

**AMENDED AND RESTATED
AGREEMENT FOR THE PROVISION OF
ELECTRIC SERVICE TO MUNICIPALITIES
AND COUNTIES OF THE
COMMONWEALTH OF VIRGINIA FROM
VIRGINIA ELECTRIC AND POWER COMPANY**

THIS AMENDED AND RESTATED AGREEMENT (“Agreement”) is made and entered into this 8th day of March, 2011, effective retroactively to January 1, 2011 (the “Effective Date”), by and between the **VIRGINIA ENERGY PURCHASING GOVERNMENTAL ASSOCIATION**, a joint powers association representing member units of political subdivisions of the Commonwealth of Virginia (“VEPGA”), and **VIRGINIA ELECTRIC AND POWER COMPANY**, a Virginia public service corporation (“Dominion Virginia Power” or the “Company”). VEPGA and Dominion Virginia Power may hereafter be referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on June 25, 2007, the Parties entered into the *Agreement for the Provision of Electric Service to the Municipalities and Counties of the Commonwealth of Virginia from Virginia Electric and Power Company* (the “2007 Agreement”) wherein VEPGA agreed, among other things, to bind its members to select Dominion Virginia Power as their sole provider of retail electric service for the duration of the 2007 Agreement, and to the rates, terms and conditions of the 2007 Agreement; and

WHEREAS, the 2007 Agreement was set to expire on December 31, 2010; and

WHEREAS, on December 29, 2010, the Parties signed an Agreement in Principle Letter that set forth the basis and terms by which a formal Amended and Restated Agreement, effective



January 1, 2011, is to be drafted and executed by the Parties by March 8, 2011; and

WHEREAS, in the aforementioned Agreement in Principle Letter, the Parties agreed that the provisions and terms set forth therein would be incorporated into the Amended and Restated Agreement; and

WHEREAS, the aforementioned Agreement in Principle Letter stated the rates and riders that are to be billed to VEPGA from January 1, 2011, through and including March 31, 2011.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties contract and agree as follows:

A. PURCHASE AND SALE

1. EXCLUSIVE PROVIDER OF ELECTRIC SERVICE

VEPGA covenants and agrees that it will take all actions necessary to bind its members (a) to select Dominion Virginia Power as their sole provider of retail electric service (as defined in section A.2 below) for the duration of the Term of this Agreement (as defined in section B. below), and (b) to the rates, terms and conditions of this Agreement. It is understood and agreed, however, that VEPGA will not bind its members with respect to matters addressed now in any addenda or account-specific subjects under the 2007 Agreement or in the future in any addenda or account-specific subjects under this Agreement; such addenda or account-specific subjects may include selection of rate schedules, determination of applicable accounts, contract minimum specifications, or terms of service unique to specific connection points.

Any addenda or account-specific subjects addressed in conjunction with the 2007 Agreement shall remain in effect except that on and after January 1, 2011, any references to the 2007 Agreement shall, as appropriate, be deemed to encompass this Agreement. Nothing in this Agreement shall be construed as precluding Dominion Virginia Power or Customer (as defined in Section 2 of this Agreement) from entering into a separate contract for services of a special nature.

2. PURCHASES FROM THE COMPANY

Each of VEPGA's members that have been bound pursuant to Section A.1 of this Agreement above (the "Customer") will purchase from Dominion Virginia Power, and Dominion Virginia Power will sell to the Customer, pursuant to the provisions of this Agreement and the Rate Schedules and Terms and Conditions for the Provision of

Electric Service to Municipalities and Counties, attached hereto as Attachment A (for riders effective January 1, 2011, through March 31, 2011, and for rate schedules and Terms and Conditions effective July 1, 2007, through March 31, 2011) and Attachment B (for riders, rate schedules, and Terms and Conditions effective April 1, 2011), and made a part hereof, the services requested by the Customer (including the service being furnished on the Effective Date) within the territory served by the Company in the Commonwealth of Virginia. VEPGA members as of the Effective Date are listed on Attachment C to this Agreement.

For purposes of this Agreement, "electric service" includes the provision by Dominion Virginia Power to the Customer of electric delivery service, electricity supply service, related utility services, and – where applicable – the interconnection of electric generators with the Company.

