

SPSA RESPONSE

Regional Office
723 Woodlake Drive, Chesapeake, VA 23320
phone: (757) 420-4700 fax: (757) 424-4133
www.spsa.com

January 7, 2009

RECEIVED JAN 08 2009

Mr. Larry D. Richardson
Principal/Executive Officer
ReEnergy Holdings LLC
20 Century Hill Drive, Suite 203
Latham, New York 12110

Re: Proposal for Privatization of SPSA Assets

Dear Mr. Richardson:

On behalf of SPSA's Board, thank you for submitting your company's proposal for the privatization of SPSA's assets that accompanied your letter of December 11, 2008. SPSA's staff and counsel reviewed the proposal and discussed it with the Board during its December 18, 2008 Special Meeting and Planning Session and briefly this morning.

During its discussions the Board reviewed several concerns in light of staff's recommendation that SPSA adopt a plan of privatization in a manner that preserves competition. A sale of all of SPSA's assets to your company will leave the localities with only one solid waste disposal option in the region.

Another concern is the impact of your proposal on the current negotiations that SPSA is undertaking for the sale of the waste to energy facilities. The Board believes that a sale of these assets can be consummated on favorable terms consistent with a plan to privatize SPSA's holdings. Downsizing by selling separate assets provides an excellent opportunity for SPSA to realize the goals of paying off SPSA's debt and privatizing.

SPSA's Board also recognized that your proposal is contingent on each member's agreement to terminate its existing Use and Support Agreements with SPSA and to enter into new waste services agreements with your company. Because of the scope and complexity of these required agreements from SPSA's members, it would be premature for SPSA to respond to your proposal without firm commitments from each member addressing these issues.

Finally, your proposal is at odds with the recently issued report to the Hampton Roads Planning District Commission by SCS Engineers regarding options for solid waste disposal after 2018 that was requested by the local Chief Administrative Officers. That report includes a recommendation that a SPSA type agency be available for all or some of SPSA's members in managing solid waste. Your proposal would have each locality act on its own.

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P.O. Box 1346
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For all of these reasons, SPSA cannot entertain your proposal at this time. SPSA will continue privatization efforts with a focus on selling its waste to energy facilities first. You are welcome to submit proposals on assets other than the waste-to-energy facility if and when SPSA markets them as part of a privatization plan.

Sincerely yours,



Donald L. Williams, Chair
Southeastern Public Service Authority of

Virginia

cc: Rowland L. Taylor, Executive Director
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