Norfolk, Chesapeake), including
 - i. confirmation that VEPGA members are first addressing service issues via their Virginia Power key account representatives,
 - ii. a meeting on or before March 2, 2011 with the Virginia Power key account representatives for Northern Virginia and interested VEPGA members from Northern Virginia to discuss service issues and steps to resolve such issues, and
 - iii. consider whether service issues could be addressed by expanding the extent to which VEPGA members handle some or all civil engineering, civil construction, and electrical construction aspects of a project.
 - b. consideration of revisions to the Terms & Conditions for a Future Agreement that are raised by VEPGA members or by Dominion Virginia Power, such as updating TERF, updating the Schedule C excess facilities charges, addressing old street lights being removed in close proximity to areas where new streetlights have recently been installed, clarifying and simplifying the construction provisions of the Terms & Conditions, and
 - c. determine how to expand the electronic billing options available to VEPGA customers, including consideration of what industry practices are for utilities that offer electronic billing option other than EDI transfers.

Please signify Dominion Virginia Power's agreement to the foregoing process by signing duplicate originals of this letter agreement and returning one executed letter to me.

Sincerely,



Stephen D. Sinclair,
VEPGA Chair

Mr. Andrew J. Evans

December 29, 2010

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ACCEPTED AND AGREED:

VIRGINIA ELECTRIC AND POWER COMPANY

By: Andrew J. Evans
Andrew J. Evans
Managing Director--Cost Allocation and Pricing

cc: Mr. Kurt W. Swanson
Ms. Bonnie Horton
Mr. Horace Payne
Mr. Paul N. Proto
Mr. Glenn Watkins
Louis R. Monacell, Esq.
Cliona Mary Robb, Esq.