3. PURCHASES FROM THE CUSTOMER

The Company will purchase electricity from the Customer's generating facilities under a separate agreement in accordance with the Public Utility Regulatory Policies Act of 1978 (PURPA) and the federal and Virginia rules that implement PURPA, if the generating unit qualifies for such treatment. The Customer may participate in any formal Company solicitation for capacity and energy based on the Company's needs. The Customer also may contract for the sale of electricity to the Company in accordance with the availability, pricing, and terms and conditions of the Company's Virginia Schedule 19 and applicable terms and conditions of contracts for the sale of electricity to the Company, except that sales of electric service from Dominion Virginia Power to the Customer shall be made in accordance with this Agreement. The Company's Virginia Schedule 19 is on file with the State Corporation Commission of Virginia ("SCC") as part of the Company's Terms and Conditions and Schedules for the Provision of Electric Service.

Notwithstanding the preceding paragraph, if PURPA is repealed, or if other changes or modifications occur (or, prior to the Effective Date, have occurred) to the laws or rules affecting Dominion Virginia Power's obligations to purchase electricity or the conditions of sale related thereto, Dominion Virginia Power shall revise its practices to be consistent with such changes and may, at its option, elect to no longer enter into agreements for the purchase of electricity from the Customer to the extent permitted by applicable law and rules.

B. TERM

1. The term of this Agreement (the "Term") shall be from January 1, 2011, through June 30, 2014.
2. Notwithstanding Section B.1., above, VEPGA may exercise its right to provide notice to Dominion Virginia Power to terminate the Agreement early in accordance with Section K., below.

C. BASE RATES AND CHARGES, RATE ADJUSTMENT CLAUSE RATES AND CHARGES, AND TERMS AND CONDITIONS**1. BASE RATES AND CHARGES**

The Parties agree to a base rate increase of \$4.633 million.

- a. From January 1 through March 31, 2011, the base rates from the 2007 Agreement (included in Attachment A, attached hereto) continue to be billed to VEPGA, while the Company bills VEPGA the \$4.633 million base rate increase through Rider BR-CM on either a per kilowatt-hour or per kilowatt basis, depending upon the rate schedule.
- b. Effective April 1, 2011, new rate schedules, which include the \$4.633 million increase in base rates – less the embedded transmission revenues of approximately \$10.155 million – replace Rider BR-CM. Such rate schedules are effective from April 1, 2011, through June 30, 2014 (to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below) and which are included in Attachment B that is attached to this Agreement..
- c. Effective April 1, 2011, certain rate schedules include other rate design changes as mutually agreed and as included in Attachment B.
- d. Any use of electric service for which no schedule of charges is shown will be supplied in accordance with Schedule 100 – Miscellaneous Light and Power Service.
- e. Prior to this Agreement, Dominion Virginia Power kept VEPGA and Metropolitan Washington Airport Authority ("MWAA") nuclear decommissioning revenue requirements in separate accounts. During the Term of this Agreement, the Parties agree to continue to keep the VEPGA and MWAA nuclear decommissioning revenue requirements in separate accounts. As of January 1, 2011, VEPGA's nuclear decommissioning status is fully funded; however, MWAA's nuclear decommissioning status is under-funded by the annual revenue requirement, as

listed below:

- Surry 1 \$ 22,399
 - Surry 2 \$ 25,571
 - North Anna 1 \$ 16,765
 - North Anna 2 \$ 17,104
- TOTAL** \$ 81,839.

f. The base rates do not include any nuclear decommissioning costs, since the nuclear decommissioning status of the VEPGA and MWAA accounts when combined is fully funded. Future electric service agreements between VEPGA and Dominion Virginia Power will include the separate under-funded amounts in the VEPGA and MWAA nuclear decommissioning accounts until such time that VEPGA authorizes Dominion Virginia Power to combine the VEPGA and MWAA nuclear decommissioning funding levels. Until that notification is received, Dominion Virginia Power will continue to track VEPGA’s and MWAA’s nuclear decommissioning funds separately.

2. BEAR GARDEN AND VIRGINIA CITY HYBRID ENERGY CENTER RATE ADJUSTMENT CLAUSES

Rate adjustment clauses to recover Dominion Virginia Power’s costs associated with the Bear Garden Generating Facility (“Bear Garden”) and the Virginia City Hybrid Energy Center (“VCHEC”) are effective for VEPGA and are billed to VEPGA by Dominion Virginia Power through the VEPGA riders described below:

Rider	Description	Initial and Update Effective Dates in 2011	Annualized Revenue Requirement
R-CM	Bear Garden	January 1, 2011 – March 31, 2011	\$ 3.347 million
		April 1, 2011 – June 30, 2012	\$ 5.336 million
S-CM	VCHEC	January 1, 2011 – March 31, 2011	\$10.087 million
		April 1, 2011 – June 30, 2012	\$11.307 million

- a. VEPGA Riders R-CM and S-CM are designed on a per-kilowatt-hour or per-kilowatt-basis, depending upon the rate schedule.
- b. The rates for VEPGA Riders R-CM and S-CM, effective January 1, 2011, through and including June 30, 2012, are based on the revenue requirements shown in the above table.



- c. Beginning on July 1, 2012, and continuing during 2013 and 2014 (reference to “2013 and 2014” to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below), VEPGA Riders R-CM and S-CM shall be determined in accordance with the following:
- 1) The revenue requirements for VEPGA Riders R-CM and S-CM will be consistent with the Riders R and S revenue requirements filed with the Virginia State Corporation Commission (“SCC”) for Virginia Jurisdictional customers and ultimately trued-up using their most recent SCC Final Orders for Riders R and S.
 - 2) An 11.3 percent ROE without any further adder and a 5.5 percent generation demand allocation factor will be used. Dominion Virginia Power does not agree that the foregoing ROE represents its anticipated or actual cost of equity but accepts such ROE for the purpose of a global settlement of issues in contract negotiations.
- d. The revenue requirements will be comprised of projected costs for the rate year April 1 through March 31, and an annual deferral and true-up mechanism for the prior calendar year, consistent with the annual update for Virginia Jurisdictional customers.
- e. Beginning in 2012 and continuing during 2013 and 2014 (reference to “2013 and 2014” to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below), Dominion Virginia Power agrees to notify VEPGA in writing by January 25 of each year of the updated revenue requirements for VEPGA Rider R-CM and VEPGA Rider S-CM to become effective for billing to VEPGA at the same levels on the following July 1, pursuant to the provisions of Section L., below. Such riders shall go into effect subject to any adjustment, consistent with the Agreement, based on an audit by VEPGA.
- f. Page 1 of Attachment D shows the specifics of future filings for Riders R and S.
- g. Costs for Riders R and S will be allocated among VEPGA rate schedules using an allocation methodology of fifty percent (50%) energy and fifty percent (50%) demand to spread such costs among VEPGA rate classes, or as mutually agreeable to the Parties.

3. TRANSMISSION RATE ADJUSTMENT CLAUSE

A rate adjustment clause to recover Dominion Virginia Power’s costs associated with transmission (“Transmission”) is effective for VEPGA and is billed to VEPGA by Dominion Virginia Power through the Rider T-CM, as described below:

- a. Rider T-CM is designed on a per-kilowatt-hour or a per-kilowatt-basis, depending on the rate schedule.
- b. Rider T for Virginia jurisdictional customers is updated and approved for billing beginning with the usage on and after September 1 of each year. However, the Parties agree to defer the VEPGA Rider T-CM update for September 1, 2011, until January 1, 2012.
- c. The VEPGA Rider T-CM revenue requirement is consistent generally in methodology with the Rider T revenue requirement to be filed with the SCC each year during the Term of the Agreement.
- d. The allocation factors for VEPGA Rider T-CM shall be, during the Term, the 1 CP method currently in use in allocating the Network Integrated Transmission Service costs and the Transmission Enhancement costs. Other allocators are used to allocate other types of costs.
- e. The Parties agree to capture any differences between the VEPGA Rider T-CM rates and the annual update approved by the SCC for Virginia Jurisdictional in the deferral mechanism.
- f. The revenue requirements for Rider T-CM from January 1, 2011, through and including December 31, 2011, are as shown in the table below:

Rider	Description	Initial and Update Effective Dates in 2011	Annualized Revenue Requirement
T-CM	Transmission	January 1, 2011 – March 31, 2011	\$ 4.527 million ¹
		April 1, 2011 – December 31, 2011	\$14.682 million

¹This approximate revenue requirement of \$4.527 million is the full Transmission revenue requirement of \$14.682 million offset by the embedded Transmission revenue of approximately \$10.155 million.

- g. Beginning in 2012 and continuing during 2013 and 2014 (reference to “2013 and 2014” to be modified should VEPGA provide Early Termination Notice in accordance with Section K., below), Dominion Virginia Power agrees to notify VEPGA in writing by January 25 of each year of the updated revenue requirement for VEPGA Rider T-CM to become effective for billing to VEPGA at the same level on the following July 1, pursuant to the provisions of Section L., below.
- h. For Rider T-CM that will be effective January 1, 2012, the revenue requirement will be comprised of projected costs for the rate year September 1, 2011, through



August 31, 2012, and an update of certain costs incurred for the period January 1, 2011, through August 31, 2011, consistent with the annual update for Virginia Jurisdictional Rider T.

- i. For VEPGA Rider T-CM that will be effective July 1, 2012, and later, the revenue requirement will be comprised of projected costs for each rate year September 1 through August 31; an update of certain costs incurred for each period January 1 through August 31; and an annual deferral and true-up mechanism for the prior calendar year, consistent with the annual update for Virginia jurisdiction. In addition, VEPGA Rider T-CM effective July 1, 2012, will include an update reflecting the recovery of deferred costs from the September 1, 2011, through December 31, 2011, period.
- j. Page 2 of Attachment D shows the specifics of future Rider T filings.

4. FINANCIAL TRANSMISSION RIGHTS CREDIT

Dominion Virginia Power agrees to provide VEPGA with a \$7.4 million credit associated with Financial Transmission Rights ("FTR Credit") from the period of July 1, 2007, through and including June 30, 2009.

- a. For the period of January 1, 2011, through and including March 31, 2011, the FTR Credit is offsetting the increases in billing associated with Riders BR-CM, R-CM, S-CM, and T-CM.
- b. Dominion Virginia Power is providing the FTR Credit offset to VEPGA through Rider FTR-CM, which is designed on a per kilowatt-hour or a per kilowatt basis, depending on the rate schedule. For each rate schedule, the Rider FTR-CM rate is equal to the negative of the sum of the corresponding rates included in Riders BR-CM, R-CM, S-CM, and T-CM.
- c. After sufficient time to determine the difference between the FTR Credit and the actual amount credited to VEPGA Members through Rider FTR-CM during the period of January 1, 2011, through and including March 31, 2011, Dominion Virginia Power agrees to credit the remaining balance to VEPGA's current period fuel balance for Fuel Charge Rider A.

5. JANUARY 1, 2011, THROUGH AND INCLUDING MARCH 31, 2011 RIDERS

Included in Attachment A, attached hereto, is a tariff entitled *Selected Riders for Billing from January 1, 2011, Through and Including March 31, 2011, Municipal and County,* which includes VEPGA Riders BR-CM, R-CM, S-CM, T-CM, and FTR-CM, as described above.

6. FUTURE RATE ADJUSTMENT CLAUSES

In the event the Company receives SCC approval for any new rate adjustment clauses during the term of the Agreement, a comparable rate adjustment clause will be implemented in a similar manner for VEPGA, except as provided below:

- a. After SCC approval of any future rate adjustment clauses, the Company agrees to provide notice to VEPGA prior to the next January 25 of the revenue requirement for VEPGA that will become effective for billing to VEPGA at this same level on the following July 1, pursuant to the provisions of Section L., below.
- b. Future VEPGA-specific rate adjustment clauses will be updated in the same manner approved by the SCC for Virginia Jurisdictional customers.
- c. The ROE for any future VEPGA-specific rate adjustment clause to become effective during the term of the Agreement shall be based, during the Term of the Agreement, on an 11.3 percent ROE without any further adder and a 5.5 percent generation demand allocation factor for the respective rate adjustment clause. (Note: some rate adjustment clauses may have an allocation factor other than a generation demand allocation factor that will be used.) Dominion Virginia Power does not agree that the foregoing ROE represents its anticipated or actual cost of equity but accepts such ROE for the purpose of a global settlement of issues in contract negotiations.
- d. Dominion Virginia Power and VEPGA mutually agree that, except for advanced metering infrastructure ("AMI"), VEPGA chooses to opt-out of a renewable portfolio standard program and the demand-side management programs, during the Term of the Agreement. Should Dominion Virginia Power receive SCC approval to deploy AMI and associated programs, Dominion Virginia Power will develop, as appropriate, a similar rate adjustment clause(s) applicable to VEPGA in the same manner as approved by the SCC for Virginia Jurisdictional customers. The Company will provide written notice to VEPGA prior to the next January 25 of the revenue requirement for any VEPGA similar rate adjustment clause that will become effective for billing to VEPGA at the same level on the following July 1, pursuant to the provisions of Section L., below. However, any such rate adjustment clause will take into account any special circumstances and/or arrangements that may be unique to VEPGA.
- e. Costs for any future generation rate adjustment clauses will be allocated among VEPGA rate schedules using an allocation methodology of fifty percent (50%) energy and fifty percent (50%) demand to spread such costs among VEPGA rate classes, or as mutually agreeable to the Parties.
- f. All rate adjustment clauses shall go into effect subject to any adjustment, consistent with the Agreement, based on an audit by VEPGA.

7. TERMS AND CONDITIONS

The Terms and Conditions of service applicable from April 1, 2011, through and including June 30, 2014 (to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below) are included in Attachment B that is attached hereto.

D. FUEL RATES AND CHARGES

1. A zero-base annual fuel factor recovers fuel expenses and is subject to deferred accounting. Annual true-ups of any over- or under-recovery of the prior year's expenses are done during the next annual period for any over- or under-recovery balance.
2. The annual fuel factor for fiscal years runs from July 1 through June 30. The annual fuel factor existing as of December 31, 2010, that was established pursuant to the 2007 Agreement, continues to be in effect through June 30, 2011.
3. Beginning in 2012 and continuing during 2013 and 2014 (reference to "2013 and 2014" to be modified if VEPGA provides Early Termination Notice in accordance with Section K., below), Dominion Virginia Power agrees to notify VEPGA by January 25 of each year of the fuel rate to be included in Fuel Charge Rider A at this same level on the following July 1, pursuant to the provisions of Section L., below.
4. The annual fuel factor is established pursuant to the SCC's Definitional Framework for Virginia Electric and Power Company Fuel Expenses (as it may change from time to time). The fuel factor is adjusted to account for differences between Customers and jurisdictional customers due to differences in loss factors when determining allocation factors.
5. The annual fuel factor is subject to adjustment based on adjustments to the jurisdictional fuel factor pursuant to review by the SCC of the jurisdictional fuel factor. The annual fuel factor is subject to adjustment based on adjustments pursuant to an annual audit of the VEPGA fuel factor consistent with past practices.
6. Dominion Virginia Power provides monthly data to VEPGA, which includes actual fuel cost allocated to VEPGA members for the prior month, as well as the current amount in the local government deferral fuel account.

E. JOINT ACTION COMMITTEE

1. Dominion Virginia Power and the VEPGA Board agree to address a number of issues through a joint action committee ("JAC"). The JAC shall be composed of employees of

local governments who represent the collective interests of local governments under the direction of the VEPGA Board and Dominion Virginia Power employees. The Parties agree to undertake involvement in the JAC in good faith, with the overall objective of effecting positive changes in the related procedures of Dominion Virginia Power and the Customers that improve service to the Customers while improving the Company's ability to provide good service.

2. The parties to the JAC agree to assign representatives who are knowledgeable in the various areas addressed and are in a position to bring about change within their organizations. Neither the VEPGA Board nor the Company is committed to bring members to the table that are not matched by the faithful attendance of commensurate resources from the other. It is understood that the VEPGA representatives cannot mandate changes that VEPGA members are committed to follow. Nonetheless, the VEPGA representatives shall be empowered to commit with Dominion Virginia Power to a standardized set of procedures whereby problems encountered by Customers arising from their failure to follow the standardized procedures established by the JAC shall be interpreted by the VEPGA Board as problems incumbent on the particular Customer to correct.
3. The JAC (and/or any subcommittees as the JAC may establish) shall address the following issues:
 - a. The process of estimating, communicating cost, receipt of payment, scheduling, and constructing new services, primarily new street lights.
 - b. The adequate and timely maintenance of street lights.
 - c. The establishment of monthly billing or adjustments to billing in relation to items a. and b., above. This also will include discontinuation of billing for removed street lights.
 - d. The process of estimating, communicating cost, making payment, scheduling, communicating change orders, and constructing private work projects such as line relocations and the conversion of overhead lines to underground. This also will include initiatives to improve the information available to local governments regarding the actually incurred cost of projects where the local government's final charges depend on the actual project cost incurred by Dominion Virginia Power.
 - e. Other initiatives as the JAC may collectively decide to undertake.

F. REVISIONS TO AGREEMENT, RATES, TERMS AND CONDITIONS**1. REVISIONS TO THE AGREEMENT**

During the Term of the Agreement, VEPGA and Dominion Virginia Power mutually agree that the Agreement may be amended for the sole purpose of incorporating a light emitting diode ("LED") lighting rate schedule that is mutually agreeable to VEPGA and to Dominion Virginia Power. Dominion Virginia Power and VEPGA agree to form a LED joint task force of equal Dominion Virginia Power and VEPGA representatives to develop a LED lighting rate schedule. The task team will initially consider whether it is necessary to choose a standard LED fixture at this time.

2. REVISIONS TO THE RATE SCHEDULES

Dominion Virginia Power and VEPGA mutually agree to the following changes to the rate schedules included in Attachment B, attached hereto, effective for usage on and after April 1, 2011:

- a. To withdraw Rate Schedule CSCM;
- b. To add language to Rate Schedule 151 to stop billing under this rate schedule if the mercury vapor luminaire needs to be replaced with a sodium vapor luminaire;
- c. To refer to Rate Schedules 150 and SMH in Schedule 153;
- d. To delete from any rate schedule or other schedule all references to the inclusion of the base fuel of 1.247 cents per kWh in the Excess of Four Years Revenue calculation, pursuant to Section III of the Terms and Conditions;
- e. To add language to each rate schedule to clarify that each applicable kWh or kW shall be subject to all applicable riders.

3. REVISIONS TO THE TERMS AND CONDITIONS

Dominion Virginia Power and VEPGA mutually agree to the following changes to the Terms and Conditions included in Attachment B, attached hereto, effective April 1, 2011:

- a. To exclude the credit for the base fuel of 1.247 cents per kWh from the calculation for Additional Annual Revenue, as defined in Section III of the Terms and Conditions;

- b. To add a new Section III.N., entitled "Third Party Funding" to modify, as of July 1, 2011, the previous paragraphs of Section III. addressing when a third party and not the Customer (as defined in the Terms and Conditions included in Attachment B, attached hereto) provides funding for the installation of facilities in accordance with Section III. Such modifications include the following:
 - 1) Dominion Virginia Power only accepts payments from the Customer and not from a third party;
 - 2) Easements; and
 3. Issues during installation.
- c. To add language to Section III.H. to clarify when the Tax Effect Recovery Factor does not apply.
- d. To add language to Section IX.B stating that in cases of streetlight vandalism, Dominion Virginia Power has the right to remove the streetlight (1) if the VEPGA Member does not agree to the innovative solution(s) offered by the Company to reduce the vandalism and (2) if the VEPGA Member does not agree to accept financial responsibility for the material costs associated with replacing the luminaire.
- e. To increase the streetlight patrol charge, included in Schedule E, from \$37.75 to \$114.90.

G. USE OF CONTRACTORS

1. The general criteria used in evaluating the acceptability of contractors to perform work under Paragraph III.E.5 of the Terms and Conditions (included in Attachment B, attached hereto) are as set forth below. Dominion Virginia Power may change these criteria as it may deem appropriate, but shall not do so either unreasonably or without such prior written notice to the VEPGA Board or its successor as may be appropriate under the circumstances.
 - a. Have a person or persons designated for safety and training.
 - b. Assure there is a written safety program that is followed.
 - c. Assure there is a documented training program in place that is used to train workers appropriately.
 - d. Have an Experience Modification Rate (EMR) of less than one (1). For purposes of

this paragraph 1.d, an “EMR” is an insurance industry factor used to adjust workers’ compensation premiums based upon an insured’s past loss history and to evaluate a contractor’s safety performance.

- e. Assure compliance with all applicable federal, state and local regulations including, in particular, the following regulations and standards of the Occupational Safety and Health Administration (OSHA) of the United States Department of Labor: Part 1910, Subpart R, 29 CFR § 1910.269 (Occupational Safety and Health Standards for Electric Power Generation, Transmission and Distribution) and Part 1926 (Safety and Health Regulations for Construction) Subpart V (Power Transmission and Distribution), 29 C.F.R. §§ 1926.950 *et seq.*
- f. Inspect credentials and otherwise ensure that employees are qualified to work on voltages of fifty (50) volts and above.

Any disagreement in the field as to whether a particular contractor either (i) satisfies the foregoing criteria, or (ii) is acceptable to Dominion Virginia Power for the performance of work under Paragraph III.E.5 of the Terms and Conditions (included in Attachment B, attached hereto) shall be presented to and resolved by the Company’s Manager – Electric Distribution Construction, Contractor Management (and/or such Managers or business units as the Company may designate in writing from time to time), whose decision shall be final and conclusive. It is further understood and agreed that, in any and all events, the Company has the right, in its sole discretion, to decide that a particular contractor is unacceptable to perform work under Paragraph III.E.5 of the Terms and Conditions (included in Attachment B, attached hereto) for reasons not set forth in the foregoing criteria.

2. The following provides additional guidelines as to the general situations in which the Company would not require the use of Company-approved contractors. Irrespective of whether the contractor must be on the Company’s approved contractor list, all work involving facilities to be turned over to the Company must pass the quality and inspection requirements specified under such Paragraph III.E.5.
 - a. Any work performed on non-electrical facilities (*e.g.*, conduit, duct, manholes, vaults, pads, etc.), so long as the work is done on the facilities at a time when they are not owned by the Company.
 - b. Customer cleared right-of-way, where the Customer removes trees, vegetation, debris, and other obstructions from the path of new overhead or underground lines.
 - c. Customer-dug trench where the Company installs cable and backfills the trench. This will require close logistical coordination to avoid leaving the trench open for extended periods.

- d. Customer-dug trench where the Company installs the cable but the Customer backfills the trench. This arrangement will require both logistical coordination and inspection fees for Company personnel to observe the backfilling operation to assure appropriate backfill composition and backfilling methods.
- e. Repairs and restoration to sidewalks, streets, landscape, and other similar items.
- f. Other situations of a similar nature in which the Company agrees the work is of such limited scope and impact as to not require approval of the Customer's contractors.

The Company will require all work on electrical facilities to be performed by Company-approved contractors if such facilities are either owned by the Company, or will later be turned over to the Company.

3. If, after working in good faith with the Company's local personnel, any Customer encounters a perceived unreasonable denial of Customer-performed construction under Paragraph III.E.5. of the Terms and Conditions (included in Attachment B, attached hereto), such Customer shall contact the appropriate Electric T&D Projects Manager for that region, who shall investigate the Customer's concern and report back to the Customer in an expeditious manner with either (a) confirmation of the denial, with a general explanation of the reasons for denial, or (b) authorization for Customer-performed construction, as the Company's management may deem appropriate.

H. PUBLIC PROCUREMENT ACT

To the extent that the Virginia Public Procurement Act, Va. Code §§ 2.2-4300 *et seq.*, is applicable to this Agreement, the Company shall comply with Va. Code §§ 2.2-4311, 2.2-4312 and 2.2-4354. Failure to comply with these provisions shall not constitute grounds for termination of this Agreement.

I. GENERAL

1. Subject to Section A.1 of this Agreement, and except as otherwise specifically agreed to in writing, this Agreement supersedes as of its effective date both the 2007 Agreement and the Agreement in Principle, effective December 29, 2010, between VEPGA and the Company. This Agreement shall inure to the benefit of and be binding upon the successors or assigns of each of the Parties hereof.

2. This Agreement shall be binding upon the Customer and the Company and shall not be modified by any promise, agreement or representation of any agent or employee of the Company or VEPGA except in writing and executed by such a duly authorized official or officer.
3. The obligations of the Company and the Customer for service under this Agreement are subject to appropriations by Customer's governing body to pay for such service.
4. In the event any provision, or any part or portion of any provision of this Agreement shall be declared by a court of competent jurisdiction to be unlawful, invalid, void or otherwise unenforceable, the remainder of this Agreement shall be severable and remain enforceable. Only the provision (or part or provision thereof) so declared shall be considered unlawful, invalid, void or otherwise unenforceable.

J. ACCOUNTING METHODOLOGY

For the purpose of a global settlement of issues in contract negotiations, VEPGA accepts that for the Term of this Agreement, Dominion Virginia Power is including Construction Work in Progress ("CWIP") as a component of rate base for ratemaking purposes and has discontinued the accrual of Allowance for Funds Used During Construction ("AFUDC") with exception of AFUDC accrual related to riders prior to the implementation of new riders, as per Virginia jurisdictional rider methodology.

K. EARLY TERMINATION NOTICE

Notwithstanding Section B.1., above, on or before December 31, 2012, VEPGA shall have the right – at its sole option – to provide Dominion Virginia Power with a one-time early termination notice of this Agreement to become effective on July 1, 2013 ("Early Termination Notice").

Should VEPGA provide Dominion Virginia Power with Early Termination Notice, the Parties agree the Term shall be modified to January 1, 2011, through June 30, 2013.

L. CONFIDENTIALITY OF UPDATED RIDER AND FUEL REVENUE REQUIREMENTS

The Parties understand and agree that the updated riders and fuel revenue requirements information ("Riders and Fuel Information") to be provided by Dominion Virginia Power annually by January 25 of each year, as referenced in various sections, above, is being provided to VEPGA for its members to utilize for budgetary planning purposes. It is further understood and agreed that VEPGA and its members will treat the Riders and Fuel Information as confidential and that neither VEPGA nor its members will divulge the Riders and Fuel Information to a third party, unless required by law, until such time that the Riders and Fuel Information becomes public.

M. RIDERS CARRY FORWARD TO NEXT AGREEMENT

Provided VEPGA and Dominion Virginia Power agree to either extend the Agreement or execute a new agreement, the VEPGA Fuel Charge Rider A and the VEPGA rate adjustment clauses, which include Rider R-CM, Rider S-CM, Rider T-CM and any other rate adjustment clause(s) that may become effective for VEPGA (in accordance with Section C.6., above) at the beginning of a new agreement will be as established on January 25, 2014, until such riders are subsequently updated.

At the termination date of this Agreement, if the Parties do not mutually agree to either extend this Agreement or execute a new agreement, the Parties agree to develop a mutually agreeable procedure to credit or charge for any over- or under-recoveries as of the ending date of this Agreement for VEPGA Fuel Charge Rider A and the VEPGA rate adjustment clauses, which include Rider R-CM, Rider S-CM, Rider T-CM, and any other rate adjustment clause(s) that may be effective for VEPGA in accordance with Section C.6., above.

N. RENEWABLE ENERGY PROGRAM

Effective April 1, 2011, the Parties mutually agree to change the Monthly Rate for Renewable Energy Certificates ("MRR") in Rider G-CM (included in Attachment B attached hereto) and to provide Dominion Virginia Power with the right to change the MRR at any time with two month's notice to the Customer and VEPGA ("Flexible Pricing").

In addition, the Parties mutually agree that by January 1, 2012, VEPGA either will (a) request to continue with Flexible Pricing, pursuant to Rider G-CM for the twelve-month period beginning April 1, 2012, or (b) request a quote for a fixed-price ("Fixed Pricing") from Dominion Virginia Power for the purchase of renewable energy certificates, pursuant to Rider G-CM, for the twelve-month period beginning April 1, 2012. If VEPGA requests Rider G-CM Fixed Pricing, Dominion Virginia Power will provide to VEPGA by January 15, 2012, a quote for Fixed Pricing for the twelve month period beginning April 1, 2012. For the Rider G-CM Fixed Pricing to become effective on April 1, 2012, VEPGA must accept Fixed Pricing by February 1, 2012. The applicable of Flexible Pricing or Fixed Pricing, as elected by VEPGA, will become effective for the twelve-month period beginning April 1, 2012.

Beginning in 2013 and continuing in 2014 (reference to "2013 and 2014" to be modified should VEPGA provide Early Termination Notice in accordance with Section K., above), by January 1, VEPGA either will request, pursuant to Rider G-CM, to continue with the applicable of Flexible Pricing or Fixed Pricing or request a quote for the alternate of Flexible Pricing or Fixed Pricing. If VEPGA requests a quote, Dominion Virginia Power will provide the quote by the following January 15. If VEPGA wants to change the pricing method, pursuant to Rider G-CM, VEPGA must accept the quote by the following February 1. The applicable of Flexible Pricing or Fixed Pricing, as elected by VEPGA, will become effective for the twelve-month period beginning the following April 1.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

VIRGINIA ELECTRIC AND POWER COMPANY

BY: Thomas P. Wohlfarth
Thomas P. Wohlfarth
Senior Vice President – State Electric Regulation

VIRGINIA ENERGY PURCHASING GOVERNMENTAL ASSOCIATION

BY: Stephen D. Sinclair
Stephen D. Sinclair
Chair